CNBM

China National Building Material Company Limited*

中 國 建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Group's unaudited revenue amounted to approximately RMB83,471 million for the six months ended 30 June 2024, representing a decrease of 18.5% as compared to the same period of 2023.

The unaudited loss attributable to owners of the Group was approximately RMB2,018 million, and the profit attributable to owners of the Group for the same period of 2023 was approximately RMB1,404 million.

Basic loss per share was RMB0.239, and the basic earnings per share for the same period of 2023 was RMB0.166. The Board does not recommend the payment of an interim dividend.

The Board announces the unaudited consolidated results of the Group for the six months ended 30 June 2024 and the Group's consolidated financial position as at 30 June 2024, together with its consolidated results for the six months ended 30 June 2023 and consolidated financial position as at 31 December 2023 for comparison.

The unaudited condensed consolidated financial statement of the Group for the six months ended 30 June 2024 has been reviewed by the independent auditor, the Board and the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	3	**83,470,594**	102,373,896
Cost of sales		**(70,217,099)**	(84,768,668)
Gross profit		**13,253,495**	17,605,228
Investment and other income, net	4	**1,183,823**	1,156,434
Selling and distribution costs		**(1,892,785)**	(1,813,274)
Administrative expenses		**(9,913,658)**	(9,478,595)
Finance costs, net	5	**(2,441,944)**	(2,659,592)
Share of results of associates		**340,979**	999,319
Share of results of joint ventures		**(6,990)**	(3,991)
Impairment loss under expected credit loss model, net		**(195,724)**	(260,788)
Profit before tax	6	**327,196**	5,544,741
Income tax expense	7	**(619,549)**	(1,130,777)
(Loss)/profit for the period		**(292,353)**	4,413,964
(Loss)/profit for the period attributable to:			
Owners of the Company		**(2,017,616)**	1,404,107
Holders of perpetual capital instruments		**270,128**	264,368
Non-controlling interests		**1,455,135**	2,745,489
(Loss)/profit for the period		**(292,353)**	4,413,964
(Loss)/earnings per share – basic and diluted (RMB)	9	**(0.239)**	0.166

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss)/profit for the period	**(292,353)**	4,413,964
Other comprehensive (expense)/income, net of tax:		
Item that will not be reclassified to profit or loss:		
Actuarial (loss)/gain on defined benefit obligations	**(870)**	11,916
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**(63,817)**	77,272
Share of associates' other comprehensive income	**19,019**	150,749
Changes in fair value on hedging instruments designated as cash flow hedges	**10,679**	(57,039)
Other comprehensive (expense)/income for the period, net of tax	**(34,989)**	182,898
Total comprehensive (expense)/income for the period	**(327,342)**	4,596,862
Total comprehensive (expense)/income attributable to:		
Owners of the Company	**(2,049,671)**	1,586,418
Holders of perpetual capital instruments	**270,128**	264,368
Non-controlling interests	**1,452,201**	2,746,076
Total comprehensive (expense)/income for the period	**(327,342)**	4,596,862

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	**30 June 2024** *RMB'000* **(unaudited)**	31 December 2023 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**203,099,144**	198,007,875
Right-of-use assets		**27,101,537**	27,006,928
Investment properties		**1,860,584**	1,612,203
Goodwill		**34,495,525**	32,243,664
Intangible assets		**30,802,431**	29,880,940
Interests in associates		**32,646,974**	32,751,773
Interests in joint ventures		**226,084**	233,073
Financial assets at fair value through profit or loss		**3,484,537**	3,766,633
Financial assets at fair value through other comprehensive income		**18,969**	18,969
Deposits		**1,831,115**	1,739,240
Trade and other receivables	*10*	**4,431,886**	4,688,417
Deferred income tax assets		**8,788,321**	8,437,148
Derivative financial instruments		**–**	7,168
		348,787,107	340,394,031
Current assets			
Inventories		**22,358,621**	21,128,454
Trade and other receivables	*10*	**91,271,975**	81,900,454
Financial assets at fair value through profit or loss		**6,509,914**	9,934,678
Derivative financial instruments		**4,692**	1,463
Amounts due from related parties		**2,182,289**	3,270,468
Pledged bank deposits		**3,750,953**	4,837,876
Cash and cash equivalents		**24,808,887**	27,430,500
		150,887,331	148,503,893

	Note	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Current liabilities			
Trade and other payables	*11*	**95,476,705**	93,783,605
Amounts due to related parties		**5,854,865**	6,613,726
Borrowings – amount due within one year		**78,568,775**	73,980,106
Lease liabilities		**300,932**	291,307
Derivative financial instruments		**19,191**	72,534
Employee benefits payable		**11,700**	28,527
Current income tax liabilities		**1,014,058**	1,544,897
Dividends payable to non-controlling interests		**289,444**	480,596
		181,535,670	176,795,298
Net current liabilities		**(30,648,339)**	(28,291,405)
Total assets less current liabilities		**318,138,768**	312,102,626
Non-current liabilities			
Borrowings – amount due after one year		**120,159,333**	110,925,593
Deferred income		**2,195,101**	2,232,550
Lease liabilities		**2,195,571**	1,833,522
Employee benefits payable		**317,470**	303,804
Deferred income tax liabilities		**3,509,767**	3,293,070
		128,377,242	118,588,539
Net assets		**189,761,526**	193,514,087

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Capital and reserves		
Share capital	**8,434,771**	8,434,771
Reserves	**90,453,635**	96,890,711
Equity attributable to:		
Owners of the Company	**98,888,406**	105,325,482
Holders of perpetual capital instruments	**17,857,673**	17,838,445
Non-controlling interests	**73,015,447**	70,350,160
Total equity	**189,761,526**	193,514,087

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 production and sale of basic building material and new materials, and provision of engineering technology 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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements for the six months ended 30 June 2024 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 2023, which have been prepared in accordance with IFRS Accounting Standards 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.

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in Group's annual financial statements for the year ended 31 December 2023.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendment to IFRS 16	Lease Liability in Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Except as described as below, the application of the amendments to IFRS Accounting Standards 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.

Impacts of Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

The Group will apply amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements" which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's consolidated financial statements for the year ending 31 December 2024.

The amendments add a disclosure objective to IAS 7 "Statement of Cash Flows" stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 "Financial Instruments: Disclosures" was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

To meet investors' needs, the new disclosures will provide information about:

(1) The terms and conditions of supplier finance arrangements.

(2) The carrying amount of financial liabilities that are part of supplier finance arrangements, and the line items in which those liabilities are presented.

(3) The carrying amount of the financial liabilities in (2) above, for which the suppliers have already received payment from the finance providers.

(4) The range of payment due dates for both the financial liabilities that are part of supplier finance arrangements, and comparable trade payables that are not part of such arrangements.

(5) Non-cash changes in the carrying amounts of financial liabilities in (2) above.

(6) Access to supplier finance arrangements facilities and concentration of liquidity risk with the finance providers.

Entities will be required to aggregate the information that they provide about supplier finance arrangements. However, entities should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes that are needed for comparability between periods.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

3. SEGMENT INFORMATION

For management purposes, the Group is currently organised into five major operating divisions during the period – cement, concrete, new materials, engineering technology 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 technology services	–	Provision of engineering technology services to cement manufacturers and equipment procurement
Others	–	Logistics, trading and others

More than 90% of the Group's operations and assets are located in the PRC for the six months ended 30 June 2024 and year ended 31 December 2023.

The segment results are disclosed as (LBITDA)/EBITDA, i.e. the (loss)/profit earned by each segment without allocation of depreciation and amortisation, share of results of associates, share of results of joint ventures, income tax expense, certain administrative expenses, net other income and net finance costs. 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.

The Group generally experiences higher cement demands in the second half of the year compared to the first half of the year. As a result, the Group typically reports lower revenue and results in the first half of the year.

(a) For the six months ended 30 June 2024:

The segment results for the six months ended 30 June 2024 are as follows:

	Cement	Concrete	New materials	Engineering technology services	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue							
External sales							
On a point of time basis	**29,486,704**	**10,954,853**	**23,241,901**	**17,109**	**3,529,221**	**–**	**67,229,788**
On over time basis	**–**	**–**	**132,130**	**16,108,676**	**–**	**–**	**16,240,806**
	29,486,704	**10,954,853**	**23,374,031**	**16,125,785**	**3,529,221**	**–**	**83,470,594**
Inter-segment sales *(Note)*	**206,870**	**14,194**	**174,435**	**4,447,550**	**5,996,037**	**(10,839,086)**	**–**
	29,693,574	**10,969,047**	**23,548,466**	**20,573,335**	**9,525,258**	**(10,839,086)**	**83,470,594**
Adjusted EBITDA/(LBITDA) (unaudited)	**3,287,340**	**322,816**	**4,852,614**	**1,850,736**	**(414,564)**	**–**	**9,898,942**
Depreciation and amortisation	**(5,207,941)**	**(393,704)**	**(1,569,717)**	**(263,502)**	**(149,595)**	**–**	**(7,584,459)**
Unallocated administrative expenses							**(22,499)**
Unallocated other income, net							**143,167**
Share of results of associates	**(94,652)**	**1,605**	**25,367**	**29,041**	**379,618**	**–**	**340,979**
Share of results of joint ventures	**(6,518)**	**–**	**(1,495)**	**–**	**1,023**	**–**	**(6,990)**
Finance costs, net	**(1,750,359)**	**(299,926)**	**(225,312)**	**19,451**	**(212,417)**	**–**	**(2,468,563)**
Unallocated finance costs, net							**26,619**
Profit before tax							**327,196**
Income tax expense							**(619,549)**
Loss for the period (unaudited)							**(292,353)**

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

(b) As at 30 June 2024:

The segment assets and liabilities as at 30 June 2024 are as follows:

	Cement	Concrete	New materials	Engineering technology services	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets						
Segment assets	**237,350,255**	**46,669,593**	**87,613,655**	**38,185,049**	**8,189,289**	**418,007,841**
Interests in associates	**7,608,513**	**481,556**	**2,969,780**	**2,072,590**	**19,514,535**	**32,646,974**
Interests in joint ventures	**122,328**	**–**	**103,756**	**–**	**–**	**226,084**
Unallocated assets						**48,793,539**
Total consolidated assets (unaudited)						**499,674,438**
Liabilities						
Segment liabilities	**145,977,869**	**20,452,035**	**39,580,125**	**31,873,091**	**8,763,424**	**246,646,544**
Unallocated liabilities						**63,266,368**
Total consolidated liabilities (unaudited)						**309,912,912**

Segment assets include all tangible assets, intangible assets and current assets with the exception of interests in associates and joint ventures, investment properties, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, deferred income tax assets, derivative financial instruments, amounts due from related parties, cash and cash equivalents 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 parties, current income tax liabilities, deferred income tax liabilities, employee benefits payable, derivative financial instruments and other corporate expense payables.

(c) For the six months ended 30 June 2023:

The segment results for the six months ended 30 June 2023 are as follows:

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering technology services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Revenue							
External sales							
On a point of time basis	44,727,194	13,734,114	23,307,691	34,759	4,751,316	–	86,555,074
On over time basis	–	–	–	15,818,822	–	–	15,818,822
	44,727,194	13,734,114	23,307,691	15,853,581	4,751,316	–	102,373,896
Inter-segment sales *(Note)*	4,345,452	14,245	108,380	4,382,192	6,706,934	(15,557,203)	–
	49,072,646	13,748,359	23,416,071	20,235,773	11,458,250	(15,557,203)	102,373,896
Adjusted EBITDA/(LBITDA) (unaudited)	7,217,250	916,561	5,137,753	1,811,530	(302,518)	–	14,780,576
Depreciation and amortisation	(5,623,494)	(390,394)	(1,340,914)	(219,156)	(127,371)	–	(7,701,329)
Unallocated administrative expenses							(23,482)
Unallocated other income, net							153,240
Share of results of associates	201,204	2,635	11,665	6,794	777,021	–	999,319
Share of results of joint ventures	–	–	(3,486)	–	(505)	–	(3,991)
Finance costs, net	(1,959,809)	(293,097)	(216,494)	14,012	(233,454)	–	(2,688,842)
Unallocated finance cost, net							29,250
Profit before tax							5,544,741
Income tax expense							(1,130,777)
Profit for the period (unaudited)							4,413,964

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

(d) As at 31 December 2023:

The segment assets and liabilities as at 31 December 2023 are as follows:

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering technology services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Assets						
Segment assets	233,381,088	45,017,591	77,199,128	36,726,900	7,951,508	400,276,215
Interests in associates	7,628,018	660,245	2,952,898	2,036,903	19,473,709	32,751,773
Interests in joint ventures	128,776	–	104,297	–	–	233,073
Unallocated assets						55,636,863
Total consolidated assets (audited)						488,897,924
Liabilities						
Segment liabilities	141,773,348	17,641,087	34,783,611	29,672,666	8,913,563	232,784,275
Unallocated liabilities						62,599,562
Total consolidated liabilities (audited)						295,383,837

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Adjusted EBITDA for reportable segments	**10,313,506**	15,083,094
Adjusted LBITDA for other segments	**(414,564)**	(302,518)
Total segments profit	**9,898,942**	14,780,576
Depreciation of property, plant and equipment	**(5,680,946)**	(5,563,802)
Depreciation of in right-of-use assets	**(1,007,124)**	(1,138,387)
Amortisation of intangible assets	**(896,389)**	(999,140)
Corporate items	**120,668**	129,758
Operating profit	**2,435,151**	7,209,005
Finance costs, net	**(2,441,944)**	(2,659,592)
Share of results of associates	**340,979**	999,319
Share of results of joint ventures	**(6,990)**	(3,991)
Profit before tax	**327,196**	5,544,741

4. INVESTMENT AND OTHER INCOME, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government subsidies:		
– VAT refunds *(Note (a))*	**254,781**	422,463
– Government grants *(Note (b))*	**821,550**	559,037
– Interest subsidy	**7,668**	9,471
(Loss)/gain on disposal of subsidiaries, net	**(3,748)**	399
(Loss)/gain on disposal of other investments	**(30,054)**	25,987
Decrease in fair value of financial assets at fair value through profit or loss, net	**(580,717)**	(381,695)
(Decrease)/increase in fair value of derivative financial instruments, net	**(23,309)**	33,979
Net rental income:		
– Investment properties	**16,738**	57,280
– Land and buildings	**37,184**	74,724
– Equipment	**89,245**	9,489
Gain on disposal of property, plant and equipment	**5,454**	14,382
Gain on disposal of intangible assets	**15,329**	25,443
Technical and other service income	**374,986**	220,215
Claims received	**45,502**	37,511
Waiver of payables	**58,742**	81,309
Others	**94,472**	(33,560)
	1,183,823	1,156,434

Notes:

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

(b) Government grants are awarded to the Group by the local government agencies as incentives primarily to encourage the development of the Group and the contribution to the local economic development.

5. FINANCE COSTS, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expenses on bank borrowings	**2,037,573**	2,136,219
Interest expenses on lease liabilities	**61,746**	59,409
Interest expenses on bonds and other borrowings	**891,546**	1,026,806
Less: interest capitalised to construction in progress	**(166,029)**	(133,121)
	2,824,836	3,089,313
Interest income on bank deposits	**(301,237)**	(309,363)
Interest income on loan receivables	**(81,655)**	(120,358)
	(382,892)	(429,721)
Finance costs, net	**2,441,944**	2,659,592

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of:		
Property, plant and equipment	**5,680,946**	5,563,802
Investment properties	**22,499**	23,482
Right-of-use assets	**1,007,124**	1,138,387
	6,710,569	6,725,671
Amortisation of intangible assets	**896,389**	999,140
Total depreciation and amortisation	**7,606,958**	7,724,811
Impairment loss on property, plant and equipment	**239**	–
Impairment loss on goodwill	**4,685**	–
Cost of inventories recognised as expenses	**62,516,797**	77,613,163
Staff costs	**10,585,358**	10,523,805
Gain on disposal of property, plant and equipment and intangible assets, net	**(20,783)**	(39,825)
Write-down of inventories	**2,872**	8,728
Net foreign exchange loss	**240,395**	9,486

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax expenses	**946,009**	1,423,368
Deferred income tax credit	**(326,460)**	(292,591)
	619,549	1,130,777

PRC income tax is calculated at 25% (2023: 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% (2023: 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 2024 and 2023 at the rates of taxation prevailing in the countries in which the Group operates.

8. DIVIDENDS

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends	**1,931,562**	3,188,343

During the period, dividend of RMB0.229 per share amounting to approximately RMB1,931.56 million in aggregate (six months ended 30 June 2023: RMB0.378 per share amounting to approximately RMB3,188.34 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 2024 (interim dividend for the six months ended 30 June 2023: nil).

9. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss)/profit attributable to owners of the Company	**(2,017,616)**	1,404,107

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'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 (loss)/earnings per share as the Group did not have any potential ordinary shares outstanding during both periods.

10. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables, net of allowance for credit losses	**56,116,957**	49,221,948
Bills receivable	**9,397,476**	10,533,744
Contract assets	**6,841,007**	5,470,429
Other receivables, deposits and prepayments	**23,348,421**	21,362,750
	95,703,861	86,588,871
Analysed for reporting purposes:		
Non-current portion	**4,431,886**	4,688,417
Current portion	**91,271,975**	81,900,454
	95,703,861	86,588,871

The Group normally allowed an average of credit periods of 60 to 180 days to its trade customers except for customers of engineering technology 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 2024 *RMB'000* **(unaudited)**	31 December 2023 *RMB'000* (audited)
Within two months	**12,757,450**	9,156,966
More than two months but within one year	**26,850,704**	22,311,030
Between one and two years	**10,508,579**	11,033,089
Between two and three years	**4,025,383**	4,610,748
Over three years	**1,974,841**	2,110,115
	56,116,957	49,221,948

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

11. TRADE AND OTHER PAYABLES

	30 June 2024 *RMB'000* **(unaudited)**	31 December 2023 *RMB'000* (audited)
Within two months	**15,196,315**	12,181,924
More than two months but within one year	**23,244,579**	25,892,155
Between one and two years	**5,171,770**	5,262,802
Between two and three years	**1,651,055**	1,015,371
Over three years	**2,012,863**	1,774,779
Trade payables	**47,276,582**	46,127,031
Bills payable	**15,321,003**	15,906,107
Contract liabilities	**11,356,921**	10,032,975
Other payables	**21,522,199**	21,717,492
	95,476,705	93,783,605

The credit period on purchase of goods and services provided from suppliers is 30 to 365 days. Bills payable are aged within six months.

The ageing analysis of trade payables is based on the invoice date.

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

12. EVENT AFTER THE REPORTING PERIOD

On 26 July 2024, Sinoma Cement entered into a share purchase agreement with an independent third party, pursuant to which Sinoma Cement agreed to acquire 100% equity interest in Société Les Ciments de Jbel Oust for an aggregate consideration of approximately USD130 million (subject to adjustments which shall not increase the consideration by more than USD15 million) and the final consideration (after the adjustments) shall not exceed USD145 million.

Please refer to the Company's announcement dated 26 July 2024 for further details of the acquisition. As of the date of this announcement, the acquisition has not been completed.

BUSINESS REVIEW AND PROSPECTS

The major operating data of each segment of the Group for the six months ended 30 June 2024 and 30 June 2023 are set out below:

BASIC BUILDING MATERIALS SEGMENT

	For the six months ended 30 June		
	2024	2023	Growth rate
Sales volume – cement *(in thousand tonnes)*	**101,862**	126,795	-19.7%
Sales volume – clinker *(in thousand tonnes)*	**11,982**	15,380	-22.1%
Total sales volume of cement and clinker[1] *(in thousand tonnes)*	**113,844**	142,176	-19.9%
Average selling price – cement *(RMB per tonne)*	**244.6**	301.5	-18.9%
Average selling price – clinker *(RMB per tonne)*	**210.7**	268.0	-21.4%
Average selling price of cement and clinker *(RMB per tonne)*	**241.1**	297.9	-19.1%
Sales volume – commercial concrete[1] *(in thousand m^3)*	**35,205**	35,647	-1.2%
Average selling price – commercial concrete *(RMB per m^3)*	**312.0**	384.3	-18.8%
Sales volume – aggregate[1] *(in thousand tonnes)*	**64,224**	69,303	-7.3%
Average selling price – aggregate *(RMB per tonne)*	**36.7**	38.9	-5.7%

Note 1: The transaction of Qilianshan Assets Restructuring was completed in December 2023. For details, please refer to the 2023 annual report of the Company. There has been a change in the control of Qilianshan, and the Company no longer controls Qilianshan. Therefore, compared with the data on the same basis for the same period last year excluding Qilianshan, the sales volume of cement and clinker decreased by 13.6% year-on-year, the sales volume of commercial concrete increased by 0.1% year-on-year, and the sales volume of aggregate decreased by 5.8% year-on-year.

NEW MATERIALS SEGMENT

	For the six months ended 30 June		
	2024	2023	Growth rate
Fiberglass			
Sales volume *(in thousand tonnes)*	**2,010**	1,683	19.4%
Average selling price *(RMB per tonne)*	**4,048**	4,963	-18.4%
Gypsum board			
Sales volume *(in million m^2)*	**1,168.1**	1,092.2	6.9%
Average selling price *(RMB per m^2)*	**6.12**	6.25	-2.1%
Wind power blade			
Sales volume *(MW)*	**7,520**	9,596	-21.6%
Average selling price *(RMB per MW)*	**377,563**	447,765	-15.7%
Lithium battery separator			
Sales volume *(in million m^2)*	**814.4**	707.6	15.1%
Average selling price *(RMB per m^2)*	**0.93**	1.42	-34.5%
Carbon fiber			
Sales volume *(in thousand tonnes)*	**6.90**	6.22	10.9%
Average selling price *(RMB per tonne)*	**104,130**	168,407	-38.2%
Waterproofing membrane			
Sales volume *(in million m^2)*	**117.1**	82.8	41.4%
Average selling price *(RMB per m^2)*	**14.60**	15.59	-6.4%
Coating			
Sales volume *(in thousand tonnes)*	**446.22**	76.07	486.6%
Average selling price *(RMB per tonne)*	**3,996**	6,408	-37.6%

ENGINEERING TECHNOLOGY SERVICES SEGMENT

	For the six months ended 30 June		
	2024	2023	Growth rate
Engineering service income *(RMB in millions)*	**20,573.3**	20,235.8	1.7%

OVERVIEW OF THE FIRST HALF OF THE YEAR

DEVELOPMENT ENVIRONMENT

In the first half of 2024, the remarkable growth in the complexity, severity and uncertainty of the external environment, coupled with the continued deepening of domestic structural adjustment, has produced many new challenges. However, the continual effects of macro-policies and the accelerated development of new productive forces have also offered renewed support. The national economy has continued to rebound and improve, operating and progressing in a generally stable and steady manner. In the first half of 2024, the GDP increased by 5.0% year-on-year, maintaining medium-to-high growth. The investment in fixed assets continued to grow steadily and slowly, with a year-on-year increase of 3.9%. Infrastructure investment increased by 5.4% year-on-year, while the real estate market was still in the process of adjustment, as evidenced by a greater year-on-year decrease in real estate investment growing of 10.1%.

The State Council explicitly proposed to incorporate the carbon emission targets into the national economic and social development planning for the purpose of the gradual and comprehensive transformation of dual-control of energy consumption into dual-control of carbon emissions, as well as the establishment of a full carbon market trading system, which will bring new development opportunities and challenges for the transformation and upgrading of the industry.

OPERATION IN THE FIRST HALF OF 2024

The Group actively faced the challenging and complex business situation, continuously reduced production and operational costs and finance costs, enhanced management level, consolidated operation quality; maintained strategic commitment, strengthened confidence in development, accelerated transformation and upgrade, collectively advanced the replacement of old growth drivers with new ones, constructed new productive forces; coordinated factor resources, accelerated the internationalization of operations, with depth and stability; guided by deepening reform to enhance actions, built a foundation for long-term sustainable development with technological innovation, green and low-carbon approach, and digital intelligence.

Basic building materials segment

In the first half of 2024, affected by a combination of factors, such as the in-depth adjustment of the real estate and funding constraints for infrastructure projects, the cement industry showed the characteristics of "sluggish demand, low price, and industrial losses". The national cement output amounted to 850 million tons as the lowest since the same period in 2011, representing a year-on-year decrease of 10.0%. The overcapacity has not been fundamentally resolved. The cement price remained low and there. There was the first industry-wide loss since the 21st century.

The Group's basic building materials segment faced a challenging situation. It has always adhered to goal orientation, responded to changes and sought changes, solidified its current position to build an industry ecosystem, dug deeper to reduce costs and increase efficiency. Through "Cement+", internationalization, "Dual Carbon", and transformation and upgrade towards high-end, intelligent and environment-friendly operation, the Group enhanced the capability of sustainable development.

- **Externally** firmly further promoted the supply-side structural reform and the construction of the industry ecosystem and deepened and strengthened precise staggering peak and rigid staggered peak;

- **Internally** insisted on Management of Three Delicacies, dug deep to reduce costs and increase efficiency. Cement and commercial concrete costs fell further year-on-year;

- **"Cement+" business** strengthened core profit zone, commercial concrete professional management and integrated operation on both ends. It optimized business planning in the Yangtze River Delta with the light asset model, proactively developed the Greater Bay Area and overseas markets, promoted the stockpiling and application of high-performance concrete technology; Ruichang Aggregate Project with annual production capacity of 30 million tones reached designated production capacity and targets;

- **Internationalization** promoted the substantive pace. Overseas cement and clinker sales volume increased 12% year-on-year. Sinoma Cement Zambia Company's operating profit grew 34% year-on-year. Signed the agreement for the merger and acquisition of Tunisian Cement project.

- **Double carbon** transformation and upgrade were accelerated. 7 cement and clinker lines were included in the national online carbon monitoring pilot. Currently, Tianshan Materials carbon management platform had already covered 8 regional companies and China United Qingzhou carbon capture project applying oxy-fuel combustion realized the target of annual production of 200,000 tons.

New materials segment

The Group's new materials segment adhered to the gradient strategy, with the existing business further enhancing its core competitiveness and consolidating its leading position. The Group's new materials segment also adhered to its business mode, promoted international business deployment, fostered new fields and new tracks and increased support for the strategic emerging industries.

The Top-tier Business

Fiberglass

The industry slowed down the release of new production capacity and implemented capacity regulation through the cold repair production line. In the second quarter of 2024, it basically realized the balance of supply and demand. The price showed a slight increase. There were high technical, financial and policy barriers in the industry. The advantages of scale, cost and R&D of the leading enterprises were becoming more and more obvious.

- The Group's fiberglass business **played the advantage of being a leading enterprise**, leading the industry to gradually return to a rational price while the sales volume of its products grew against the trend;

- **Strengthened competitive advantage**, adhered to quality improvement and efficiency enhancement, continued to reduce production costs, adjusted product structure, increased the proportion of sales of high value-added products, intensified efforts in technological transformation and upgrade;

- **Strengthened technological innovation** and developed new markets, new products and new fields, with the launching of the high-modulus fiberglass has promoted the world's longest wind power blade to complete production;

- **Improved the modern industrial layout**. First Phase in Jushi Huaian project, the industry's first zero-carbon smart manufacturing base, has been put into operation, with the related wind power project's first batch of wind turbines connection and operation. Taishan Fiber Glass Taiyuan first line would be put into production soon. The first line of Jushi Egypt put into production after cold repair realized full production and full sales. The benefits from overseas were improved.

Gypsum board

In the first half of 2024, a series of policies introduced to the real estate market. However, the demand for gypsum board remained relatively stable, driven by the continuous and stable demand of old neighborhood alternation, the policy shift from the "guaranteed property delivery works" to "guaranteed apartment delivery works", and accompanied by the orderly progress of the three major projects (construction of government-subsidized housing, renovation of urban villages, and public infrastructure of dual-use for peacetime and emergencies). Market competition has been intensified, and the advantages of industrial centralization with core competitiveness such as brand, technology, cost and product innovation have been further highlighted.

- The gypsum board business of the Group **improved the three-dimensional saturated marketing system**, enhanced the new path of "from industry to home decoration" and "city to county" and continued to strengthen channel sinking. The sales volume grew against the trend. The sales volume of home decoration business increased by 29% year-on-year;

- **Product innovation promoted "consumption upgrading"**, innovatively developed whole-house system solutions suitable for redevelopment works, provided prefabricated interior product synergy and integrated services, and developed high-end and functional products;

- **Grasped the cost reduction and efficiency enhancement,** and continuously promoted the centralized and cost-saving management of centralized demand, resources and methods;

- **Overseas layout continued to improve,** with overseas sales and profit achieving "double growth" in the first half of the year. Thailand Gypsum Board commenced construction and the reserve projects continued to proceed.

Wind power blade

New energy had a long-term growth space, which accelerated the capacity expansion of the industry chain manufacturing ends such as wind power blades, and created the challenges of accelerated iteration of wind turbines. The entire wind power machine remained low in bidding prices, which posed challenges to the wind power blade industry's profitability.

- The Group **stabilized the profitability** of its wind power blade business, strengthened cost monitoring of the full life cycle of its products, and maintained a relatively stable gross profit margin against the backdrop of a further decline in the average selling price of the industry;

- **Accelerated the iteration of well-known products,** completed 5 demonstration production lines for large offshore wind power blades with an annual output of 150 sets of 120-meter-class blades, realizing the batch production of the world's longest blades in the 13.6-16MW class;

- **Completed the first practical step towards international development**, Brazil Factory executed supply agreements with international customers, and the products entered the customer acceptance stage.

The Second-tier Business

Lithium battery separator

Domestic lithium battery separator enterprises released production capacity intensively on a large scale. The industry entered into the stage of overcapacity. The competition further intensified in the first half of 2024, but the characteristics of the high industry barriers, and difficult profitability, and the rapid expansion strategy of mainstream separator enterprises promoted industrial concentration. China lithium battery separator industry has formed a three-legged competitive pattern.

- The lithium battery separator business of the Group **promoted customer development in depth**, the execution of long-term cooperation with strategic customers, and customer recognition of new production lines, and improved delivery capacity and improved product structure, with sales of coated films increasing by 38.7% year-on-year;

- **Utilized technological innovation as the foundation of sustainability**. Equipment domestic alternation rate continued to increase. Lithium film double-sided coating equipment achieved domestic alternation. The ultra-thin ultra-high-strength base film 5μm products have been equipped with mass production conditions. The semi-solid battery separator completed the production line verification;

- **Implemented production capacity layout planning**. The construction of seven domestic bases has entered the final stage, continuously implementing the production line to reach production efficiency and promoting the international layout of the coated films.

Carbon Fiber

In the first half of 2024, carbon fiber industry expanded its capacity, resulting in temporary overcapacity. Coupled with the lower-than-expected downstream application demand, the industry was facing challenges such as increasing market competition, profitability pressure and technology iteration.

- The carbon fiber business of the Group **created a differentiated product matrix**, continued to dig deep into the “root technology”, upgraded T1100-grade carbon fiber 100-ton engineering mass production capacity, researched and developed high-strength, high-modulus and high-resilience carbon fiber new products and made up for the lack of high-strength and high-modulus products;

- **Focused on market demand**, carried out differentiated solutions for existing application fields, improved the market competitiveness of its products; broadened the market to seek incremental growth, accelerated the application layout and promotion in the markets of low-altitude economy and new energy field and created new application growth points;

- **Continued to deepen the pace of internationalization**, accelerated the entry into Europe, Japan, South Korea and other markets and achieved rapid growth in overseas market share.

Waterproof System

In the first half of 2024, a series of new policies were introduced to the real estate market and new rules implemented for the waterproof industry. The old neighborhood alternation and photovoltaic rooftops provided new growth opportunities for the waterproofing market. The decline of general market demand slowed down, but the industry was characterized by overcapacity, fierce price competition and accelerated clearing of non-competitive enterprises.

- The waterproof system business of the Group **stabilized its operations**, increasing market share, and the waterproofing business saw significant year-on-year growth in sales and revenue;

- The Group **optimized its sales policy**, was customer services-oriented, strengthened regional development, increased project resolution, anchored on key cities and key customers, increased the proportion of products with high price and high gross profit, and continued to strengthen the management of receivables;

- **Continuously improved the channel development ability**, focused on markets such as repair, alternation and home decoration retail, and effectively laid out the new track of the civil construction business;

Coating

In the first half of 2024, a series of policies were introduced to the real estate market to actively promote the recovery of market trends, which enhanced the economic vitality of downstream coatings. The demand for coatings rebounded. However, as the competitive landscape was relatively fragmented with overcapacity, competition further intensified, which facilitated the industry to enter a period of consolidation.

- The coating business of the Group **steadily promoted the integration and enhancement and the integration and synergy of Carpoly after its reorganization**, promoted the "100-day Integration plan" to achieve a smooth handover, enhanced its market influence in the coating business, expanded its share in first-tier and second-tier cities, and stood firmly in the forefront of the country in terms of the scale, quality and effectiveness of its architectural coating business;

- **Built a brand matrix for the coating business**, achieved steady development of the industrial coating business, researched and developed high-end products such as art coating, and set up the resin division to promote the release of resin production capacity.

- **Innovated products to expand application fields**, further enhanced market segments, and actively expanded the high-end equipment market and wind power market.

The Third-tier Business

Graphite new materials

In the first half of 2024, affected by the downward demand of iron and steel industry and the increase in the supply of fine powder, graphite fine powder entered the era of cost competition. Domestic negative electrode production capacity continued to release. As a result, a periodic overcapacity occurred, resulting in an imbalance between supply and demand in the upstream of the industry and impacting the selling price of spherical graphite. The industry had a temporary overcapacity and consolidation was accelerated.

- Relying on the advantages of natural graphite resource base, the graphite business of the Group retained customers, adjusted the production and sales structure of its products and **stabilized the stock market**;

- Completed the technical reform of 5 spherical graphite production lines, realized a double reduction in manufacturing cost and energy consumption, and stabilized the supply of the market, resulting in the **year-on-year growth in the sales of spherical graphite**.

Hydrogen Energy Cylinders

The development of China's hydrogen energy industry has stepped into the fast lane, and storage, as a crucial aspect in the hydrogen energy industry chain, has brought space for the development of the market of hydrogen energy cylinders.

- The hydrogen energy cylinders business of the Group has **further expanded the market share**, realized the entry to the supply system of the top three customers in the industry and carried out cooperation one after another, and continuously expanded the application scenarios of its products, with the share of the announcement of the domestic hydrogen fuel cell vehicle and that of the hydrogen cylinders leading the industry;

- **Continuously breaking through core technology**. 70MPa large-volume hydrogen storage cylinders and other new products filled the gaps in the country and entered into the batch production one after another. The Group has participated in the "National Hydrogen Energy Storage and Transportation Platform" and "Green Hydrogen Energy Storage and Transportation Innovation Consortium" to undertake high-pressure hydrogen energy storage and transportation technology tasks.

Engineering Technology Services Segment

Green, low-carbon, digital, intelligent transformation and upgrade have become the industry consensus. The cement technology innovation in China and in developed countries and equipment transformation demand continued to release. The infrastructure demand of the Middle East, Africa, Southeast Asia, South Asia and other countries along the “One Belt and One Road” continued to increase. Global engineering and construction demand remained stable in the first half of 2024. However, geopolitical shocks and polarization, as well as frequent fluctuations in exchange rates of small currencies posed risks and challenges.

- The Group’s engineering technology services segment deepened its strategic restructuring, accelerated its transformation from engineering services provider to a system service provider in the full life cycle, and built a synergistic development of “three-in-one” engineering, equipment and services.

- **The advantages of the core business have been continuously consolidated**, with the global market share standing at the first place, and 15 cement line projects overseas have been successfully acquired; green and low-carbon cement, utilization of solid waste as resources, large proportion of alternative fuels and other technologies and equipment have been applied in a number of domestic and international projects;

- **The equipment business heads towards deep integration**. The equipment group heads towards full implementation of integrated operation. The Hefei Equipment Intelligent Industrial Park was put into full production. The Group actively promoted the “Two Expansions”, with the proportion of revenue generated from overseas business in equipment business increasing to 32% and the proportion of revenue generated from foreign industry increasing to 49%;

- **The services business was advancing towards systematization**, with newly executed manufacturing operation contracts increasing by 41% year-on-year and the revenue increasing by 22% year-on-year. The Group accelerated the establishment of a global service center for processing, purchasing and warehousing of spare parts and the global layout of its marketing network;

- **The pace of local operations was accelerated**, and the internationalization index increased to 42%; The Group continued to promote the construction of a global comprehensive service center and accelerate the global layout of marketing networks, while working together to expand overseas and accelerating the implementation of the overseas layout of basic building materials and new materials segments.

STATE-OWNED ENTERPRISES REFORM

Advancing the Deepening Reform and Enhancing Action

- Grasping the focus of deepening reforms to promote the development of new productive forces, fully enforcing the implementation schemes and accounts, and coordinating the work of business development, innovative industries, technological innovation, green dual-carbon and digital intelligence

Improvement of Corporate Governance

- Dynamic optimization of the list of powers and responsibilities of the three meetings for the clarification of powers and responsibilities of the main body of governance

- Strengthening the construction of the Board in a hierarchical and categorized manner, and giving full play to the functional role of each governance body

- Implementing the contractualization of the management tenure system at all levels, and further enhancing the accurate assessment and contractual discipline

- Completion of the second stage evaluation of China Jushi's differentiated management and control, and improvement of corporate governance of mixed-ownership enterprises

Medium-and-long-term incentives to improve quality and extend coverage

- The Parent issued guidelines on incentives for the transformation of technological achievements and the shareholdings in subsidiaries by technological personnel, and adding equity incentives for the transformation of technological achievements and cash incentives to provide support for accelerating the creation of new productive forces that rely on innovation

- Sinoma Science & Technology (Suzhou) implemented equity incentives for technology-based enterprises, involving 74 awardees

- The medium-and-long-term incentives of the Group covered a total of 186 companies and 5,200 awardees

TECHNOLOGICAL INNOVATION

- **Strengthening the supply of original and leading technologies**

  1. Strengthening the support of national strategic technology, undertaking 67 national technological research projects and 24 "Listed and Commanded" program projects of the Parent Company

  2. High-performance fibers design technology based on material gene technology reached international leading level

  3. The first domestic industrial-grade silicon-based negative electrode material CVD rotary kiln was successfully developed

- **Accelerating the transformation and application of technological achievements**

  1. Publication of the "Recommended Catalog of Green and Low-Carbon Technology Achievements of CNBM"

  2. High-modulus fiberglass contributes to the launch of the world's longest wind turbine blade

  3. Lithium film double-sided coating equipment achieved domestic alternation

  4. New hydrogen storage cylinders applied in China's first hydrogen energy municipal train

- **Creating an ecosystem of innovation and invention**

  1. Successfully launched a series of activities of "Technology Week and Intellectual Property Rights Week"

  2. Participated in the construction of two central enterprise innovation organizations including green hydrogen energy production, storage and transportation, special fiber and composite materials, etc.

  3. Promoted the reorganization of the National Key Laboratory of Special Fiber Composite Materials and promote the construction of international innovation platforms such as China-France and China-UAE

  4. In the first half of 2024, there was 1 new champion enterprise in the manufacturing industry, and the number of individual champion enterprises in the manufacturing industry increased to 10. The Group formulated and revised 1 international standard and 14 national standards, in total 11 international standards and 96 national standards in the past three years. 421 new invention patents were added, and the total number of valid invention patents exceeded 4,300. The proportion of high-value patent authorizations increased by 13 percentage points year-on-year. 10 new high-tech enterprises were added, and the number of high-tech enterprises increased to 229.

DIGITALIZATION

- **Continuing to accelerate digital transformation**

    1. Accelerated the implementation of the "1254" Blueprint and systematically promoted the five major measures and four guarantee constructions

    2. Established a special team of 56 people and launched three major projects: digital management, process management, and data management

    3. Prepared 4 management measures, formulated digital intelligence project construction standards, and standardized the digital project operation mechanism

    4. Started the preparation of smart mine standards and gypsum board intelligent production line standards

    5. 12 cement scenario data modeling finished and achieved breakthrough, and Tianshan Materials launched promotion in 66 factories

    6. 12 unified construction and speedy completion projects were fully promoted, and the first phase of the treasury platform was accepted by the SASAC

    7. Organized 4 digital transformation pilot training courses

- **Fostering digital technology applications**

    1. Over 1.65 million vehicles registered on the "I'm looking for a car" platform, online businesses in aggregate 1.462 billion tons, GMV reached RMB78.9 billion

    2. The cement smart factory 2.0 standard was implemented at an accelerated pace, with 8 new factories built according to the standard and 31 existing production lines undergoing "list-based" customized remake.

    3. The smart safety management platform covered 248 cement companies, and more than 30,000 digital safety officers were on duty.

    4. 714 legal persons online on the procurement platform, realizing 100% online rate

    5. China Jushi customized 27 industrial models in intelligent scenarios such as visual recognition, parameter optimization, human-machine collaboration, energy saving and consumption reduction

    6. Sinoma International developed and applied more than 50 algorithmic models in areas such as cement technology and equipment research and development, factory production management, intelligent control and mechanism simulation.

- **Accelerating the construction of intelligent chemical plants and mines**

  1. 26 intelligent factories, 71 intelligent production lines for new materials and 11 digital mines have been built

  2. Ningxia Building Materials and TCDRI were included in the list of pilot enterprises for digital transformation of state-owned enterprises

  3. The industrial engineering intelligent design project of Sinoma International was selected as MIIT's innovative application pilot projects/cases

GREEN TRANSFORMATION

- **Accelerating energy consumption structure transformation**

  1. Used alternative fuels to reduce consumption of standard coal by 313,800 tons

  2. Used 13.34 million tons of alternative fuels

  3. The new energy installed capacity was 410MW, including:

     (1) 1 "Photovoltaic+" energy plant was expanded, 4 new plants were added, and a total of 43 plants were built, with a total installed capacity of 310MW;

     (2) 1 new wind power plant was added, with an installed capacity of 100MW

  4. Cement clinker production line: annual power generation capacity of 2,751GWh from residual heat

  5. The world's first 90% alternative-fuel clinker line was commissioned in Poland

- **Strengthening green production and manufacturing**

  1. Carbon dioxide, nitrogen oxides and sulfur dioxide emissions reduced by 7.91%, 19.33% and 8.29% year-on-year, respectively

  2. The proportion of clinker production capacity with Benchmarking Level increased by 15.1 percentage points year-on-year to 30.9%

  3. Comprehensive energy consumption of cement clinker decreased by 2.5% year-on-year

  4. The 200,000-ton carbon capture project applying oxy-fuel combustion of China United Qingzhou successfully reached standard

5. 52 kiln co-disposal production lines with an annual disposal capacity of 5.46 million tons

6. Owned 137 green mines (43 of which were national green mines) and 248 green factories (166 of which were national green factories)

- **Accelerating the implementation of the dual- carbon layout**

1. 7 cement clinker lines were included in the national online carbon monitoring pilot program

2. Tianshan Materials carbon management platform covers 8 regional companies

3. China Jushi was awarded the first carbon management system assessment certificate in the industry

- **Enhancement of industrialization of achievements**

1. Built 16 pilot lines or platforms, 25 model lines and more than 40 model projects, including hydrogen utilization, oxyfuel combustion and carbon sequestration building materials

2. New low-carbon cement clinker instant completion technology in the process of industrialization validation

OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of 2024, China's economic development will continue to face many challenges. Nevertheless, from a comprehensive point of view, the effects of the policies, such as stable growth of infrastructure, optimization of real estate policy, special bonds and ultra-long-term special treasury bonds, further promote China Western Development to form a new pattern, etc., are starting to show themselves more rapidly. The development trend of stable improvement and optimism over the long term therefore remains unchanged. The Political Bureau of the Central Committee meeting proposed to "strengthen industry self-regulation, prevent 'involutional' vicious competition, strengthen the market mechanism of survival of the fittest, and facilitate exit channels for backward and inefficient production capacity". The policies would be beneficial to the fostering of a healthy and orderly business environment and creating new opportunities for the development of the industry and the Company.

The Group will adhere to the goal-oriented approach, make vigorous efforts and pay close attention to implementation, and focus on accelerating the construction of a world-class materials enterprise to succeed in operation and management, industrial layout, deepening reform, value management and other tasks.

1. The Group will strengthen long-term value creation, enhance cross-cycle operational capabilities, strengthen the market situation prediction, enhance operational capabilities, anchor the goal of "One profit and five ratios", and improve the operational resilience through the economic cycle. The basic building materials business will adhere to the industry ecological construction and core market construction "at the same time", externally promote industry self-regulation, actively explore production capacity exit mechanism, and internally raise the level of value management centered on economic value. The new materials industry will accelerate the creation of high-end, personalized and differentiated competitive advantages, and improve product value, pricing discourse and cost conduction capacity.

2. The Group will focus on industrial layout and accelerate the formation of new productive forces. The Group will further consolidate the competitiveness of the basic building materials industry, accelerate the transformation and upgrading around "Cement +", internationalization and "double carbon", as well as high-end, intelligent and green transformation. Additionally, the Group will accelerate the fostering of strategic emerging industries, make comprehensive use of investment in new construction, mergers and acquisitions, industrial funds, strategic cooperation, etc., and improve the systematic layout and gradual cultivation, while deepening the strategic restructuring of engineering technology services, and accelerating the transformation from a general contractor of technical equipment and engineering services to a system service provider for the whole life cycle. In addition, the Group will implement the 10-year action plan for internationalized development, optimize the investment layout and accelerate the realization of projects.

3. The Group will enhance the effectiveness of reform and promote the deep development of reform. With the top-level design of the reform deepening and upgrading action as the leader, the Group will play the role of technological innovation by using original technology, play the leading role in industrial advancement by the development of strategic emerging industries, and play the role of security support by clean energy layout. At the same time, the Group will improve the mechanism of corporate governance, optimize the list of powers and responsibilities of the "three meetings" in a dynamic way, improve and further expand the differentiated control of mixed ownership enterprises, increased the authorization and delegation of powers to "scientific and technological SOE reform" and "double-hundred action" enterprises, promote the quality and coverage of medium-and-long-term incentives, strengthen the incentives for technological innovation talents, and create a good innovation ecosystem for the improvement of scientific and technological achievements transformation and industrialization.

4. The Group will strengthen value management and enhance value realization capability. The Group will continuously establish a sound ESG system, continuously improve ESG governance and practical implementation level, and empower sustainable development for the Company. In addition, the Group will promote high-quality conclusion of the special action on the quality of listed companies held by central enterprises, adhere to the balance between value creation and value realization, explore multi-methods of market capitalization management tools, improve multi-channel communication, actively convey the Company's value, adhere to the long-term and stable shareholders' value return mechanism, and safeguard the rights and interests of shareholders.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024.

MATERIAL TRANSACTIONS

The Merger by Absorption by Ningxia Building Materials of CNBM Technology and the Cement Assets Restructuring

Reference is made to the Company's announcements dated 14 April 2022, 15 April 2022, 28 April 2022, 28 December 2022, 27 June 2023, 14 November 2023, 16 January 2024, 23 January 2024, 31 January 2024 and 9 August 2024, the circular dated 28 July 2023 (the "**Circular**"), the 2022 annual report, the 2023 interim report and the 2023 annual report, setting out the details of the Merger by Absorption and the Cement Assets Restructuring transactions.

As stated in the announcement of the Company dated 23 January 2024, on 23 January 2024, Ningxia Building Materials received the "Decision on the Termination of Review on the Share Swap and Merger by Absorption of CNBM Technology Corporation Limited by Ningxia Building Materials and the Sale of Major Assets and Relevant Fund Raising and Related Party Transactions" (《關於終止對寧夏建材集團股份有限公司換股吸收合併中建材信息技術股份有限公司及重大資產出售並募集配套資金暨關聯交易審核的決定》) issued by the Shanghai Stock Exchange. Given that the Merger by Absorption, the Cement Assets Restructuring and the proposed placing of additional new shares by Ningxia Building Materials if and after the Cement Assets Restructuring and the Merger by Absorption are completed (the "**Proposed Transactions**") are in line with the Group's strategic development direction and conducive to eliminating and avoiding horizontal competition between Ningxia Building Materials and Tianshan Materials, after careful and prudent study, the Company and Ningxia Building Materials decided to proceed with the Proposed Transactions through resolutions of their respective boards of directors on 31 January 2024.

As stated in the announcement of the Company dated 9 August 2024, on 9 August 2024, considering the long duration of the Proposed Transactions and the fluctuations and changes in the macro environment and industry environment, taking into account both internal and external factors, the Company has decided to terminate the Proposed Transactions subsequent to its prudent study and after amicable negotiations with Ningxia Building Materials and Tianshan Materials. In addition, on the same day, the Company and the Parent issued notification letters to Ningxia Building Materials and Tianshan Materials respectively (the "**2024 Notification Letters**"), in relation to (1) the further extension of the performance of the non-competition undertaking for the avoidance of industry competition with Ningxia Building Materials issued by the Company and the Parent in December 2017, the performance of which was extended for 3 years pursuant to the notification letter issued in December 2020 (the "**Undertaking to Ningxia Building Materials**"), and (2) the extension of the performance of the non-competition undertaking for the avoidance of industry competition with Tianshan Materials issued by the Company and the Parent in December 2017 (the "**Undertaking to Tianshan Materials**"). The 2024 Notification Letters informed Ningxia Building Materials and Tianshan Materials that due to the termination of the

Proposed Transactions, the Company did not manage to perform its undertakings to avoid industry competition within the previous undertaking periods and thus planned to extend the Undertaking to Ningxia Building Materials and the Undertaking to Tianshan Materials. Such undertakings shall be performed within 2 years from the date on which Ningxia Building Materials and Tianshan Materials approve such extension at their respective shareholders' meetings. Apart from this, other contents of the Undertaking to Ningxia Building Materials and the Undertaking to Tianshan Materials remain unchanged. Please refer to the Company's announcement dated 9 August 2024 for further details of the termination of the Proposed Transactions, as well as the extension in the performance of the non-competition undertakings.

Update on Restructuring of Cement Assets

Reference is made to the announcements dated 24 July 2020, 7 August 2020, 2 March 2021, 23 March 2021, 10 August 2021, 10 September 2021, 28 October 2021, 26 March 2024 and 29 April 2024 and the circular dated 4 March 2021, each issued by the Company and in relation to the restructuring of cement assets of the Company.

Pursuant to the impairment compensation agreement dated 2 March 2021 entered into between the Company and Tianshan Materials, the Company shall (1) compensate an aggregated impairment amount of approximately RMB20,032.8114 million (the "**Impairment Compensation Amount**") to Tianshan Materials by means of 1,552,931,120 shares in Tianshan Materials (the "**Compensation Shares**", thereby resulting in a decrease of approximately 3.38% in the Company's shareholding in Tianshan Materials) and (2) return the aggregated amount of the cash dividend attributed to such Compensation Shares during the impairment compensation period (being approximately RMB1,108.7928 million) to Tianshan Materials. Further, pursuant to the profit guarantee agreement dated 10 August 2021 entered into between the Company and Tianshan Materials (the "**Profit Guarantee Agreement**"), the Company shall make a profit compensation of approximately RMB1,758.4681 million (being the difference between (i) the aggregated amount of the unrealised net profits of the guaranteed assets under the Profit Guarantee Agreement of approximately RMB21,791.2796 million and (ii) the Impairment Compensation Amount stated above) in cash to Tianshan Materials. Accordingly, for the six months ended 30 June 2024, the equity attributable to equity holders of the Company decreased by RMB2,765.7257 million while the non-controlling interests increased by the same amount, but there was no material impact on the Company's consolidated statement of profit or loss.

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

During the six months ended 30 June 2024, the Company and its subsidiaries had no purchase, sale or redemption of listed securities (including sale of treasury shares) ("**securities**" and "**treasury shares**", having the meanings ascribed by the Listing Rules) of the Company.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in Part 2 of the CG Code during the six months from 1 January 2024 to 30 June 2024.

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 organizational 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 authorization of the Board; and making recommendations to the Board. During the Reporting Period, the strategic steering committee has reviewed the proposal on Company's investment plan for the year of 2024, the operation of the Company for the year of 2023 and the proposals relating to the working arrangement in 2024.

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 of the Company is responsible for formulating procedures and standards for electing the Directors of the Company, senior management members as well as members of the Remuneration and Performance Appraisal Committee, the Audit Committee, the Strategic Steering Committee and the Environmental, Social and Governance Committee; conducting preliminary review on the qualifications and conditions of the Directors, senior management members as well as members of the Remuneration and Performance Appraisal Committee, the Audit Committee, the Strategic Steering Committee and the Environmental, Social and Governance Committee; assisting the chairman of the Board on reporting relevant matters to the Board; reviewing the board diversity policy and the Director Nomination Policy. During the Reporting Period, the nomination committee has discussed and reviewed 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. Save for the above matters to be considered, the Nomination Committee also reviewed the resolutions in relation to the Directors of the fifth session of the Board and the determination of the remuneration for the new Directors.

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 one female member, 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 resolutions in relation to the performance and remuneration of the senior management of the Company in 2023.

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 monitoring the Company's external auditors and their work, the Company's financial reporting procedures, internal control, risk management and internal control, reviewing the internal audit plan and report of the Company, and formulating and reviewing the corporate governance policy and its practice and disclosure.

As of the date of this announcement, the audit committee has reviewed the appointment of auditors for the year 2024, the determination of the annual audit fee for the year 2023, and the 2024 interim report of the Company. Save for the above matters to be considered, the Audit Committee was also briefed by the Audit Department on the report on the self-assessment of the quality of the Company's internal audit work, the conclusion of the internal audit work in 2023 and the report on the internal audit work plan for the year 2024, by the legal compliance department on the report of Company's major risk assessment report for the year 2024 and the Company's internal control system work report for the year 2023, by the auditors on the audit of the financial report for 2023, and by the management on the operation report for the year 2023.

Environmental, Social and Governance Committee

The Company has established the Environmental, Social and Governance Committee. The Company's Environmental, Social and Governance Committee consists of three Directors, including one executive Director and two independent non-executive Directors. The Environmental, Social and Governance Committee is responsible for researching and formulating the Company's overall ESG management goals, management strategies and management guidelines, and regularly evaluating the adequacy and effectiveness of the Company's ESG structure; monitoring and reviewing the Company's ESG policies and practices; evaluating and determining the Company and all its subsidiaries' ESG (including climate change) to ensure that the Company establishes appropriate and effective ESG (including climate change) risk management and internal control systems; and reviewing major ESG management matters. During the Reporting Period, the Environmental, Social and Governance Committee has reviewed the resolutions in relation to the review on the Company's ESG work in 2023, the 2023 ESG report of the Company and the Company's sustainability strategies.

THE MODEL CODE

The Company has adopted a set of code no less exacting than the standards set out in the Model Code as its own code of conduct regarding securities transactions by Directors. The standard also applies to the Supervisors. Having made specific enquiry with all Directors and Supervisors, the Company confirms that each of the Directors and Supervisors has complied with the standards of the securities transactions by Directors as required by the Model Code and the Code for Securities Transactions of China National Building Material Company Limited during the Reporting Period.

DEFINITIONS

"100-day Integration plan"	a 100-Day Integration Strategy was formulated and implemented by BNBM after the successful acquisition of Carpoly, aiming to quickly achieve the integration of the two companies, optimize resource allocation, and enhance overall operational efficiency
"'1254' Blueprint"	the Group is advancing its digital transformation at all levels, guided by the vision of "digital leading material creation". This effort is anchored on two key directions: "Industrial Digital Transformation" and "Enhancing Digital Value." The Group is implementing 5 major initiatives and strengthening 4 areas of support
"BNBM"	北新集團建材股份有限公司 (Beijing New Building Materials Public Limited Company)

"Board"	the board of directors of the Company
"Brazil Factory"	中材科技（巴西）風電葉片有限公司 (Sinoma (Brazil) Wind Power Blade Co., Ltd.)
"Carpoly"	嘉寶莉化工集團股份有限公司 (Carpoly Chemical Group 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 C1 to the Listing Rules
"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 United Qingzhou"	青州中聯水泥有限公司 (China United Cement Qingzhou Co., Ltd.)
"CNBM Technology"	中建材信息技術股份有限公司 (China National Building Materials Technology Co., Ltd.)
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"Director(s)"	the director(s) of the Company
"Domestic Shares"	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"First Phase in Jushi Huaian"	100,000 Tons Fiberglass Production line of the First Phase in Jushi Huaian
"Group"	the Company and, except where the context otherwise requires, all its subsidiaries

"H Share(s)"	the overseas listed foreign shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HKD
"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)
"Jushi Egypt"	巨石埃及玻璃纖維股份有限公司 (Jushi Egypt for Fiberglass Industry S.A.E)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"Management of Three Delicacies"	lean operation, refined management and refined organization
"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 C3 to the Listing Rules
"Ningxia Building Materials"	寧夏建材集團股份有限公司 (Ningxia Building Materials Group Co., Limited)
"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)
"PRC"	the People's Republic of China
"Qilianshan"	甘肅祁連山水泥集團股份有限公司 (Gansu Qilianshan Cement Group Company Limited)
"Reporting Period"	from 1 June 2024 to 30 June 2024
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Ruichang"	中建材新材料有限公司江西瑞昌骨料線 (CNBM New Material Co., Ltd. Jiangxi Ruichang aggregate line)

“Seven domestic bases”	Seven production bases located at Tengzhou, Ningxiang, Changde, Hohhot, Nanjing, Pingxiang and Yibin
“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 Cement”	中材水泥有限責任公司 (Sinoma Cement Co., Ltd.)
“Sinoma International”	中國中材國際工程股份有限公司 (Sinoma International Engineering Co., Ltd.)
“Sinoma Science & Technology (Suzhou)”	中材科技（蘇州）有限公司 (Sinoma Science & Technology (Suzhou) Co., Ltd.)
“Sinoma Cement Zambia Company”	中國建材贊比亞工業園 (CNBM Zambia Industrial Park)
“State”	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
“Taishan Fiber Glass Taiyuan”	泰山玻璃纖維（太原）有限公司 (Taishan Fiberglass (Taiyuan) Inc.)
“TCDRI”	天津水泥工業設計研究院有限公司 (Tianjin Cement Industry Design & Research Institute Co., Ltd.)
“Thailand Gypsum Board”	北新建材（泰國）有限公司 (Beijing New Building Material (Thailand) Co., Ltd.)
“Tianshan Materials”	Tianshan Material Co., Ltd. (formerly known as Xinjiang Tianshan Cement Co., Ltd.)

"Tunisia Cement"	SociétéLes Ciments de Jbel Oust ("**CJO**") and its controlling subsidiary Granulats Jbel Oust ("**GJO**")
"Two Expansions"	Expansion of overseas business and business in other industries business.

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

Beijing, the PRC
27 August 2024

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Wei Rushan, Mr. Liu Yan and Mr. Wang Bing as executive directors, Mr. Li Xinhua, Mr. Chang Zhangli, Mr. Wang Yumeng, Mr. Xiao Jiaxiang, Mr. Shen Yungang and Mr. Chen Shaolong as non-executive directors; and Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue as independent non-executive directors.

* *For identification purposes only*