



CNBM

CHINA NATIONAL BUILDING
MATERIAL COMPANY LIMITED*

2024

INTERIM REPORT





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This Interim Report, in both Chinese and English versions, is available on the Company's website at <http://www.cnbm.com> (the "Company Website"). Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to the Corporate Communications posted on the Company Website will promptly upon request be sent the Corporate Communications in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt of the Corporate Communications (either in printed form or via the Company Website). Shareholders may send their requests at any time to receive the Interim Report and/or to change their choice of the means of receipt of the Corporate Communications by notice in writing to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by sending an email to the Company's H Share Registrar in Hong Kong at cnbm3323-ecom@hk.tricorglobal.com.

Snapshot of Interim Report



VISION AND MISSION

Corporate Vision

Build a world-class material enterprise,
committed to value creation and
shareholder return

Corporate Mission

Better materials, better world



About CNBM



Market positions

The Group is mainly engaged in basic building materials, new materials and engineering technology services businesses, in terms of the production capacity or contract amount on 30 June 2024:

The largest in the world:



Cement
producer



Commercial
concrete
producer



Glass fiber
producer



Electronic
fabrics
producer



Gypsum
board
producer



Light
steel stud
producer



Wind power
blade
producer



Cement technical
equipment
engineering
system integration
service provider



Major awards for the first half of 2024

“China Listed Companies
ESG Pioneer 100”

Ranked 40

S&P Global CSA of
Chinese Enterprises

Industry Mover

“Wind ESG”

Rated AA

“Institutional Investor” magazine “Best
ESG”, “Best Board of Directors” etc.

Seven Awards

Snapshot of Interim Report *(Continued)*



Main Business Indicators

Unit: RMB



Financial information

Income

83,471 million

Profit attributable to equity holders

-2,018 million

Net cash flow from operating activities

2,995 million

Capital expenditure

13,013 million

Net debt ratio

91.7 %


Three major segments



Basic building materials segment

Income **40,781** millionyear-on-year decreased by **30.6%**

Net profit attributable to the parent

company contributed **-3,230** million

New materials segment

Income **23,548** millionyear-on-year increased by **0.6%**

Net profit attributable to the parent

company contributed **1,379** millionyear-on-year decreased by **27.5%**

Engineering technology services segment

Income **20,573** millionyear-on-year increased by **1.7%**

Net profit attributable to the parent company

contributed **711** millionyear-on-year decreased by **4.9%**

Corporate Information

DIRECTORS:

Executive Directors

Zhou Yuxian (*Chairman*)
Wei Rushan (*President*)
Liu Yan
Wang Bing

Non-executive Directors

Li Xinhua
Chang Zhangli
Wang Yumeng
Xiao Jiaxiang
Shen Yungang
Chen Shaolong

Independent Non-executive Directors

Sun Yanjun
Liu Jianwen
Zhou Fangsheng
Li Jun
Xia Xue

STRATEGIC STEERING COMMITTEE:

Zhou Yuxian (*Chairman*)
Li Xinhua
Wei Rushan
Zhou Fangsheng

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

Corporate Information *(Continued)*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE:

Zhou Yuxian (*Chairman*)
Li Jun
Xia Xue

SUPERVISORS:

Shareholder Supervisor

Qu Xiaoli
Zhang Jianfeng

Independent Supervisors

Li Xuan
Wei Jianguo

Staff Representative Supervisors

Yu Yuehua
Zeng Xuan
Du Guangyuan

Note:

- On 13 March 2024, the Board of the Company received the written resignation from Ms. Fan Xiaoyan. Ms. Fan Xiaoyan has resigned as non-executive director of the Company due to work re-arrangements. Her resignation report has taken effect from 29 April 2024. Taishan Investment nominated Mr. Chen Shaolong as a candidate for non-executive director of the Company. The term of office shall be consistent with the term of the fifth session of the Board of Directors. It will be effective from the date of the Company's 2023 annual general meeting (i.e. 29 April 2024), and shall be entitled to re-election.
- On 1 August 2024, the Board of Company received a written resignation from Mr. Zhou Fangsheng, who tendered his resignation from his positions as an independent non-executive director of the Company, the chairman of the Company's remuneration and performance appraisal committee and a member of the Company's strategic steering committee due to the reason of age. As Mr. Zhou Fangsheng's resignation would result in the Company not being able to meet the minimum number of independent non-executive directors required under the Listing Rules, his resignation will take effect upon the approval of the shareholders at a shareholders' meeting of the appointment of a new independent non-executive director replacing Mr. Zhou Fangsheng.

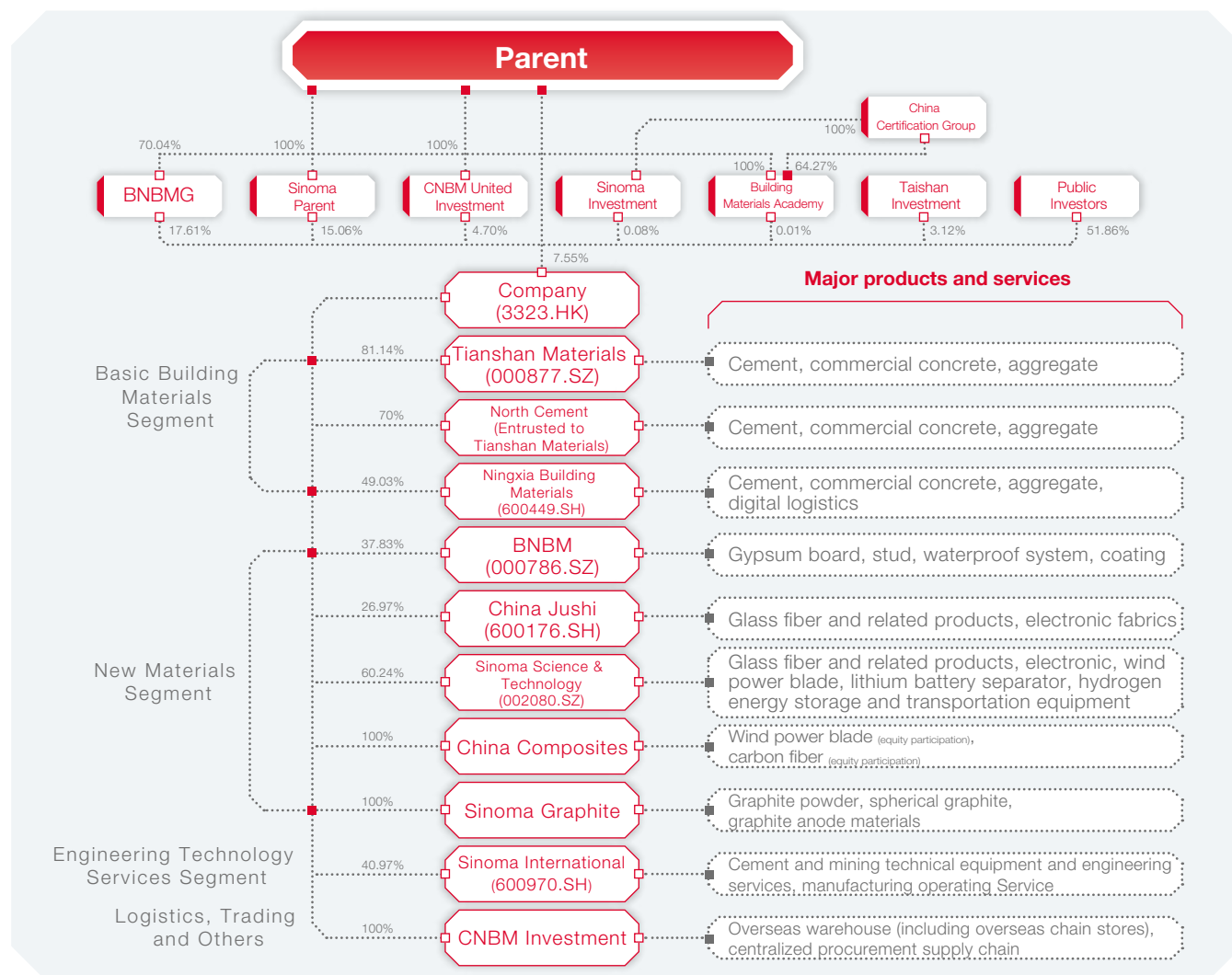
Secretary of the Board	:	Pei Hongyan
Joint Company Secretaries	:	Pei Hongyan Lee Mei Yi (FCG, HKFCG)
Authorised Representatives	:	Zhou Yuxian Pei Hongyan
Alternate Authorised Representative	:	Lee Mei Yi (FCG, HKFCG)

Corporate Information *(Continued)*

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 The PRC
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
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 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 The PRC
Stock Code	:	03323
Company Website	:	http://www.cnbmld.com

Shareholding Structure of the Group

The simplified structure of the Group as of 30 June 2024 is set out below:



Notes:

- The aforementioned percentages are rounded to 2 decimal places. Due to rounding, the total percentage of shareholdings may be discrepant with the total amount.
- As of 30 June 2024, the Parent directly and indirectly held 3,797,269,981 shares of the Company (including 3,613,305,981 Domestic Shares and 183,964,000 H Shares), accounting approximately 45.0192% of the total number of issued shares of the Company, of which it directly held 8,536,000 H shares of the Company, accounting for 0.10% of the Company's total share capital; it indirectly held 6,800,000 H Shares of the Company through its wholly-owned subsidiary Building Materials Academy, accounting for 0.08% of the Company's total share capital; it indirectly held 396,347,530 H Shares of the Company through its wholly-owned subsidiary CNBM United Investment, accounting for 4.7% of the Company's total share capital.
- As of 30 June 2024, Building Materials Academy directly and indirectly held a total of 68.41% of the equity interest of China Certification Group, of which 64.27% of the equity was directly held by Building Materials Academy, and 4.14% of the equity interest was indirectly held by Building Materials Academy through its certain wholly-owned subsidiaries.
- Following completion of the transaction in relation to the assets of Hefei Institute on 28 February 2023, the Company's shareholding in Sinoma International reduced from 47.77% to 41.12%; on 10 April 2023, Sinoma International completed the registration for the reserved grant under the 2021 restricted stock incentive plan, and the Company's shareholding in Sinoma International reduced from 41.12% to 40.96%. On 7 May 2024, Sinoma International completed the repurchase and cancellation of the 2021 restricted stock, and the Company's shareholding in Sinoma International increased from 40.96% to 40.97%.
- Pursuant to the Impairment Compensation Agreement and the Profit Guarantee Agreement between Xinjiang Tianshan Cement Co., Ltd.* and China National Building Material Company Limited entering into by Tianshan Materials and the Company (please refer to the Company's announcement "Inside Information- Update on restructuring of cement assets" on 30 April 2024 for details), the number of shares repurchased and canceled by Tianshan Materials is 1,552,931,120 Shares. Upon the completion of the repurchase and cancellation, the total share capital of Tianshan Materials would be changed from 8,663,422,814 Shares to 7,110,491,694 Shares, and the Company's shareholding ratio in Tianshan Materials would reduce from 84.52% to 81.14%. Tianshan Materials completed the repurchase and cancellation on 11 July 2024.

Financial Highlights

The financial highlights of the Group as at 30 June 2024 and 30 June 2023 are summarized as follows:

	For the six months ended 30 June		
	2024 (unaudited) (RMB in thousands)	2023 (unaudited) (RMB in thousands)	Growth rate
Revenue	83,470,594	102,373,896	-18.5%
Gross profit	13,253,495	17,605,228	-24.7%
Profit after tax	-292,353	4,413,964	/
Profit attributable to equity holders of the Company	-2,017,616	1,404,107	/
Distribution made to the equity holders of the Company	1,931,562	3,188,343	-39.4%
Earnings per share-basic (RMB) ⁽¹⁾	-0.239	0.166	/
Earnings before interest, taxes, depreciation and amortisation	10,376,095	15,929,144	-34.9%

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 2024 and for the six months ended 30 June 2023.

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)	Growth rate
	(RMB in thousands)		
Total assets	499,674,438	488,897,924	2.2%
Total liabilities	309,912,912	295,383,837	4.9%
Net assets	189,761,526	193,514,087	-1.9%
Non-controlling interests	73,015,447	70,350,160	3.8%
Equity attributable to equity holders of the Company	98,888,406	105,325,482	-6.1%
Net assets per share-weighted average (RMB) ⁽¹⁾	11.72	12.49	-6.1%
Debt to assets ratio ⁽²⁾	39.8%	37.8%	Increased by 2.0 percentage points
Net debt ratio ⁽³⁾	91.7%	81.4%	Increased by 10.3 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 2023 and for the six months ended 30 June 2024.
- (2) Debt to assets ratio = total borrowings/total assets x 100%.
- (3) Net debt ratio = (total borrowings – bank balances and cash)/net assets x 100%.

Business Highlights

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 (<i>in thousand tonnes</i>)	101,862	126,795	-19.7%
Sales volume – clinker (<i>in thousand tonnes</i>)	11,982	15,380	-22.1%
Total sales volume of cement and clinker ¹ (<i>in thousand tonnes</i>)	113,844	142,176	-19.9%
Average selling price – cement (<i>RMB per tonne</i>)	244.6	301.5	-18.9%
Average selling price – clinker (<i>RMB per tonne</i>)	210.7	268.0	-21.4%
Average selling price of cement and clinker (<i>RMB per tonne</i>)	241.1	297.9	-19.1%
Sales volume – commercial concrete ¹ (<i>in thousand m³</i>)	35,205	35,647	-1.2%
Average selling price – commercial concrete (<i>RMB per m³</i>)	312.0	384.3	-18.8%
Sales volume – aggregate ¹ (<i>in thousand tonnes</i>)	64,224	69,303	-7.3%
Average selling price – aggregate (<i>RMB per tonne</i>)	36.7	38.9	-5.7%

NEW MATERIALS SEGMENT

	For the six months ended 30 June		
	2024	2023	Growth rate
Fiberglass			
Sales volume (<i>in thousand tonnes</i>)	2,010	1,683	19.4%
Average selling price (<i>RMB per tonne</i>)	4,048	4,963	-18.4%
Gypsum board			
Sales volume (<i>in million m²</i>)	1,168.1	1,092.2	6.9%
Average selling price (<i>RMB per m²</i>)	6.12	6.25	-2.1%
Wind power blade			
Sales volume (<i>MW</i>)	7,520	9,596	-21.6%
Average selling price (<i>RMB per MW</i>)	377,563	447,765	-15.7%
Lithium battery separator			
Sales volume (<i>in million m²</i>)	814.4	707.6	15.1%
Average selling price (<i>RMB per m²</i>)	0.93	1.42	-34.5%
Carbon fiber			
Sales volume (<i>in thousand tonnes</i>)	6.90	6.22	10.9%
Average selling price (<i>RMB per tonne</i>)	104,130	168,407	-38.2%
Waterproofing membrane			
Sales volume (<i>in million m²</i>)	117.1	82.8	41.4%
Average selling price (<i>RMB per m²</i>)	14.60	15.59	-6.4%
Coating			
Sales volume (<i>in thousand tonnes</i>)	446.22	76.07	486.6%
Average selling price (<i>RMB per tonne</i>)	3,996	6,408	-37.6%

ENGINEERING TECHNOLOGY SERVICES SEGMENT

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

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.

Management Discussion and Analysis





Management Discussion and Analysis

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, being an important support for demand, 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.

Management Discussion and Analysis *(Continued)*

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. Sinoma Cement Zambia Company 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.

Management Discussion and Analysis (Continued)

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.



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 Top-tier Business



- 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 promoting 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.

Management Discussion and Analysis *(Continued)*



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.

Management Discussion and Analysis *(Continued)*



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**, the Brazil Factory executed supply agreements with international customers, and the products entered the customer acceptance stage.



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 5 μ m 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.

The Second-tier Business



Management Discussion and Analysis *(Continued)*



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 were 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;

Management Discussion and Analysis *(Continued)*



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.



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**.

The Third-tier Business



Management Discussion and Analysis *(Continued)*



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 the market share 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.

Management Discussion and Analysis (Continued)



STATE-OWNED ENTERPRISES REFORM



Advancing the Deepening Reform and Enhancing Action



Improvement of Corporate Governance



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

- 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

- 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

- The Parent Company 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 relied 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

Management Discussion and Analysis *(Continued)*



TECHNOLOGICAL INNOVATION

• Strengthening the supply of original and leading technologies

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

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

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

• Accelerating the transformation and application of technological achievements

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

High-modulus fiber glass contributed to the launch of the world's longest wind turbine blade

Lithium film double-sided coating equipment achieved domestic alternation

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

• Creating an ecosystem of innovation and invention

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

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

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

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.

Management Discussion and Analysis (Continued)



DIGITALIZATION

• Continuing to accelerate digital transformation

Accelerated the implementation of the “1254” Blueprint and systematically promoted the five major measures and four guarantee constructions

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

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

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

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

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

Organized 4 digital transformation pilot training courses



• Fostering digital technology applications

Over 1.65 million vehicles registered on the “I’m looking for a car” platform, online businesses in aggregate 1.462 billion tons, accumulated GMV exceeded RMB78.9 billion

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

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

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

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

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 factories and mines

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

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

The industrial engineering intelligent design project of Sinoma International was selected as MIIT’s innovative application pilot cases



Management Discussion and Analysis (Continued)



GREEN TRANSFORMATION

• Accelerating energy consumption structure transformation



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

Used 13.34 million tons of alternative fuels

The new energy installed capacity was 410MW, including:

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

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

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

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

• Strengthening green production and manufacturing



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

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

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

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

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

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



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

Tianshan Materials carbon management platform covered 8 regional companies

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

• Enhancement of industrialization of achievements



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

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

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW

The unaudited revenue of the Group decreased by 18.5% from RMB102,373.9 million for the six months ended 30 June 2023 to RMB83,470.6 million for the six months ended 30 June 2024. The unaudited profit attributable to equity holders of the Company decreased from RMB1,404.1 million for the six months ended 30 June 2023 to RMB-2,017.6 million for the six months ended 30 June 2024.

Revenue

Our revenue for the six months ended 30 June 2024 amounted to RMB83,470.6 million, representing a decrease of 18.5% from RMB102,373.9 million for the six months ended 30 June 2023. This was primarily due to a decrease of RMB17,967.8 million in the revenue of the Group's basic building materials segment.

Cost of sales

Our cost of sales for the six months ended 30 June 2024 amounted to RMB70,217.1 million, representing a decrease of 17.2% from RMB84,768.7 million for the six months ended 30 June 2023. This was primarily due to a decrease of RMB13,857.1 million in the cost of sales of the Group's basic building materials segment.

Other income

Other income of the Group increased by 2.4% from RMB1,156.4 million for the six months ended 30 June 2023 to RMB1,183.8 million for the six months ended 30 June 2024. This was primarily due to an increase of RMB262.5 million in government grants, which was partially offset by the increase of RMB223.7 million in net loss from change in fair value of financial assets at fair value through profit or loss.

Selling and distribution costs

Selling and distribution costs increased by 4.4% to RMB1,892.8 million for the six months ended 30 June 2024 from RMB1,813.3 million for the six months ended 30 June 2023. This was primarily due to an increase of RMB39.8 million in advertising expenses and an increase of RMB32.4 million in transportation expenses.

Administrative expenses

Administrative expenses increased by 4.6% to RMB9,913.7 million for the six months ended 30 June 2024 from RMB9,478.6 million for the six months ended 30 June 2023. This was primarily due to an increase of RMB586.5 million in foreign exchange losses, which was partially offset by the decrease of RMB152.5 million in repair expenses.

Finance costs

Finance costs decreased by 8.2% to RMB2,441.9 million for the six months ended 30 June 2024 from RMB2,659.6 million for the six months ended 30 June 2023. This was primarily due to a decrease of borrowing costs of the Group.

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW *(CONTINUED)*

Share of profit of associates

The Group's share of profit of associates decreased by 65.9% to RMB341.0 million for the six months ended 30 June 2024 from RMB999.3 million for the six months ended 30 June 2023, primarily due to a decrease of profit of associates in basic building materials segment and a decrease in the profit of China Jushi, one of the associates of the Group.

Provision under expected credit losses

The provision for impairment of accounts receivable decreased by 24.9% to RMB195.7 million for the six months ended 30 June 2024 from RMB260.8 million for the six months ended 30 June 2023.

Income tax expense

Income tax expense decreased by 45.2% to RMB619.5 million for the six months ended 30 June 2024 from RMB1,130.8 million for the six months ended 30 June 2023. This was primarily due to a decrease of profit before tax.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by 47.0% to RMB1,455.1 million for the six months ended 30 June 2024 from RMB2,745.5 million for the six months ended 30 June 2023. This was primarily due to the decrease in operating profit of the basic building materials 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 to RMB-2,017.6 million for the six months ended 30 June 2024 from RMB1,404.1 million for the six months ended 30 June 2023. Net profit margin decreased to -2.4% for the six months ended 30 June 2024 from 1.4% for the six months ended 30 June 2023.

Basic building materials segment

Revenue

Revenue of basic building materials segment of the Group for the six months ended 30 June 2024 amounted to RMB40,780.6 million, representing a decrease of 30.6% from RMB58,748.3 million for the six months ended 30 June 2023, mainly attributable to the decrease in the sales volumes of cement products and aggregate, as well as the decrease in the average selling price of cement products, commercial concrete and aggregate.

Cost of sales

Cost of sales of basic building materials segment of the Group for the six months ended 30 June 2024 amounted to RMB37,186.1 million, representing a decrease of 27.1% from RMB51,043.2 million for the six months ended 30 June 2023, mainly attributable to the decrease in the sales volumes of cement products and aggregate, and the decrease in coal price.

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 53.3% to RMB3,594.5 million for the six months ended 30 June 2024 from RMB7,705.1 million for the six months ended 30 June 2023. Gross profit margin of the basic building materials segment of the Group decreased from 13.1% for the six months ended 30 June 2023 to 8.8% for the six months ended 30 June 2024. The decrease in gross profit margin was mainly due to the decrease in the average selling price of cement products, commercial concrete and aggregate, partially offset by the decrease in the coal price.

Operating profit

Operating profit of basic building materials segment of the Group decreased to RMB-1,858.7 million for the six months ended 30 June 2024 from RMB2,478.6 million for the six months ended 30 June 2023. Operating profit margin of the basic building materials segment of the Group decreased from 4.2% for the six months ended 30 June 2023 to -4.6% for the six months ended 30 June 2024. The decrease in operating profit margin was primarily due to the decrease in gross profit margin, net gain from change in fair value of financial assets at fair value through profit or loss and government grants, which was partially offset by the decrease in labour cost and repair expenses.

New materials segment

Revenue

Revenue of new materials segment of the Group increased by 0.6% to RMB23,548.5 million for the six months ended 30 June 2024 from RMB23,416.1 million for the six months ended 30 June 2023. This was mainly attributable to the increase in the sales volumes of glass fiber yarn, gypsum board, lithium battery separator, waterproofing membrane and coating, which was partially offset by the decrease in the average selling price of glass fiber yarn, gypsum board, wind power blade, lithium battery separator, waterproofing membrane and coating.

Cost of sales

Cost of sales of new materials segment of the Group increased by 3.7% to RMB17,961.4 million for the six months ended 30 June 2024 from RMB17,322.2 million for the six months ended 30 June 2023, mainly attributable to the increase in the sales volumes of glass fiber yarn, gypsum board, lithium battery separator, waterproofing membrane and coating, which was partially offset by the decrease in raw material and coal price.

Gross profit and gross profit margin

Gross profit of new materials segment of the Group decreased by 8.3% to RMB5,587.1 million for the six months ended 30 June 2024 from RMB6,093.8 million for the six months ended 30 June 2023. Gross profit margin of new materials segment of the Group decreased from 26.0% for the six months ended 30 June 2023 to 23.7% for the six months ended 30 June 2024, which was mainly attributable to the decrease in average selling price of glass fiber yarn, gypsum board, wind power blade, lithium battery separator, waterproofing membrane and coating, which was partially offset by the decrease in raw material and coal price.

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW *(CONTINUED)*

New materials segment *(Continued)*

Operating profit

Operating profit of new materials segment of the Group decreased by 13.1% to RMB3,317.3 million for the six months ended 30 June 2024 from RMB3,818.4 million for the six months ended 30 June 2023. The operating profit margin of new materials segment of the Group decreased to 14.1% for the six months ended 30 June 2024 from 16.3% for the six months ended 30 June 2023, mainly attributable to the decrease in gross profit margin, the increase in R&D expenses and foreign exchange losses, which was partially offset by the increase in government grants.

Engineering technology services segment

Revenue

Revenue of engineering technology services segment of the Group increased by 1.7% to RMB20,573.3 million for the six months ended 30 June 2024 from RMB20,235.8 million for the six months ended 30 June 2023, mainly attributable to the increase in completed construction services in the period.

Cost of sales

Cost of sales of engineering technology services segment of the Group increased by 0.4% to RMB16,738.4 million for the six months ended 30 June 2024 from RMB16,675.4 million for the six months ended 30 June 2023, mainly attributable to the increase in completed construction services in the period.

Gross profit and gross profit margin

Gross profit of engineering technology services segment of the Group increased by 7.7% to RMB3,834.9 million for the six months ended 30 June 2024 from RMB3,560.3 million for the six months ended 30 June 2023. Gross profit margin of engineering technology services segment of the Group increased to 18.6% for the six months ended 30 June 2024 from 17.6% for the six months ended 30 June 2023, mainly attributable to the increase in gross profit margin of engineering technology services and production operating services.

Operating profit

Operating profit of engineering technology services segment of the Group increased by 1.0% to RMB1,618.4 million for the six months ended 30 June 2024 from RMB1,601.7 million for the six months ended 30 June 2023. Operating profit margin of engineering technology services segment of the Group was 7.9% for the six months ended 30 June 2024, same as the six months ended 30 June 2023, mainly attributable to the increase in gross profit margin, but partially offset by the increase in foreign exchange loss.

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW *(CONTINUED)*

Liquidity and financial resources

As at 30 June 2024, the Group had unused banking facilities and bonds registered but not yet issued of approximately RMB383,948.55 million in total.

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

	As at 30 June 2024	As at 31 December 2023
	<i>(RMB in millions)</i>	
Bank loans	158,336.8	145,081.0
Bonds	39,605.6	38,900.0
Borrowings from non-financial institutions	785.7	924.7
Total	198,728.1	184,905.7

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

	As at 30 June 2024	As at 31 December 2023
	<i>(RMB in millions)</i>	
Borrowings are repayable as follows:		
Within one year or on demand	78,568.8	73,980.1
Between one and two years	49,735.1	39,562.0
Between two and three years	36,032.5	42,159.5
Between three and five years (inclusive of both years)	10,864.3	12,459.5
Over five years	23,527.4	16,744.6
Total	198,728.1	184,905.7

As at 30 June 2024, borrowings in the aggregate amount of RMB6,057.5 million were secured by assets of the Group with a total amount of RMB11,781.4 million.

As at 30 June 2024 and 31 December 2023, the debt to assets ratio of the Group, calculated by dividing borrowings by total of assets of the Group, were 39.8% and 37.8%, respectively.

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.

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW *(CONTINUED)*

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 2024	As at 31 December 2023
	<i>(RMB in millions)</i>	
Capital expenditure of the Group in respect of acquisition of property, plant and equipment (contracted but not provided for)	2,154.6	4,191.4

Capital expenditures

The following table sets out the capital expenditures of the Group for the six months ended 30 June 2024 by segment:

	For the six months ended 30 June		2024		2023	
	<i>(RMB in millions)</i>	<i>% of total</i>	<i>(RMB in millions)</i>	<i>% of total</i>		
Basic building materials	5,897.0	45.3	8,234.1	59.8		
Cement	4,559.6	35.0	5,199.2	37.8		
Commercial concrete	207.0	1.6	401.5	2.9		
Aggregate	1,130.4	8.7	2,633.4	19.1		
New materials	6,889.6	52.9	4,083.0	29.7		
Glass fiber	1,069.0	8.2	527.0	3.8		
Gypsum board	400.0	3.1	434.2	3.2		
Wind power blade	198.8	1.5	334.1	2.4		
Lithium battery separator	2,116.1	16.3	2,017.0	14.7		
Waterproofing	69.0	0.5	112.9	0.8		
Coating	2,863.6	22.0	175.5	1.3		
Others	173.1	1.3	482.3	3.5		
Engineering technology services	226.2	1.8	993.8	7.2		
Others	–	–	453.0	3.3		
Total	13,012.8	100.0	13,763.9	100.0		

Material investment plans

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

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW *(CONTINUED)*

Cash flow from operating activities

Net cash inflow of the Group generated from operating activities decreased RMB5,387.2 million, from RMB8,382.0 million for the six months ended 30 June 2023 to RMB2,994.8 million for the six months ended 30 June 2024, which was primarily due to the year-on-year decrease in cash flow received by the Group from sales of goods and services provided, but was partially offset by the year-on-year decrease of cash paid for purchase of goods and services rendered and the year-on-year decrease of various tax payments.

Cash flow from investing activities

Net cash outflow of the Group to investing activities increased RMB859.0 million, from RMB10,419.8 million for the six months ended 30 June 2023, to RMB11,278.8 million for the six months ended 30 June 2024, which was primarily due to the year-on-year decrease in dividend received by the Group, and decrease in cash received by the Group for disposal of property, plant and equipment.

Cash flow from financing activities

Net cash inflow of the Group from financing activities decreased RMB1,618.1 million, from RMB7,587.8 million for the six months ended 30 June 2023, to RMB5,969.7 million for the six months ended 30 June 2024, which was primarily due to the year-on-year decrease in net cash received from borrowings of the Group, partially offset by the year-on-year decrease in cash paid for interests and dividend.

Management Discussion and Analysis (Continued)

OUTLOOK FOR THE SECOND HALF OF THE YEAR

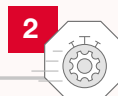
In the second half of 2024, China's economic development will continue to face many challenges. Nevertheless, from a comprehensive point of view, the effects of the policies, such as stable growth of infrastructure, optimization of real estate policy, special bonds and ultra-long-term special treasury 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.



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.



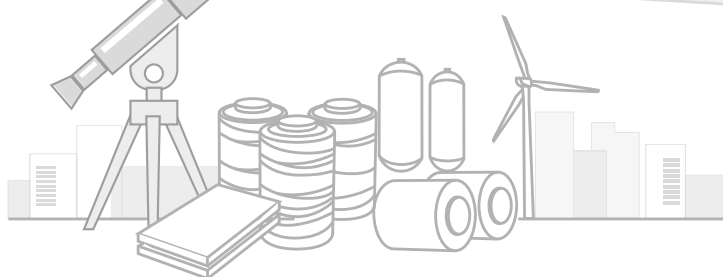
The Group will focus on industrial layout and accelerate the formation of new productive forces. The Group will further consolidate the competitiveness of the basic building materials industry, accelerate the transformation and upgrading around "Cement +", internationalization and "double carbon", as 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.



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.



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.



Significant Events

FINAL DIVIDEND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

At the annual general meeting of the Company held on 29 April 2024, the Company declared the distribution of a final dividend of RMB1,931,562,481.60 in total (tax inclusive) for the period from 1 January 2023 to 31 December 2023 for Shareholders whose names appear on the Company's register of members on 13 May 2024, representing RMB0.229 per share (tax inclusive).

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.

Significant Events *(Continued)*

MATERIAL TRANSACTIONS *(CONTINUED)*

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.

EVENT AFTER THE REPORTING PERIOD

On 26 July 2024, Sinoma Cement (a subsidiary of the Company) entered into a share purchase agreement with Votorantim Cimentos, pursuant to which Votorantim Cimentos agreed to sell, and Sinoma Cement agreed to acquire, all the shares of Société Les Ciments de Jbel Oust (the "Target Company") 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. Completion of the share acquisition is subject to the satisfaction of the conditions. Upon completion of the share acquisition, the Target Company and its subsidiary, Granulats Jbel Oust, will both become indirect subsidiaries of the Company.

The share acquisition is in line with the Company's strategy and Tianshan Materials's internationalisation development plan. There are vibrant cement markets in countries along the "One Belt and One Road", and the share acquisition is expected to accelerate the Group's internationalisation deployment. In addition, the Target Company has a long operating history, stable operation, and is geographically located close to the ports with favourable location conditions and is a mature integrated cement enterprise in the regional market. The acquired assets are of high quality, and the production lines of the Target Company are in line with the Group's production lines and can bring significant synergy to the current businesses of the Group.

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

Significant Events *(Continued)*

CONNECTED TRANSACTIONS

Continuing Connected Transactions

Particulars of connected transactions are set out in Note 29 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 28 October 2022, the circular dated 25 November 2022, the announcement dated 19 December 2022, the 2022 annual report, and the 2023 annual report.

Transactions with Parent Group

For the six months ended 30 June 2024, the Group's expenses incurred from the acceptance of the provision of minerals from the Parent Group amounted to RMB43.25 million, representing approximately 0.06% of total cost of sales of the Group for the same period. The Group's income from the provision of products and services to the Parent Group amounted to RMB675.78 million, representing approximately 0.81% of the total income of the Group for the same period. The Group's expenses incurred from the acceptance of the provision of products and services from the Parent Group amounted to RMB4,279.96 million, representing approximately 6.10% of total cost of sales of the Group for the same period. The Group's expenses incurred from the acceptance of the provision of equipment from the Parent Group amounted to approximately RMB133.18 million, representing approximately 0.19% of total cost of sales of the Group for the same period. The Group's income from the provision of construction services to the Parent Group amounted to RMB35.76 million, representing approximately 0.04% of the total income of the Group for the same period. The Group's expenses incurred from the acceptance of the provision of construction services from the Parent Group amounted to RMB3,721.85 million, representing approximately 5.30% of the total cost of sales of the Group for the same period. The rental paid for leasing property from the Parent Group amounted to RMB39.24 million, representing approximately 0.06% of the total cost of sales of the Group for the same period. The revenue from leasing property to the Parent Group amounted to RMB54.69 million, representing approximately 0.07% 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 RMB15,406.72 million. The Group's expenses in respect of other financial services provided by the Finance Company amounted to approximately RMB33,300.

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.* (中建材蚌埠玻璃工业设计研究院有限公司) ("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.

On 1 January 2024, the total amount of guarantees provided by the Company for China Triumph only consisted the loans from financial institutions, a balance of RMB630 million. As of 30 June 2024, China Triumph has fully repaid the loans from financial institutions with guarantees provided by the Company, the balance of guarantees provided by the Company for China Triumph is nil.

Significant Events *(Continued)*

CONNECTED TRANSACTIONS *(CONTINUED)*

Partially Exempt Connected Transactions

For the six months ended 30 June 2024 and up to the date of this report, the Company has not commenced such connected transactions.

Non-exempt Connected Transactions

For the six months ended 30 June 2024 and up to the date of this report, the following transactions constitute connected transactions of the Company and which was subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Merger by Absorption by Ningxia Building Materials of CNBM Technology

The Merger by Absorption of CNBM Technology by Ningxia Building Materials constitutes a connected transaction. The issuance of Ningxia Consideration Shares by Ningxia Building Materials to certain shareholders of CNBM Technology (including CNBM Elink, CNBM Trading and CBMJI, which are subsidiaries of the Parent) also constitutes a connected transaction of the Company. For details of the specific transaction, please refer to the Material Transaction of Significant Events – the Merger by Absorption by Ningxia Building Materials of CNBM Technology and the Cement Assets Restructuring in this interim report.

For details of the Merger by Absorption and the Cement Assets Restructuring transaction, please refer to the announcements of the Company 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 2022 annual report, the 2023 interim report and the 2023 annual report.

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 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 the 2024 Notification Letters to Ningxia Building Materials and Tianshan Materials respectively, in relation to the Undertaking to Ningxia Building Materials and 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 when 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.

Significant Events *(Continued)*

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.

Significant Events *(Continued)*

SPECIAL COMMITTEES UNDER THE BOARD *(CONTINUED)*

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 report, 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.

Significant Events *(Continued)*

COMPLIANCE SUPERVISION, RISK MANAGEMENT AND INTERNAL CONTROL

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 a coordinated operation mechanism for compliance and risk, internal control and legal management. At present, the Company has established a compliance management committee, an organization for construction and supervision of internal control system, formulated and continuously improved the Company's systems and management processes, established relevant risk evaluation and supervision mechanisms, and prepared the compliance management manual and internal control manual to explore and create a closed-loop system of compliance management supervision, improved and optimized the internal control and risk management mechanism. 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 compliance supervision, risk management and internal control level.

In accordance with code provision D.2.1 of the CG Code, the Board of Directors has listened to the Company's annual compliance management report, major risk assessment report and internal control system work report, and has also reviewed the effectiveness of the compliance supervision, risk management and internal control systems of the Company and its subsidiaries, which covered financial control, operation control, compliance control and risk management function control.

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.

SHARE CAPITAL STRUCTURE

	As of 30 June 2024	
	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

Significant Events *(Continued)*

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.

MATERIAL LITIGATION AND ARBITRATION OF THE GROUP

As of the end of this Reporting Period, save as the litigation in respect of the gypsum board in the United States 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 and senior management of the Group involved in any material litigation.

Litigation in respect of the gypsum board in the United States

References are made to the overseas regulatory announcement dated 30 May 2010 by the Company reproducing the announcement of BNBM in respect of the gypsum board in the United States and the announcements of the Company 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 quarter report, 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, the 2021 annual report, the 2022 interim report, the 2022 annual report, the 2023 interim report and the 2023 annual report setting out information on the subsequent development of the gypsum board litigation in the United States.

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”). As at the date of this Report, Taishan's payment obligations under the Settlement Agreement have been completely performed.

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 litigation of the forementioned plaintiffs who opted out from the Settlement has been concluded.

In addition to the multi-district consolidated litigation cases involved in the above settlements, one litigation is still ongoing. The Company will continue to monitor the progress of the gypsum board litigation in the U.S. and will make further disclosure if and when necessary or appropriate.

Significant Events *(Continued)*

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, the Group had approximately 137,515 employees.

The remuneration package of the Company's employees includes salary, bonuses and allowances. In accordance with relevant national and local labour and social welfare laws and regulations, the Group 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 performance based, taking into account duties and responsibilities while bonus is linked to the overall economic efficiency 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 improve self-study.

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Fan Xiaoyan tendered her resignation as a non-executive Director due to work adjustment. Mr. Chen Shaolong was elected as a non-executive Director to replace Ms. Fan Xiaoyan upon consideration and approval at the 2023 annual general meeting convened on 29 April 2024; on 1 August 2024, Mr. Zhou Fangsheng tendered his resignation in written as an independent non-executive Director due the reason of age and his resignation will take effect upon the approval of the shareholders at a shareholders' meeting of the appointment of a new independent non-executive Director replacing Mr. Zhou Fangsheng.

On 2 February 2024, Mr. Zhang Jindong resigned as a vice president of the Company due to retirement.

Saved as disclosed above, there were no changes of directors, supervisors and senior management of the Company during the Reporting Period.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OFFICER

Changes in information of the 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. Liu Yan, an executive Director, ceased to be a director of Qilianshan Holdings* (祁連山控股) since May 2024, and ceased to be a director of China Jushi since March 2024.

Ms. Yu Yuehua, a staff representative Supervisor, the chief auditor and the general manager of the audit department of the Company, has served as a supervisor of CNBM Investment since March 2024; Ms. Du Guangyuan, a staff representative Supervisor and the general manager of the legal compliance department of the Company, ceased to be a director of China Composites since April 2024.

Significant Events *(Continued)*

DISCLOSURE OF INTEREST

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 for every ten shares held by the Shareholders. On 2 May 2018, the Company and Sinoma completed a merger by absorption through share exchange. As of 30 June 2024, the Company has a total issued share capital of 8,434,770,662 Shares.

1. Substantial Shareholders and persons who have an interest or short position disclosable under Divisions 2 and 3 of Part XV of SFO

So far as was known to the Directors or the Supervisors of the Company, as at 30 June 2024, the Shareholders (other than the Directors or the Supervisors of the Company) 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	175,428,000			
				183,964,000		4.04	2.18
BNBMG	Domestic Shares	Long	Beneficial owner	1,485,566,956	2	38.32	17.61
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	3	6.79	3.12
Taishan Investment	Domestic Shares	Long	Interest of controlled corporations	263,318,181	3	6.79	3.12
Finance Industry	Domestic Shares	Long	Beneficial owner	263,318,181	3	6.79	3.12
CNBM United Investment	Domestic Shares	Long	Beneficial owner	227,719,530	2	5.87	2.70
	H Shares	Long	Beneficial owner	168,628,000		3.70	2.00

Significant Events *(Continued)*

Notes:

1. As at 30 June 2024, 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. Finance Industry is a wholly-owned subsidiary of Taishan Investment, which in turn is a wholly-owned subsidiary of Taishan Finance. Under the SFO, Taishan Finance is deemed to own 263,318,181 Shares directly held by Finance Industry.

Save as disclosed above, as at 30 June 2024, the Company has not been notified by any persons who have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company 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.

2. Interests and Short Positions of Directors and Supervisors

As at 30 June 2024, as far as the Company is aware, none of the Directors nor 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 Supervisors 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.

Save as disclosed above, as at 30 June 2024, the Company has not been notified by any persons who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company 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.

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 45 to 99, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other 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 Hong Kong Institute of Certified Public Accountants. 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 (Continued)

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 2024 are not prepared, in all material respects, in accordance with IAS 34.

Moore CPA Limited

Certified Public Accountants

Cheung Sai Kit

Practising Certificate Number: P05544

Hong Kong, 27 August 2024

Condensed Consolidated Financial Statements

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	5	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	6	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	7	(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	8	327,196	5,544,741
Income tax expense	9	(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)	11	(0.239)	0.166

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

Condensed Consolidated Financial Statements *(Continued)*

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 RMB'000 (unaudited)	2023 RMB'000 (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

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 2024

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	12	203,099,144	198,007,875
Right-of-use assets	13	27,101,537	27,006,928
Investment properties		1,860,584	1,612,203
Goodwill	14	34,495,525	32,243,664
Intangible assets		30,802,431	29,880,940
Interests in associates	15	32,646,974	32,751,773
Interests in joint ventures		226,084	233,073
Financial assets at fair value through profit or loss	18	3,484,537	3,766,633
Financial assets at fair value through other comprehensive income		18,969	18,969
Deposits	16	1,831,115	1,739,240
Trade and other receivables	17	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	17	91,271,975	81,900,454
Financial assets at fair value through profit or loss	18	6,509,914	9,934,678
Derivative financial instruments		4,692	1,463
Amounts due from related parties	27(b)	2,182,289	3,270,468
Pledged bank deposits	19	3,750,953	4,837,876
Cash and cash equivalents		24,808,887	27,430,500
		150,887,331	148,503,893

Condensed Consolidated Financial Statements (Continued)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Current liabilities			
Trade and other payables	20	95,476,705	93,783,605
Amounts due to related parties	27(b)	5,854,865	6,613,726
Borrowings – amount due within one year	21	78,568,775	73,980,106
Lease liabilities		300,932	291,307
Derivative financial instruments		19,191	72,534
Employee benefits payable	22	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	21	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	22	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

Condensed Consolidated Financial Statements *(Continued)*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Capital and reserves			
Share capital	23(a)	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	23(b)	17,857,673	17,838,445
Non-controlling interests		73,015,447	70,350,160
Total equity		189,761,526	193,514,087

Condensed Consolidated Financial Statements (Continued)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company											
	Share capital	Share premium	Capital reserve	Statutory surplus reserve fund	Share-based payments reserve	Hedging reserve	Exchange reserve	Retained earnings	Total	Perpetual capital instruments	Non-controlling interests	Total equity
Balance at 1 January 2024 (audited)	8,434,771	1,788,736	9,688,148	15,552,992	48,063	(9,275)	(381,384)	70,203,431	105,325,482	17,838,445	70,350,160	193,514,087
(Loss)/profit for the period	-	-	-	-	-	-	-	(2,017,616)	(2,017,616)	270,128	1,455,135	(292,353)
Other comprehensive income/(expense), net of tax:												
Actuarial loss on defined benefit obligations (Note 22)	-	-	(427)	-	-	-	-	-	(427)	-	(443)	(870)
Currency translation differences	-	-	-	-	-	-	(56,952)	-	(56,952)	-	(6,865)	(63,817)
Share of associates' other comprehensive income	-	-	19,019	-	-	-	-	-	19,019	-	-	19,019
Change in the fair value on hedging instruments designated as cash flow hedges	-	-	-	-	-	6,305	-	-	6,305	-	4,374	10,679
Total comprehensive (expense)/income for the period (unaudited)	-	-	18,592	-	-	6,305	(56,952)	(2,017,616)	(2,049,671)	270,128	1,452,201	(327,342)
Dividends paid (Note 10)	-	-	-	-	-	-	-	(1,931,562)	(1,931,562)	-	-	(1,931,562)
Dividends declared to the non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,344,100)	(2,344,100)
Interest paid on perpetual capital instruments	-	-	-	-	-	-	-	-	-	(252,300)	-	(252,300)
Issue of perpetual capital instruments, net of issuance cost	-	-	-	-	-	-	-	-	-	998,340	-	998,340
Redemption of perpetual capital instruments	-	-	-	-	-	-	-	-	-	(996,940)	-	(996,940)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	112,905	112,905
Share of reserve in associates	-	-	6,860	-	-	-	-	-	6,860	-	-	6,860
Acquisition of subsidiaries (Note 24(a))	-	-	-	-	148,028	-	-	-	148,028	-	571,033	719,061
Disposal of subsidiaries (Note 24(b))	-	-	-	-	-	-	-	-	-	-	1,311	1,311
Decrease in non-controlling interests as result of acquisition of additional interest in subsidiaries without change in control (Note 25(a))	-	-	991	-	-	-	-	-	991	-	(6,444)	(5,453)
Deemed partial disposal of interest in subsidiaries without losing control (Note 25(b))	-	-	20,950	-	-	-	-	-	20,950	-	517,073	538,023
Recognition of equity-settled share-based payment of subsidiaries	-	-	-	-	22,476	-	-	-	22,476	-	25,534	48,010
Transfer upon lapse of share options of a subsidiary	-	-	-	-	(1,609)	-	-	-	(1,609)	-	-	(1,609)
Increase in non-controlling interests as a result of the effect of performance guarantee to a non-wholly owned subsidiary (Note 25(c))	-	-	(2,765,726)	-	-	-	-	-	(2,765,726)	-	2,765,726	-
Others	-	-	106,522	-	-	-	(32)	5,697	112,187	-	(429,952)	(317,765)
Balance at 30 June 2024 (unaudited)	8,434,771	1,788,736	7,076,337	15,552,992	216,958	(2,970)	(438,368)	66,259,950	98,888,406	17,857,673	73,015,447	189,761,526

Condensed Consolidated Financial Statements *(Continued)*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2024

	Attributable to owners of the Company											Total equity RMB'000	
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory		Share-based payments reserve RMB'000	Hedging reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Perpetual capital instruments RMB'000		Non- controlling interests RMB'000
				surplus fund RMB'000	reserve RMB'000								
Balance at 1 January 2023 (audited)	8,434,771	1,788,736	13,499,985	13,256,207	20,389	3,049	(256,932)	70,582,462	107,328,667	15,820,411	72,838,844	195,987,922	
Profit for the period	-	-	-	-	-	-	-	1,404,107	1,404,107	264,368	2,745,489	4,413,964	
Other comprehensive income/(expense), net of tax:													
Actuarial gain on defined benefit obligations (Note 22)	-	-	7,971	-	-	-	-	-	7,971	-	3,945	11,916	
Currency translation differences	-	-	-	-	-	-	57,267	-	57,267	-	20,005	77,272	
Share of associates' other comprehensive income	-	-	54,674	-	-	-	96,075	-	150,749	-	-	150,749	
Change in the fair value on hedging instruments designated as cash flow hedges	-	-	-	-	-	(33,676)	-	-	(33,676)	-	(23,363)	(57,039)	
Total comprehensive income/(expense) for the period (unaudited)	-	-	62,645	-	-	(33,676)	153,342	1,404,107	1,586,418	264,368	2,746,076	4,596,862	
Dividends paid (Note 10)	-	-	-	-	-	-	-	(3,188,343)	(3,188,343)	-	-	(3,188,343)	
Dividends declared to the non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,792,574)	(2,792,574)	
Interest paid on perpetual capital instruments	-	-	-	-	-	-	-	-	-	(277,325)	-	(277,325)	
Issue of perpetual capital instruments, net of issuance cost	-	-	-	-	-	-	-	-	-	1,995,880	-	1,995,880	
Redemption of perpetual capital instruments	-	-	-	-	-	-	-	-	-	(2,294,812)	-	(2,294,812)	
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	238,854	238,854	
Share of reserve in associates	-	-	(6,920)	-	-	-	-	-	(6,920)	-	-	(6,920)	
Business combination under common control	-	-	(3,488,075)	-	-	-	-	2,720,599	(767,476)	-	-	(767,476)	
Acquisition of subsidiaries (Note 24(a))	-	-	-	-	-	-	-	-	-	-	166,938	166,938	
Disposal of subsidiaries (Note 24(b))	-	-	-	(2,303)	-	-	-	10,522	8,219	-	(2,737)	5,482	
Decrease in non-controlling interests as result of acquisition of additional interests in subsidiaries without change in control (Note 25(a))	-	-	20,491	-	-	-	-	-	20,491	-	(47,762)	(27,271)	
Deemed partial disposal of interests in subsidiaries without losing control (Note 25(b))	-	-	(45,258)	-	-	-	-	-	(45,258)	-	57,656	12,398	
Recognition of equity-settled share-based payments of a subsidiary	-	-	26,832	-	-	-	-	-	26,832	-	18,615	45,447	
Distribution to non-controlling interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	(53,548)	(53,548)	
Others	-	-	(321,306)	163,896	-	-	(4,726)	339,602	177,466	-	222,329	399,795	
Balance at 30 June 2023 (unaudited)	8,434,771	1,788,736	9,748,394	13,417,800	20,389	(30,627)	(108,316)	71,868,949	105,140,096	15,508,522	73,392,691	194,041,309	

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

Condensed Consolidated Financial Statements (Continued)

STATEMENT OF CONDENSED CONSOLIDATED CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Net cash generated from operating activities	2,994,816	8,382,008
Investing activities		
Purchases of property, plant and equipment	(9,746,995)	(8,517,393)
Payments for right-of-use assets	(400,530)	(293,032)
Purchases of intangible assets	(979,858)	(2,562,730)
Net cash outflows from acquisition of subsidiaries (Note 24(a))	(3,506,720)	(77,114)
Net cash inflows from disposal of subsidiaries (Note 24(b))	11,085	5,424
Acquisition of interests in associates	–	(129,600)
Business combination under common control	–	(767,476)
Other investing cash inflows, net	3,344,206	1,922,106
Net cash used in investing activities	(11,278,812)	(10,419,815)
Financing activities		
Interest paid	(2,794,294)	(3,089,313)
Dividends paid to shareholders	(1,931,562)	(3,188,343)
Dividends paid to the non-controlling interests of subsidiaries	(2,535,252)	(3,031,121)
Repayment of borrowings	(47,766,936)	(55,100,769)
New borrowings raised	61,304,204	72,046,119
Repayment of lease liabilities	(236,157)	(235,707)
Payments for acquisition of additional interests in subsidiaries (Note 25(a))	(5,453)	(27,271)
Deemed partial disposal of interest in subsidiaries without losing control (Note 25(b))	538,023	12,398
Contributions from non-controlling interests	112,905	238,854
Issue of perpetual capital instruments, net of issuance cost (Note 23)	998,340	1,995,880
Redemption of perpetual capital instruments (Note 23)	(996,940)	(2,294,812)
Other financing cash (outflows)/inflows, net	(717,207)	261,885
Net cash from financing activities	5,969,671	7,587,800
Net (decrease)/increase in cash and cash equivalents	(2,314,325)	5,549,993
Cash and cash equivalents at 1 January	27,430,500	26,990,449
Effect of foreign exchange rate changes	(307,288)	(15,595)
Cash and cash equivalents at 30 June	24,808,887	32,524,847

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

Condensed Consolidated Financial Statements *(Continued)*

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.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(CONTINUED)*

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.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(CONTINUED)*

Impacts of Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements” *(Continued)*

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. 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 2023.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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 2023.

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

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.

As at 30 June 2024, the Group has net current liabilities and capital commitments of approximately RMB30,648.34 million (31 December 2023: RMB28,291.41 million) and RMB2,154.63 million (31 December 2023: RMB4,191.45 million) (Note 26), respectively. The Group is exposed to liquidity risk as a significant percentage of the Group's funding is sourced through bank borrowings. The directors manage liquidity risk by monitoring the utilisation of borrowings, ensuring compliance with loan covenants and issuing new shares, domestic corporate bonds and debentures. In addition, the Group has obtained committed credit facilities from banks. As at 30 June 2024, the Group had unused banking facilities and bonds registered but not yet issued, of approximately RMB383,948.55 million (31 December 2023: RMB345,877.30 million).

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 2024

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 2024:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Derivative financial instruments	–	4,692	–	4,692
Financial assets at fair value through profit or loss	2,437,716	–	7,556,735	9,994,451
Financial assets at fair value through other comprehensive income	–	–	18,969	18,969
Total assets (unaudited)	2,437,716	4,692	7,575,704	10,018,112
Liabilities				
Derivative financial instruments	–	19,191	–	19,191
Total liabilities (unaudited)	–	19,191	–	19,191

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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 2023:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Derivative financial instruments	–	8,631	–	8,631
Financial assets at fair value through profit or loss	3,012,714	–	10,688,597	13,701,311
Financial assets at fair value through other comprehensive income	–	–	18,969	18,969
Total assets (audited)	3,012,714	8,631	10,707,566	13,728,911
Liability				
Derivative financial instruments	–	72,534	–	72,534
Total liabilities (audited)	–	72,534	–	72,534

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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)*

During the six months ended 30 June 2024, there were no significant transfers between levels of the financial assets and financial liabilities.

During the six months ended 30 June 2024, 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.

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.

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 2024

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	Fair value at		Valuation technique(s) and key input(s)	Relationship of unobservable inputs to fair value
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)		
Structured deposits in Mainland China with non-closely related embedded derivative	4,439,024	7,555,969	Discounted cash flows Key unobservable inputs are: Expected yields of 1.50% to 5.00% (31 December 2023: 1.05% to 3.09%) of money markets and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks (Note(i))	The higher the discount rate, the lower the fair value The higher the expected yield, the higher the fair value
Unlisted equity investments classified as financial assets at fair value through profit or loss	1,068,107	1,086,776	Market approach: Price-to-Book (P/B) Ratio Key unobservable input: Discount for lack of marketability: 24.00% to 25.73% (31 December 2023: 24.00% to 25.73%) (Note (ii))	The higher the discount, the lower the fair value
Unlisted funds classified as financial assets at fair value through profit or loss	2,049,604	2,045,852	30 June 2024: Net assets value (31 December 2023: Net assets value)	N/A
Unlisted equity shares classified as financial assets at fair value through other comprehensive income	18,969	18,969	30 June 2024: With reference to recent transactions price (31 December 2023: With reference to recent transactions price)	N/A

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 investments is determined using the price/earnings 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 2024, 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 RMB12.31 million (2023: RMB12.31 million).
- (iii) The unlisted fund is redeemable at a redemption price equals to the net assets value.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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>	Financial assets at fair value through other comprehensive income <i>RMB'000</i>
At 1 January 2023 (audited)	7,881,357	–
Total loss recognised in profit or loss	(31,711)	–
Additions	26,773,944	18,969
Disposals	(23,927,163)	–
Exchange re-alignment	(7,830)	–
At 31 December 2023 (audited)	10,688,597	18,969
Total loss recognised in profit or loss	(29,615)	–
Additions	10,166,260	–
Disposals	(13,268,996)	–
Exchange re-alignment	489	–
As at 30 June 2024 (unaudited)	7,556,735	18,969

(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 2024

5. 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.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

5. SEGMENT INFORMATION *(CONTINUED)*

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

The segment results for the six months ended 30 June 2024 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	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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

5. SEGMENT INFORMATION (CONTINUED)

(b) As at 30 June 2024:

The segment assets and liabilities as at 30 June 2024 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	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.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

5. SEGMENT INFORMATION *(CONTINUED)*

(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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

5. SEGMENT INFORMATION (CONTINUED)

(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

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

5. SEGMENT INFORMATION *(CONTINUED)*

- (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 RMB'000 (unaudited)	2023 RMB'000 (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

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

6. INVESTMENT AND OTHER INCOME, NET

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (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 (Note 24(b))	(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.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

7. FINANCE COSTS, NET

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (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

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

8. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (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
	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

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (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.

10. DIVIDENDS

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (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).

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

11. (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.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. PROPERTY, PLANT AND EQUIPMENT

Six months ended 30 June 2024

	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 2024 (audited)	22,912,016	97,231,410	76,380,820	1,483,629	198,007,875
Additions	8,564,707	1,049,261	42,085	44,463	9,700,516
Acquisition of subsidiaries (Note 24(a))	3,542	1,409,916	379,998	1,033	1,794,489
Depreciation and impairment	(239)	(1,738,012)	(3,830,122)	(112,812)	(5,681,185)
Disposals	(9,571)	(93,272)	(326,073)	(19,482)	(448,398)
Disposal of subsidiaries (Note 24(b))	–	(23,965)	(15,196)	(1,355)	(40,516)
Transfer from investment properties	–	2,884	–	–	2,884
Transfer to investment properties	–	(236,521)	–	–	(236,521)
Transfer from construction in progress	(4,108,738)	1,866,739	2,223,243	18,756	–
Transfer to construction in progress for reconstruction	806,048	(293,650)	(511,870)	(528)	–
Net book value as at 30 June 2024 (unaudited)	28,167,765	99,174,790	74,342,885	1,413,704	203,099,144

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Year ended 31 December 2023

	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 2023 (audited)	19,198,850	98,187,254	75,750,972	1,684,155	194,821,231
Additions	21,083,209	2,787,370	2,537,174	229,792	26,637,545
Acquisition of subsidiaries	86,542	104,844	55,683	6,742	253,811
Depreciation and impairment	(183)	(4,000,111)	(7,628,973)	(250,505)	(11,879,772)
Disposals	(666,648)	(2,149,534)	(1,603,851)	(140,110)	(4,560,143)
Deemed disposal of subsidiaries	(712,024)	(4,267,407)	(2,109,468)	(84,732)	(7,173,631)
Disposal of subsidiaries	–	(711)	(1,729)	(781)	(3,221)
Transfer from investment properties	–	4,036	–	–	4,036
Transfer to investment properties	(26,392)	(65,589)	–	–	(91,981)
Transfer from construction in progress	(16,177,160)	6,654,776	9,483,316	39,068	–
Transfer to construction in progress for reconstruction	125,822	(23,518)	(102,304)	–	–
Net book value as at 31 December 2023 (audited)	22,912,016	97,231,410	76,380,820	1,483,629	198,007,875

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 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Construction in progress	–	566,622
Land and buildings	844,394	857,490
Plant and machinery	626,657	161,200
Total	1,471,051	1,585,312

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

13. RIGHT-OF-USE ASSETS

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Leasehold lands	21,241,947	21,050,574
Leased properties	3,011,950	2,752,876
Plant and machinery	2,691,402	3,040,219
Motor vehicles	156,238	163,259
	27,101,537	27,006,928

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 years to 40 years (six months ended 30 June 2023: 1 year to 43 years). On lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately RMB962.92 million (six months ended 30 June 2023: approximately RMB413.50 million).

As at 30 June 2024, the Group has pledged right-of-use assets with a carrying amount of approximately RMB1,553.53 million (31 December 2023: RMB136.08 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 2024

14. GOODWILL

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
At the beginning of the period/year	32,243,664	32,634,463
Arising from acquisition of subsidiaries (Note 24(a))	2,262,946	23,151
Deemed disposal of a subsidiary	–	(254,366)
Impairment loss recognised	(4,685)	(176,216)
Exchange difference	(6,400)	16,632
At the end of the period/year	34,495,525	32,243,664

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 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Cement	25,676,483	25,422,046
Concrete	5,429,797	5,434,482
New materials	2,552,761	544,252
Engineering technology services	774,354	782,137
Others	62,130	60,747
	34,495,525	32,243,664

During the period ended 30 June 2024, the Group recognised impairment loss of approximately RMB4.68 million (2023: RMBnil) in relation to goodwill allocated to the cash-generating units of concrete segment.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

15. INTERESTS IN ASSOCIATES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Cost of investments in associates		
– listed in the PRC	3,644,790	3,644,790
– listed in Hong Kong	740,095	740,095
– unlisted	12,192,461	12,174,822
Share of post-acquisition profit, net of dividend received	16,069,628	16,192,066
	32,646,974	32,751,773
Fair value of listed investments	15,724,698	14,997,067
Share of results of associates	340,979	1,512,521

As at 30 June 2024, the cost of investments in associates included goodwill of associates of approximately RMB1,605.06 million (31 December 2023: approximately RMB1,605.06 million).

16. DEPOSITS

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Investment deposits for acquisition of entities	76,743	76,274
Deposits paid to acquire property, plant and equipment	684,739	765,819
Deposits paid to acquire intangible assets	890,984	686,295
Deposits paid to acquire right-of-use assets	178,649	210,852
	1,831,115	1,739,240

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

17. TRADE AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (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.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

17. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

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.

As at 30 June 2024, bills receivable with carrying amounts of approximately RMB839.04 million (31 December 2023: RMB1,103.12 million) are pledged to secure 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 2024

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Financial assets at fair value through profit or loss:		
– Equity shares listed outside Hong Kong	1,309,951	1,610,536
– Equity shares listed in Hong Kong	1,127,765	1,402,178
– Structured deposits (Note)	4,439,024	7,555,969
– Unlisted equity and fund investments	3,117,711	3,132,628
	9,994,451	13,701,311
Analysed for reporting purposes:		
Non-current portion	3,484,537	3,766,633
Current portion	6,509,914	9,934,678
	9,994,451	13,701,311

Note: During the period ended 30 June 2024 and year ended 31 December 2023, the Group entered into certain investments with certain financial institutions. The investment, based on respective contracts, have maturity dates within 3 months.

19. PLEDGED BANK DEPOSITS

As at 30 June 2024, the Group pledged bank deposit of approximately RMB3,750.95 million (31 December 2023: approximately RMB4,837.88 million), which is denominated in RMB, to secure the bank borrowings due 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 0.05% to 8.50% (the year ended 31 December 2023: ranging from 0.05% to 8.00%) per annum.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

20. 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.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

21. BORROWINGS

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Bank borrowings	158,336,770	145,081,036
Bonds	39,605,638	38,900,000
Borrowings from other financial institutions	785,700	924,663
	198,728,108	184,905,699
Secured	6,057,523	6,076,799
Unsecured	192,670,585	178,828,900
	198,728,108	184,905,699
Analysed for reporting purposes:		
– Non-current portion	120,159,333	110,925,593
– Current portion	78,568,775	73,980,106
	198,728,108	184,905,699

The interest rates of the borrowings are ranging from 1.00% to 10.00% per annum during the period (the year ended 31 December 2023: ranging from 0.75% to 10.50%).

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

21. BORROWINGS *(CONTINUED)*

As at 30 June 2024, borrowings of approximately RMB5,635.00 million (31 December 2023: approximately RMB6,850.00 million) are provided by China Building Materials Group Finance Co., Ltd., an associate of the Group.

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 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Property, plant and equipment (Note 12)	1,471,051	1,585,312
Right-of-use assets (Note 13)	1,553,533	136,083
Investment properties	–	1,007
Intangible assets	4,166,857	5,655,232
Pledged bank deposits (Note 19)	3,750,953	4,837,876
Bills receivable (Note 17)	839,038	1,103,124
	11,781,432	13,318,634

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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.

The movements of employee benefits payable are as follows:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
At the beginning of the period/year	332,331	493,877
Interest expenses	68	9,714
Remeasurements:		
– Adjustments for restrictions on the defined benefit asset	–	5,209
– Actuarial loss recognised in the period/year	870	1,560
– Past service cost, including (gain)/losses on curtailments	(1,128)	10,587
Benefits paid	(2,971)	(151,146)
Deemed disposal of a subsidiary	–	(37,470)
At the end of the period/year	329,170	332,331
Analysed for reporting purposes:		
Non-current portion	317,470	303,804
Current portion	11,700	28,527
	329,170	332,331

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

23. SHARE CAPITAL AND PERPETUAL CAPITAL INSTRUMENTS

(a) Share capital

	Domestic share (Note (i))		H Shares (Note (ii))		Total capital 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 31 December 2023, 1 January 2024 and 30 June 2024	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.

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 2024

23. SHARE CAPITAL AND PERPETUAL CAPITAL INSTRUMENTS *(CONTINUED)*

(b) Perpetual capital instruments

During the six months ended 30 June 2024, the Company issued the perpetual interest-bearing debentures in an aggregate principal amounts of RMB1,000.00 million (six months ended 30 June 2023: RMB2,000.00 million) with coupon rates ranging from 2.73% to 5.70% (six months ended 30 June 2023: 2.87% to 3.03%). The net proceeds after deducting the issuance cost amounted to approximately RMB998.34 million (six months ended 30 June 2023: RMB1,995.88 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 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 2024, the Company redeemed the perpetual interest-bearing debentures in an aggregate principal amounts of RMB996.94 million (six months ended 30 June 2023: RMB2,294.81 million) and settled the principals and interests amounted to approximately RMB1,249.24 million (six months ended 30 June 2023: RMB2,572.14 million) in aggregate.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

24. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries not under common control

During the six months ended 30 June 2024, the Group acquired two (six months ended 30 June 2023: two) subsidiaries from independent third parties. The acquired subsidiaries are principally engaged in the production and sale of cement and concrete, and research and development, production and sales of coatings and related products.

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 2024 and 2023, and the goodwill arising, are as follows:

	2024 Fair value RMB'000 (Provisional)	2023 Fair value RMB'000
Net assets acquired:		
Property, plant and equipment (note 12)	1,794,489	190,101
Right-of-use assets	477,448	–
Investment properties	–	155,348
Interests in associates	17,639	–
Intangible assets	859,257	28,921
Deferred income tax assets	57,001	–
Inventories	307,319	–
Financial assets at fair value through profit or loss	–	568
Trade and other receivables	1,201,233	64,633
Amounts due from related parties	10,987	–
Pledged bank deposits	6	–
Cash and cash equivalents	288,923	21,807
Trade and other payables	(1,026,310)	(6,663)
Current income tax liabilities	(32,596)	(6,739)
Amounts due to related parties	(16,080)	–
Borrowings	(285,760)	–
Lease liabilities	(4,687)	–
Deferred income	(4,246)	–
Deferred income tax liabilities	(269,063)	(27,834)
Net assets acquired	3,375,560	420,142
Non-controlling interests	(571,033)	(166,938)
Goodwill	2,262,946	34,717
Total consideration	5,067,473	287,921

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

24. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

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

	2024 RMB'000	2023 RMB'000
Total consideration satisfied by:		
Cash	3,795,643	98,921
Other payable	1,271,830	–
Prepayments	–	189,000
	5,067,473	287,921
Net cash outflows arising on acquisition:		
Cash consideration paid	(3,795,643)	(98,921)
Less: cash and cash equivalents acquired	288,923	21,807
	(3,506,720)	(77,114)

Notes:

The initial accounting for certain assets acquired in the above business combinations have been determined on a provisional basis, awaiting the completion of professional valuations. The amounts of deferred income tax liabilities and goodwill may be adjusted accordingly.

The goodwill 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, concrete and new materials operations. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Included in the revenue and loss for the period ended 30 June 2023 are approximately RMB1.94 million and RMB4.87 million respectively attributable to the additional business generated by these newly acquired companies.

Had these business combinations been effective at 1 January 2023, the revenue and profit for the period ended 30 June 2023 of the Group would be approximately RMB102,397.50 million and RMB4,411.56 million respectively.

Included in the revenue and profit for the period ended 30 June 2024 are approximately RMB1,478.24 million and RMB204.82 million respectively attributable to the additional business generated by these newly acquired companies.

Had these business combinations been effective at 1 January 2024, the revenue and loss for the period ended 30 June 2024 of the Group would be approximately RMB83,867.19 million and RMB327.88 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 2024

24. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

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

Details of the Group's significant acquisitions during the six months ended 30 June 2024 are as follows:

BNBM Carpoly Coating Group Company Limited (北新嘉寶莉塗料集團股份有限公司) (formerly known as Carpoly Chemical Group Company Limited (嘉寶莉化工集團股份有限公司)) (“BNBM Carpoly”)

On 29 December 2023, Beijing New Building Materials Public Limited Company (“BNBM”), a partially owned subsidiary, entered into a sale and purchase agreement with a several of independent third parties to acquire approximately 78.34% equity interest of BNBM Carpoly at a cash consideration of approximately RMB4,073.82 million. BNBM Carpoly is principally engaged in research and development, production and sales of coatings and related products, and was acquired with the objective of improving the Group's business in coating new materials. The transaction has been completed on 29 February 2024. The acquisition has been accounted for as acquisition of business using the acquisition method.

Net assets acquired in the transaction are as follows:

	2024 Fair value RMB'000 (Provisional)
Net assets acquired:	
Property, plant and equipment	1,207,281
Right-of-use assets	424,878
Interests in associates	17,639
Intangible assets	683,366
Deferred income tax assets	51,944
Inventories	279,703
Trade and other receivables	1,194,080
Cash and cash equivalents	255,879
Trade and other payables	(945,492)
Current income tax liabilities	(20,349)
Borrowings	(285,245)
Lease liabilities	(4,687)
Deferred income	(4,246)
Deferred income tax liabilities	(218,405)
Net assets acquired	2,636,346
Non-controlling interests	(571,033)
Goodwill	2,008,509
Total consideration	4,073,822

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

24. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

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

	2024 RMB'000
Total consideration satisfied by:	
Cash	2,851,676
Other payable	1,222,146
	4,073,822
Net cash outflow arising on acquisition:	
Cash consideration paid	(2,851,676)
Less: cash and cash equivalents acquired	255,879
	(2,595,797)

Notes:

The initial accounting for certain assets acquired in the above business combination have been determined on a provisional basis, awaiting the completion of professional valuations. The amounts of deferred income tax liabilities and goodwill may be adjusted accordingly.

The goodwill arising on the acquisition of the company is attributable to the benefit of expected revenue growth and future market development, and the synergies in consolidating the Group's new materials operations. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Included in the revenue and profit for the period ended 30 June 2024 are approximately RMB1,316.17 million and RMB166.05 million respectively attributable to the additional business generated by the newly acquired company.

Had these business combinations been effective at 1 January 2024, the revenue and loss for the period ended 30 June 2024 of the Group would be approximately RMB83,847.92 million and RMB332.93 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 2024

24. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(b) Disposal of subsidiaries

During the six months ended 30 June 2024 and 2023, the Group disposed its equity interests in certain subsidiaries to independent third parties. The net assets of these disposed subsidiaries at the date of disposal were as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net assets disposed of:		
Property, plant and equipment (Note 12)	40,516	5,399
Right-of-use assets	30,634	390
Deferred income tax assets	294	3,719
Inventories	13,690	1,553
Trade and other receivables	8,693	21,117
Amounts due from related parties	7,597	–
Cash and cash equivalents	733	58
Trade and other payables	(84,412)	(23,573)
Current income tax liabilities	(1,198)	(70)
Borrowings	(619)	–
Lease liabilities	(1,673)	(397)
Deferred income tax liabilities	–	(376)
Net assets disposed of	14,255	7,820
(Loss)/gain on disposal of subsidiaries		
Consideration received and receivable	11,818	5,482
Non-controlling interests	(1,311)	2,737
Net assets disposed of	(14,255)	(7,820)
(Loss)/gain on disposal of subsidiaries, net (Note 6)	(3,748)	399
Net cash inflows arising from disposal of subsidiaries:		
Cash consideration	11,818	5,482
Cash and cash equivalents disposed of	(733)	(58)
Net cash inflows from disposal of subsidiaries	11,085	5,424

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

25. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Carrying amount of non-controlling interests acquired	6,444	47,762
Consideration paid to non-controlling interests	(5,453)	(27,271)
Increase in equity attributable to owners of the Company	991	20,491

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

	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Carrying amount of equity interest obtained by non-controlling interests	(517,073)	(57,656)
Capital contributed by non-controlling interests	538,023	12,398
Increase/(decrease) in equity attributable to owners of the Company	20,950	(45,258)

Details of the Group's significant deemed partial disposal of interests in subsidiaries without losing control during the six months ended 30 June 2024 is as follows:

Sinoma Cement Co., Ltd. ("Sinoma Cement")

During the period ended 30 June 2024, Tianshan Materials, a partially owned subsidiary of the Company, entered into a capital injection agreement with Sinoma International Engineering Co., Ltd. ("Sinoma International"), pursuant to which Sinoma International, a partially owned subsidiary of the Company, agreed to contribute an aggregated amount of approximately RMB821.19 million to Sinoma Cement, a wholly owned subsidiary of Tianshan Materials for the equity interest of 18.75% of Sinoma Cement. The non-controlling interests holding equity interest of 59.04% of Sinoma International have contributed RMB484.84 million to Sinoma Cement. After that, the Group's effective equity interests in Sinoma Cement were diluted from 75.26% to 67.10%. As a result, the Group recognised an increase in equity attributable to owners of the Company of approximately RMB22.87 million and an increase in non-controlling interests of approximately RMB461.97 million.

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

25. TRANSACTIONS WITH NON-CONTROLLING INTERESTS *(CONTINUED)*

(c) Effect of performance guarantee to a non-wholly owned subsidiary

As stated in the Company's circular dated 4 March 2021, on 2 March 2021, the Company entered into an impairment compensation agreement (the "Impairment Compensation Agreement") with Tianshan Materials, a non-wholly owned subsidiary of the Company in 2021, in connection with the provision of impairment compensation to Tianshan Materials in respect of the equity interests in China United Cement Corporation* (中國聯合水泥集團有限公司), South Cement, Southwest Cement and Sinoma Cement (collectively, the "Target Companies") disposed of by the Company to Tianshan Materials pursuant to the restructuring of cement assets of the Company.

Pursuant to the Impairment Compensation Agreement, the Company has compensated 1,552,931,120 shares of Tianshan Materials held by the Company to Tianshan Materials on 29 April 2024 upon approval of shareholders in annual general meeting. After that, the Group's effective interests in Tianshan Materials were diluted from 84.52% to 81.14%. As a result, during the six months ended 30 June 2024, the Group recognised a decrease in equity attributable to owners of the Company of approximately RMB2,765.73 million and increase in non-controlling interests of approximately RMB2,765.73 million. There was no outstanding performance guarantee as of 30 June 2024.

For details, please refer to the Company's announcement dated 29 April 2024.

26. COMMITMENTS

	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(unaudited)	(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	2,154,634	4,191,447

27. 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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Provision of production supplies to		
– The Parent Group	501,792	509,538
– Associates	21,820	63,047
– Joint ventures	22,163	19,292
– Non-controlling interests of subsidiaries	15,919	17,424
	561,694	609,301
Provision of support services to		
– The Parent Group	140,374	2,177
– Associates	600	157
– Non-controlling interests of subsidiaries	–	858
	140,974	3,192
Rental income from		
– The Parent Group	54,688	54,675
– Associates	1,514	9,985
	56,202	64,660
Rendering of engineering technology services to		
– The Parent Group	31,074	12,341
– Associates	260,691	238,762
– Joint ventures	1,991	36,378
– Non-controlling interests of subsidiaries	2,896	28,598
	296,652	316,079
Interest income from the Parent Group	3,112	4,432

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

27. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with related parties: *(Continued)*

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Provision of production supplies by		
– The Parent Group	907,924	3,097,458
– Associates	25,899	34,705
– Joint ventures	9,116	5,855
– Non-controlling interests of subsidiaries	4,548	–
	947,487	3,138,018
Provision of support services by		
– The Parent Group	96,682	77,002
– Associates	1,139	1,214
– Joint ventures	615	–
– Non-controlling interests of subsidiaries	20,630	76
	119,066	78,292
Supplying of equipment by		
– The Parent Group	89,863	89,157
– Associates	12,778	2,852
– Joint ventures	80	74
	102,721	92,083
Interest expenses to		
– The Parent Group	57,162	70,807
– Non-controlling interests of subsidiaries	2,806	3,935
	59,968	74,742

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

27. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with related parties: *(Continued)*

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Provision of engineering technology services by		
– The Parent Group	342,120	154,588
– Associates	392	3,721
	342,512	158,309
Supply of raw materials (limestone and clay) by		
– The Parent Group	43,247	30,178
Rental expenses to		
– The Parent Group	39,240	34,693
– Associates	–	1,415
– Non-controlling interests of subsidiaries	–	1,423
	39,240	37,531
Provision of other financial services by the Parent Group	33	415

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

27. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Amounts due from related parties		
Trading in nature:		
– Fellow subsidiaries	521,294	1,037,126
– Associates	342,525	463,279
– Joint ventures	251,190	181,750
– Immediate holding company	1,907	4,076
– Non-controlling interests of subsidiaries	98,217	157,996
	1,215,133	1,844,227
Non-trading in nature:		
– Fellow subsidiaries	812,429	1,124,443
– Associates	118,947	174,544
– Joint ventures	23,276	36,220
– Immediate holding company	241	3
– Non-controlling interests of subsidiaries	12,263	91,031
	967,156	1,426,241
	2,182,289	3,270,468
Amounts due to related parties		
Trading in nature:		
– Fellow subsidiaries	1,864,109	2,160,735
– Associates	72,207	82,449
– Joint ventures	74,751	64,888
– Immediate holding company	20,319	5,664
– Non-controlling interests of subsidiaries	45,573	73,257
	2,076,959	2,386,993
Non-trading in nature:		
– Fellow subsidiaries	2,720,848	2,806,969
– Associates	27,426	57,914
– Joint ventures	260	–
– Immediate holding company	792,813	875,317
– Non-controlling interests of subsidiaries	236,559	486,533
	3,777,906	4,226,733
	5,854,865	6,613,726

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

27. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

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.

As at 30 June 2024, amounts due from related parties of approximately RMB401.48 million (31 December 2023: approximately RMB555.75 million) carry the fixed interest rate of 3.85% to 5.00% (31 December 2023: 3.85% to 5.00%) per annum. The remaining balances of amounts due from related parties are interest-free.

As at 30 June 2024, amounts due to related parties of approximately RMB132.97 million and RMB2.27 million (31 December 2023: approximately RMB656.66 million and RMB520.16 million) carry the fixed interest rate of 2.92% to 3.45% (31 December 2023: 2.56% to 3.75%) per annum and variable interest rate of 2.76% to 3.04% (31 December 2023: 2.76% to 2.92%) 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 2024, 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 2024 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.

(d) Remuneration to key management

The key management personnel compensations during the six months ended 30 June 2024 and 2023 are as follows:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Short term benefits	5,470	8,546
Post-employment benefits	163	184
	5,633	8,730

Condensed Consolidated Financial Statements *(Continued)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

28. CONTINGENT LIABILITIES AND LITIGATION

Save as disclosed below, the Group was not involved in any litigation and arbitration and operation, nor was any of the director, supervisors and senior management of the Group involved in any material litigation.

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, the 2021 annual report, 2022 interim report, the 2022 annual report, the 2023 interim report and 2023 annual report of the Company, setting out information on the subsequent development of the gypsum board litigation in the United States.

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"). As of the date of this report, Taishan's payment obligations under the Settlement Agreement have been completely performed.

In May 2020, the district court in the United States 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, all the litigation of plaintiffs have been concluded.

In addition to the multi-district consolidated litigation cases involved in the above settlements, one litigation is still ongoing. The Company will continue to monitor the progress of the litigation and will make further disclose if and when necessary or appropriate.

29. 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 report, the acquisition has not been completed.

30. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements set out on pages 45 to 99 have been approved and authorised for issue by the Board of Directors on 27 August 2024.

Definitions

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

“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
“Bengbu institute”	CNBM Institute for Glass and New Materials Group Co. Limited* (中建材玻璃新材料研究院集團有限公司) (formerly known as (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))
“BNBM”	北新集團建材股份有限公司 (Beijing New Building Materials Public Limited Company)
“BNBMG”	北新建材集團有限公司 (Beijing New Building Material (Group) Co., Ltd.)
“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.)
“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.)
“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 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)

Definitions *(Continued)*

“China Triumph”	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
“China United Qingzhou”	青州中聯水泥有限公司 (China United Cement Qingzhou Co., Ltd.)
“Cinda”	中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.)
“CNBM Elink”	中建材智慧物聯有限公司 (CNBM Elink 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 Technology”	中建材信息技術股份有限公司 (China National Building Materials Technology Co., Ltd.)
“CNBM Trading”	中建材集團進出口有限公司 (China National Building Material Import and Export Co., Ltd.)
“CNBM United Investment”	中建材聯合投資有限公司 (CNBM United Investment Co., Ltd.)
“Company” or “CNBM”	中國建材股份有限公司 (China National Building Material Company Limited)
“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
“Finance Company”	中國建材集團財務有限公司 (China National Building Material Group Finance Co., Ltd.)
“Finance Industry”	泰安市財金產業發展有限公司 (Tai'an Finance Industrial Development Co., Ltd)
“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

Definitions *(Continued)*

“Hefei Institute”	合肥水泥研究設計院有限公司 (HeFei Cement Research & Design Institute Corporation Ltd.)
“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)
“North Cement”	北方水泥有限公司 (North Cement Company 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)
“Parent Group”	the Parent and its subsidiaries
“PRC”	the People’s Republic of China
“Promoters”	the original promoters of the Company, namely the Parent, BNBMG, Cinda, Building Materials Academy and CNBM Trading
“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)
“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)

Definitions *(Continued)*

“Seven domestic bases”	Seven production bases located at Tengzhou, Ningxiang, Changde, Hohhot, Nanjing, Pingxiang and Yibin
“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 Cement”	中材水泥有限責任公司 (Sinoma Cement Co., Ltd.)
“Sinoma Graphite”	中建材石墨新材料有限公司 (CNBM Graphite New Materials 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 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 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)
“South Cement”	南方水泥有限公司 (South 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

Definitions *(Continued)*

“Taishan Fiber Glass Taiyuan”	泰山玻璃纖維（太原）有限公司 (Taishan Fiberglass (Taiyuan) Inc.)
“Taishan Finance”	泰安市泰山財金投資集團有限公司 (Taian Taishan Finance Investment Group 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.)
“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”	Société Les 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.



CNBM