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CNBM

China National Building Material Company Limited*

中國建材股份有限公司

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

(Stock Code: 3323)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

For the year ended 31 December 2021, the Group's consolidated operating revenue amounted to RMB273,683 million, representing an increase of 7.4% as compared to the same period of 2020.

The audited profit attributable to equity owners of the Company amounted to RMB16,218 million, representing an increase of 29.1% as compared to the same period of 2020.

Basic earnings per share was RMB1.923, representing an increase of 29.1% as compared to the same period of 2020.

The Board hereby recommends the distribution of a final dividend of RMB5,845,296,068.77 in total (tax inclusive) for the period from 1 January 2021 to 31 December 2021 (2020: RMB3,964,342,211.14 in total (tax inclusive)) for Shareholders whose names appear on the Company's register of members on Wednesday, 8 June 2022, representing RMB0.693 per share (tax inclusive) (2020: RMB0.470 per share (tax inclusive)) based on the issued shares of the Company of 8,434,770,662 shares as at 25 March 2022. The final amount of the dividend per share will be determined based on the number of shares of the Company in issue as at 8 June 2022.

The Board is pleased to announce the consolidated results and the financial position of the Group for the year ended 31 December 2021 prepared in accordance with IFRS, together with the consolidated results and financial position for the year of 2020 for comparison.

The audited financial statements of the Group as of 31 December 2021 have been reviewed by the independent auditor, the Board and the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Note	**2021** *RMB'000*	2020 *RMB'000* (restated)
Revenue	4	**273,683,403**	254,842,661
Cost of sales		**(208,315,090)**	(187,995,450)
Gross profit		**65,368,313**	66,847,211
Investment and other income, net	6	**6,525,408**	5,335,945
Selling and distribution costs		**(4,836,207)**	(4,857,728)
Administrative expenses		**(28,605,502)**	(30,442,261)
Finance costs, net	7	**(7,236,048)**	(7,079,112)
Share of results of associates		**4,023,181**	3,272,981
Share of results of joint ventures		**(4,320)**	1,354
Impairment loss under expected credit loss model, net of reversal		**(1,647,168)**	(3,017,999)
Profit before income tax	8	**33,587,657**	30,060,391
Income tax expense	9	**(7,968,613)**	(8,395,946)
Profit for the year		**25,619,044**	21,664,445
Profit for the year attributable to:			
Owners of the Company		**16,218,359**	12,562,708
Holders of perpetual capital instruments		**794,707**	991,808
Non-controlling interests		**8,605,978**	8,109,929
		25,619,044	21,664,445
		RMB	*RMB* (restated)
Earnings per share – basic and diluted	11	**1.923**	1.489

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	**2021**	2020
		RMB'000	*RMB'000*
			(restated)
Profit for the year		**25,619,044**	21,664,445
Other comprehensive income/(expense), net of tax:	9(b)		
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit obligations		**(2,910)**	754
Change in the fair value of equity instruments at fair value through other comprehensive income, net		**1,186**	2,038
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**6,803**	7,831
Shares of associates' other comprehensive income/(expense)		**46,485**	(49,883)
Shares of joint ventures' other comprehensive expense		**(1,050)**	(487)
Change in the fair value on hedging instruments designated as cash flow hedges		**10,312**	(1,936)
Other comprehensive income/(expense) for the year, net of tax		**60,826**	(41,683)
Total comprehensive income for the year		**25,679,870**	21,622,762
Total comprehensive income attributable to:			
Owners of the Company		**16,342,685**	12,538,021
Holders of perpetual capital instruments		**794,707**	991,808
Non-controlling interests		**8,542,478**	8,092,933
Total comprehensive income for the year		**25,679,870**	21,622,762

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	**2021** **RMB'000**	2020 RMB'000 (restated)	2019 RMB'000 (restated)
Non-current assets				
Property, plant and equipment		**181,240,991**	172,456,861	173,165,814
Right-of-use assets		**29,277,058**	29,979,586	31,583,266
Investment properties		**965,215**	857,163	979,850
Goodwill		**32,323,232**	33,290,321	37,886,421
Intangible assets		**25,602,025**	19,074,130	12,182,414
Interests in associates		**26,870,710**	19,313,566	15,875,435
Interests in joint ventures		**131,348**	98,018	98,866
Financial assets at fair value through profit or loss		**2,524,452**	2,529,357	2,581,405
Financial assets at fair value through other comprehensive income		**–**	7,526	8,664
Deposits		**3,990,272**	4,075,507	2,931,857
Trade and other receivables	12	**3,604,945**	11,930,475	6,323,458
Deferred income tax assets		**6,294,168**	6,565,399	5,851,443
		312,824,416	300,177,909	289,468,893
Current assets				
Inventories		**21,199,061**	20,308,739	20,032,394
Trade and other receivables	12	**87,002,546**	93,112,674	98,079,827
Financial assets at fair value through profit or loss		**8,259,699**	6,166,752	6,523,573
Derivative financial instruments		**16,578**	16,148	5,254
Amounts due from related parties		**2,198,675**	1,844,800	3,076,763
Pledged bank deposits		**3,780,941**	4,995,816	5,127,107
Cash and cash equivalents		**27,260,215**	29,823,909	24,193,928
		149,717,715	156,268,838	157,038,846
Assets classified as held-for-sale		**–**	195,843	90,159
		149,717,715	156,464,681	157,129,005

	Note	**2021**	2020	2019
		RMB'000	*RMB'000*	*RMB'000*
			(restated)	(restated)
Current liabilities				
Trade and other payables	13	**98,539,961**	98,213,176	89,461,477
Amounts due to related parties		**4,834,060**	4,748,403	5,194,150
Borrowings – amount due within one year		**73,750,558**	89,440,797	97,737,246
Lease liabilities		**432,754**	633,246	1,514,279
Derivative financial instruments		**7,434**	19,338	17,729
Employee benefits payable		**33,397**	1,564	3,861
Current income tax liabilities		**3,976,820**	4,776,948	4,311,023
Financial guarantee contracts		**–**	64,000	64,000
Dividend payable to non-controlling interests		**1,301,091**	313,879	237,087
		182,876,075	198,211,351	198,540,852
Net current liabilities		**(33,158,360)**	(41,746,670)	(41,411,847)
Total assets less current liabilities		**279,666,056**	258,431,239	248,057,046
Non-current liabilities				
Borrowings – amount due after one year		**93,092,947**	85,629,115	88,495,563
Deferred income		**2,242,652**	2,234,392	3,216,552
Lease liabilities		**2,534,627**	2,697,414	2,708,106
Employee benefits payable		**217,027**	240,878	251,392
Deferred income tax liabilities		**2,954,380**	2,333,848	2,268,419
		101,041,633	93,135,647	96,940,032
Net assets		**178,624,423**	165,295,592	151,117,014

	Note	**2021** *RMB'000*	2020 *RMB'000* (restated)	2019 *RMB'000* (restated)
Capital and reserves				
Share capital		**8,434,771**	8,434,771	8,434,771
Reserves		**93,438,631**	81,889,030	72,090,148
Equity attributable to:				
Owners of the Company		**101,873,402**	90,323,801	80,524,919
Holders of perpetual capital instruments		**16,809,142**	18,637,177	20,785,279
Non-controlling interests		**59,941,879**	56,334,614	49,806,816
Total equity		**178,624,423**	165,295,592	151,117,014

AUDITOR'S WORK ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited ("**Baker Tilly HK**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly HK in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly HK on the preliminary announcement.

1. BASIS OF PREPARATION

Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

As at December 31, 2021, the Group's current liabilities exceeded its current assets by RMB33,158.36 million. Taking into account the banking facilities available to the Group, the directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to meet its liabilities as and when they fall due and to continue in operational existence for the foreseeable future. Thus the Group continue to adopt the going concern basis of accounting in preparing its consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payments ("**IFRS 2**"), leasing transactions that are accounted for in accordance with IFRS 16 Lease ("**IFRS 16**"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets ("**IAS 36**").

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Business combination under common control

On 30 December 2020, Beijing New Building Material Public Limited Company (a subsidiary of the company) entered into an equity transfer agreement to acquire 100% equity interests of CNBM Suzhou Waterproof Institute Company Limited ("**Suzhou Institute**") from China National Building Material Asset Management Company Limited (a 100% indirect subsidiary of the Parent) ("**CNBM Asset Management**") at cash consideration of approximately RMB69,213,200 (the "**Suzhou Institute Acquisition**"). The Suzhou Institute Acquisition was completed in January 2021 and since then Suzhou Institute has become a subsidiary of the Group.

As Suzhou Institute and the Company are controlled by the Parent, the Suzhou Institute Acquisition has been accounted for based on the principles of merger accounting.

On 15 March 2021, Sinoma Cement Company Limited ("**Sinoma Cement**") (a subsidiary of the company) and Sinoma International Engineering Company Limited ("**Sinoma International**") (a subsidiary of the company) entered into an shares transfer and subscription agreement to acquire 40% and 30% equity interests of CNBM Mining Investment Nig. Limited ("**CNBM Mining**") from CNBM Mining Investment (Jiangsu) Company Limited (an indirect subsidiary of the Parent) ("**CNBM Mining Jiangsu**") at cash consideration of approximately RMB10,484,400 and RMB7,862,400, respectively. In additions, Sinoma Cement, Sinoma International and CNBM Mining Jiangsu will further subscribe certain new shares to be issued by CNBM Mining for cash consideration of approximately RMB8,253,100, RMB6,189,900 and RMB946,700, respectively (the "**CNBM Mining Acquisition**"). The CNBM Mining Acquisition was completed in December 2021 and since then CNBM Mining has become a subsidiary of the Group.

As CNBM Mining and the Company are controlled by the Parent, the CNBM Mining Acquisition has been accounted for based on the principles of merger accounting.

On 18 September 2021, China Composites Group Corporation Limited (a subsidiary of the company) entered into an equity transfer agreement to acquire 100% equity interests of Beijing Zhongbei Kiln & Furnace Technical Company ("**Beijing Zhongbei**") from CNBM Asset Management at cash consideration of approximately RMB96,844,100 (the "**Beijing Zhongbei Acquisition**"). The Beijing Zhongbei Acquisition was completed in December 2021 and since then Beijing Zhongbei has become a subsidiary of the Group.
As Beijing Zhongbei and the Company are controlled by the Parent, the Beijing Zhongbei Acquisition has been accounted for based on the principles of merger accounting.

The consolidated financial statements of the Group have been prepared using the merger basis of accounting as if the current group structure has been in existence throughout the years presented. The opening balance at 1 January 2020 has been restated, with consequential adjustments to comparatives for the year ended 31 December 2020.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

2.1 Application to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform −Phase2

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

Impacts on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying IFRS 7 Financial Instruments: Disclosures ("**IFRS 7**").

As at 1 January 2021, the Group had several borrowings, the interest of which are indexed to benchmark rates that are subjected to interest rate benchmark reform.

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for borrowings measured at amortised cost.

22 New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Costs of Fulfilling a Contract[2]
Amendments to IFRS standards	Annual Improvements to IFRS Standards 2018–2020[2]

1 Effective for annual periods beginning on or after 1 April 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Control over principal subsidiaries

*Beijing New Building Material Public Limited Company ("**BNBM**")*

BNBM is a subsidiary of the Group although the Group has only 37.83% (2020: 37.83%) equity interests and voting rights in BNBM. BNBM is listed on the stock exchange of Shenzhen, PRC. The remaining 62.17% (2020: 62.17%) equity interests of BNBM are owned by thousands of shareholders that are unrelated to the Group.

*Sinoma International Engineering Company Limited ("**Sinoma International**")*

Sinoma International is a subsidiary of the Group although the Group has only 48.78% (2020: 40.03%) equity interests and voting rights in Sinoma International. Sinoma International is listed on the stock exchange of Shanghai, the PRC. The remaining 51.22% (2020: 59.97%) equity interests of Sinoma International are owned by thousands of shareholders that are unrelated to the Group.

*Ningxia Building Materials Group Co., Limited ("**Ningxia Building Materials**")*

Ningxia Building Materials is a subsidiary of the Group although the Group has only 47.56% (2020: 47.56%) equity interests and voting rights in Ningxia Building Materials. Ningxia Building Materials is listed on the stock exchange of Shanghai, PRC. The remaining 52.44% equity interests of Ningxia Building Materials are owned by thousands of shareholders that are unrelated to the Group.

*Gansu Qilianshan Cement Group Company Limited ("**Qilianshan Cement**")*

Qilianshan Cement is a subsidiary of the Group although the Group has only 25.04% (2020: 25.04%) voting rights in Qilianshan Cement through the directly-hold shareholding of the Company and the indirectly-hold shareholding of a subsidiary of the Company. Qilianshan Cement is listed on the stock exchange of Shanghai, PRC. The remaining 74.96% voting rights are owned by thousands of shareholders that are unrelated to the Group.

The management assessed whether or not the Group has control over BNBM, Sinoma International, Ningxia Building Materials and Qilianshan Cement (collectively, the "**Principal Subsidiaries**") based on whether the Group has the practical ability to direct the relevant activities of the Principal Subsidiaries unilaterally. In making the judgement, the management considered the Group's absolute size of holding in the Principal Subsidiaries and the relative size of and dispersion of the shareholding owned by the other shareholders. After assessment, the directors concluded that the Group has sufficiently dominant voting interest to direct the relevant activities the Principal Subsidiaries and therefore the Group has control over the Principal Subsidiaries.

Significant influence over associates

Shanghai Yaohua Pikington Glass Group Co., Ltd. *(上海耀皮玻璃集團股份有限公司)* *("**Shanghai Yaohua**")*

Shanghai Yaohua is an associate of the Group although the Group only owns 12.74% (2020: 12.74%) equity interests in Shanghai Yaohua. The Group has significant influence over Shanghai Yaohua by virtue of the contractual right to appoint 1 out of the 4 directors to the board of directors of that company.

Gansu Shangfeng Cement Co., Ltd. *(甘肅上峰水泥股份有限公司)* *("**Gansu Shangfeng**")*

Gansu Shangfeng is an associate of the Group although the Group only owns 14.40% (2020: 14.40%) equity interests in Gansu Shangfeng. The Group has significant influence over Gansu Shangfeng by virtue of the contractual right to appoint 1 out of the 5 directors to the board of directors of that company.

China Shanshui Cement Group Limited *(中國山水水泥集團有限公司)* *("**Shanshui Cement**")*

Shanshui Cement is an associate of the Group although the Group only owns 12.94% (2020: 12.94%) equity interests in Shanshui Cement. The Group has significant influence over Shanshui Cement by virtue of the contractual right to appoint 1 out of the 5 directors to the board of directors of that company.

32 Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial market.

As at 31 December 2021, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets were RMB181,240.99 million, RMB29,277.06 million and RMB25,602.03 million (2020 (restated): RMB172,456.86 million, RMB29,979.59 million and RMB19,074.13 million) respectively, after taking into account the impairment losses.

Write down of inventories

Inventories are stated at lower of cost and net realisable value. During the year, allowance of approximately RMB181.86 million (2020: approximately of RMB366.97 million) is made to write down the cost of inventories to their net realisable values.

The determination of the amount of provision of inventories requires judgement because the assessment of net realisable values of inventories requires management to make assumptions and to apply judgement regarding forecast consumer demand, inventory ageing, subsequent sales information and technological obsolescence. The management believes that there will not be a material change in the estimates or assumptions which are used in the assessment of net realisable values of inventories.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss/further impairment loss may arise. As at 31 December 2021, the carrying amount of goodwill is approximately RMB32,323.23 million (2020: approximately RMB33,290.32 million).

Deferred income tax asset

As at 31 December 2021 , a deferred tax asset of approximately RMB600.55 million (2020: approximately RMB935.96 million) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred income tax asset has been recognised on the tax losses of approximately RMB21,551.66 million (2020: approximately RMB25,320.22 million) due to the unpredictability of future profit streams. The realisability of the deferred income tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual profits generated are less than expected, a material reversal of deferred income tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The management is responsible in determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the independent qualified professional valuers to establish the appropriate valuation techniques and inputs to the model. The management assesses regularly the impact and the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of investment properties and financial instruments.

4. REVENUE

	2021	2020
	RMB'000	*RMB'000*
		(restated)
Sale of goods	**233,714,548**	220,209,223
Provision of engineering services	**35,388,106**	30,014,413
Rendering of other services	**4,580,749**	4,619,025
	273,683,403	254,842,661

5. SEGMENTS INFORMATION

(a) Operating segments

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

Principal activities are as follows:

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

More than 90% of the Group's operations and assets are located in the PRC for the years ended 31 December 2021 and 2020.

Information regarding the Group's reportable segments is presented below:

For the year ended 31 December 2021

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Consolidated statement of profit orloss							
Revenue							
External sales							
At a point of time	135,098,705	50,760,299	45,258,149	2,674, 857	4,503,287	–	238,295,297
Over time	–	–	–	35,388,106	–	–	35,388,106
	135,098,705	50,760,299	45,258,149	38,062,963	4,503,287		273,683,403
Inter-segment sales (Note)	2,443,067	59,120	326,223	8,842,573	7,051,674	(18,722,657)	–
	137,541,772	50,819,419	45,584,372	46,905,536	11,554,961	(18,722,657)	273,683,403
Adjusted EBITDA	34,076,518	3,466,055	11,304,081	2,338,580	320,936	–	51,506,170

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Depreciation and amortisation	(10,390,831)	(1,052,524)	(2,468,595)	(671,364)	(152,204)	–	(14,735,518)
Unallocated other income, net							60,468
Unallocated administrative expenses							(26,276)
Share of results of associates	1,403,790	19,810	115,636	24,566	2,459,379	–	4,023,181
Share of results of joint ventures	(671)	–	(3,649)	–	–	–	(4,320)
Finance costs, net	(4,395,464)	(1,070,770)	(641,009)	(503,368)	(270,664)	–	(6,881,275)
Unallocated finance costs, net							(354,773)
Profit before income tax							33,587,657
Income tax expense							(7,968,613)
Profit for the year							25,619,044

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

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

Segment assets include all tangible, intangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade creditors, accruals and bills payable attributable to sales activities of each segment with the exception of corporate expense payables.

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Other information							
Additions to non-current assets:							
Property, plant and equipment	**19,413,106**	**1,581,474**	**5,426,924**	**1,001,378**	**182,538**	**–**	**27,605,420**
Right of use assets	**1,035,707**	**220,053**	**389,944**	**175,176**	**10,445**	**–**	**1,831,325**
Intangible assets	**6,348,319**	**582,134**	**531,313**	**501,828**	**1,989**	**–**	**7,965,583**
Unallocated							**42,094**
	26,797,132	**2,383,661**	**6,348,181**	**1,678,382**	**194,972**		**37,444,422**
Acquisition of subsidiaries	**6,991,658**	**2,479**	**263,075**	**–**	**73,026**		**7,330,238**
Depreciation and amortisation							
Property, plant and equipment	**7,200,491**	**512,410**	**2,090,743**	**405,063**	**125,301**	**–**	**10,334,008**
Right of use assets	**2,062,679**	**155,166**	**140,188**	**20,310**	**15,709**	**–**	**2,394,052**
Intangible assets	**1,127,661**	**384,948**	**237,664**	**245,991**	**11,194**	**–**	**2,007,458**
Unallocated							**78,758**
	10,390,831	**1,052,524**	**2,468,595**	**671,364**	**152,204**		**14,814,276**

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Impairment loss under expected credit loss model, net of reversal	**523,083**	1,026,296	(303,256)	381,331	19,714	–	1,647,168
Impairment of goodwill	**1,879,962**	934,302	–	49,566	–	–	2,863,830
Impairment of property, plant and equipment	**1,578,134**	439,116	91,546	19,935	62,627	–	2,191,358
Write down of inventories	54,787	4,183	97,732	13,982	11,172	–	181,856
Consolidated statement of financial position							
Assets							
Segment assets	**236,960,704**	53,195,596	**64,192,085**	28,342,445	6,246,241	–	388,937,071
Interests in associates	**12,195,603**	65,257	**7,745,747**	3,495,095	3,369,008	–	26,870,710
Interests in joint ventures	**30,840**	–	**100,508**	–	–	–	**131,348**
Unallocated assets							**46,603,002**
Total consolidated assets							462,542,131
Liabilities							
Segment liabilities	**131,545,710**	17,922,262	**31,122,629**	25,297,597	6,744,977	–	212,633,175
Unallocated liabilities							71,284,533
Total consolidated liabilities							283,917,708

Information regarding the Group's reportable segments is presented below:

For the year ended 31 December 2020

	Cement *RMB'000* (restated)	Concrete *RMB'000* (restated)	New materials *RMB'000* (restated)	Engineering services *RMB'000* (restated)	Others *RMB'000* (restated)	Eliminations *RMB'000* (restated)	Total *RMB'000* (restated)
Consolidated statement of profit or loss							
Revenue							
External sales							
At a point of time	127,508,501	51,110,289	41,034,069	3,745,607	1,429,782	–	224,828,248
Over time	–	–	–	30,014,413	–	–	30,014,413
	127,508,501	51,110,289	41,034,069	33,760,020	1,429,782	–	254,842,661
Inter-segment sales (Note)	1,555,612	29,678	656,119	6,154,971	2,238,123	(10,634,503)	–
	129,064,113	51,139,967	41,690,188	39,914,991	3,667,905	(10,634,503)	254,842,661
Adjusted EBITDA	37,521,621	5,197,574	7,796,638	240,533	(2,507,750)	–	48,248,616

	Cement RMB'000 (restated)	Concrete RMB'000 (restated)	New materials RMB'000 (restated)	Engineering services RMB'000 (restated)	Others RMB'000 (restated)	Eliminations RMB'000 (restated)	Total RMB'000 (restated)
Depreciation and amortisation	(10,758,327)	(674,031)	(2,355,847)	(503,762)	(120,382)	–	(14,412,349)
Unallocated other income, net							62,864
Unallocated administrative expenses							(33,963)
Share of results of associates	1,743,695	(22,314)	49,812	23,040	1,478,748	–	3,272,981
Share of results of joint ventures	(1,026)	–	2,380	–	–	–	1,354
Finance costs, net	(4,843,675)	(1,041,314)	(569,629)	(268,082)	(327,139)	–	(7,049,839)
Unallocated finance costs, net							(29,273)
Profit before income tax							30,060,391
Income tax expense							(8,395,946)
Profit for the year							21,664,445

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

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

Segment assets include all tangible, intangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade creditors, accruals and bills payable attributable to sales activities of each segment with the exception of corporate expense payables.

	Cement	Concrete	New materials	Engineering services	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)
Other information							
Additions to non-current assets:							
Property, plant and equipment	12,878,520	905,143	4,515,835	804,236	242,278	–	19,346,012
Right of use assets	989,146	120,278	293,721	36,303	42,740	–	1,482,188
Intangible assets	7,419,322	61,827	361,036	168,543	826	–	8,011,554
Unallocated							34,899
	21,286,988	1,087,248	5,170,592	1,009,082	285,844		28,874,653
Acquisition of subsidiaries	1,590,489	1,237,486	182,045	314,566	–		3,324,586
Depreciation and amortisation							
Property, plant and equipment	7,416,647	497,792	1,831,498	423,105	87,331	–	10,256,373
Right of use assets	2,157,654	146,186	116,736	39,029	15,125	–	2,474,730
Intangible assets	1,184,026	30,053	407,613	41,628	17,926	–	1,681,246
Unallocated							86,280
	10,758,327	674,031	2,355,847	503,762	120,382		14,498,629

	Cement *RMB'000* (restated)	Concrete *RMB'000* (restated)	New materials *RMB'000* (restated)	Engineering services *RMB'000* (restated)	Others *RMB'000* (restated)	Eliminations *RMB'000* (restated)	Total *RMB'000* (restated)
Impairment loss under expected credit loss model, net of reversal	1,309,315	813,108	702,422	162,325	30,829	–	3,017,999
Impairment of goodwill	4,039,111	–	–	172,290	–	–	4,211,401
Impairment of property, plant and equipment	4,276,263	369,983	196,781	12,241	1,846	–	4,857,114
Write down/ (reversal) of inventories	162,589	1,670	193,714	(2,313)	11,312	–	366,972
Consolidated statement of financial position							
Assets							
Segment assets	219,642,105	47,061,694	58,708,486	58,288,394	5,464,043	–	389,164,722
Interests in associates	9,995,580	40,541	6,116,844	342,910	2,817,691	–	19,313,566
Interests in joint ventures	10,511	–	87,507	–	–	–	98,018
Unallocated assets							48,066,284
Total consolidated assets							456,642,590
Liabilities							
Segment liabilities	116,953,391	16,239,371	28,149,957	47,303,805	6,265,317	–	214,911,841
Unallocated liabilities							76,435,157
Total consolidated liabilities							291,346,998

A reconciliation of total adjusted profit before depreciation and amortisation, finance costs and income tax expense, is provided as follows:

	2021 ***RMB'000***	2020 *RMB'000* (restated)
Adjusted EBITDA for reportable segments	**51,185,234**	50,756,366
Adjusted EBITDA for other segments	**320,936**	(2,507,750)
Total segments profit	**51,506,170**	48,248,616
Depreciation of property, plant and equipment	**(10,334,008)**	(10,256,373)
Amortisation of in right-of-use assets	**(2,394,052)**	(2,474,730)
Amortisation of intangible assets	**(2,007,458)**	(1,681,246)
Corporate items	**34,192**	28,901
Operating profit	**36,804,844**	33,865,168
Finance costs, net	**(7,236,048)**	(7,079,112)
Share of results of associates	**4,023,181**	3,272,981
Share of results of joint ventures	**(4,320)**	1,354
Profit before income tax	**33,587,657**	30,060,391

(b) Geographical segments

The Group's revenue from the following geographical markets, based on the locations of customers:

Revenue from external customers

	2021	2020
	RMB'000	*RMB'000*
		(restated)
PRC	**256,269,805**	236,932,547
Europe	**2,674,757**	2,781,998
Middle East	**1,359,731**	1,619,977
Southeast Asia	**2,749,865**	3,236,546
Oceania	**815,804**	724,631
Africa	**8,727,784**	6,661,170
Americas	**213,406**	1,751,296
Others	**872,251**	1,134,496
	273,683,403	254,842,661

(c) Information of major customers

No single customer accounted for 10% or more of the total revenue for the years ended 31 December 2021 and 2020.

6. INVESTMENT AND OTHER INCOME, NET

	2021	2020
	RMB'000	*RMB'000*
		(restated)
Dividends from financial assets at fair value through profit or loss	**111,919**	167,178
Discount on acquisition of interests in subsidiaries	**17,709**	5,529
Government subsidies:		
– VAT refunds (Note (a))	**1,410,559**	1,606,730
– Government grants (Note (b))	**1,333,364**	1,314,725
– Interest subsidy	**173**	2,913
Gain on disposal of subsidiaries, net	**626,319**	150,819
Gain on disposal of associates, net	**96,181**	1,337
Gain on disposal of other investments	**49,485**	65,378
Decrease in fair value of financial assets at fair value through profit or loss, net	**(132,122)**	(212,692)
Increase in fair value of derivative financial instruments, net	**14,661**	11,563
Net rental income from:		
– Investment properties	**54,962**	62,645
– Land and building	**52,294**	57,346
– Equipment	**167,503**	149,021
Gain on disposal of property, plant and equipment		
– Gain on disposal of properties	**806,557**	651,931
– Others	**11,462**	97,674
Gain on disposal of intangible assets	**289,477**	313,958
Technical and other service income	**656,647**	398,092
Claims received	**672,455**	144,676
Waiver of payables	**165,994**	192,228
Others	**119,809**	154,894
	6,525,408	5,335,945

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 recognised 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.

7. FINANCE COSTS, NET

	2021 *RMB'000*	2020 *RMB'000* (restated)
Interest expenses on bank borrowings	**4,947,003**	4,761,745
Interest expenses on bonds and other borrowings	**3,212,793**	3,231,141
Interest on lease liabilities	**211,224**	255,121
Less: interest capitalised to construction in progress	**(250,238)**	(249,377)
	8,120,782	7,998,630
Interest income:		
– interest on bank deposits	**(566,653)**	(433,256)
– interest on loans receivables	**(318,081)**	(486,262)
	(884,734)	(919,518)
Finance costs, net	**7,236,048**	7,079,112

Borrowing costs capitalised for the year ended 31 December 2021 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 3.43% (2020: 3.13%) per annum to expenditure on the qualifying assets.

8. PROFIT BEFORE INCOME TAX

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

	2021	2020
	RMB'000	*RMB'000*
		(restated)
Depreciation of:		
Property, plant and equipment	**10,386,049**	10,308,089
Investment properties	**26,283**	33,969
Right-of-use assets	**2,394,052**	2,474,730
	12,806,384	12,816,788
Amortisation of intangible assets	**2,007,892**	1,681,841
Total depreciation and amortisation	**14,814,276**	14,498,629
Impairment loss on goodwill*	**2,863,830**	4,211,401
Impairment loss on property, plant and equipment*	**2,191,358**	4,857,114
Impairment loss on intangible assets*	**149,772**	105,591
Impairment loss on right-of-use assets*	**–**	10,559
Impairment loss on interests in associates*	**–**	15
Cost of inventories recognised as expenses	**198,153,007**	177,462,520
Gain on disposal of property, plant and equipment, investment properties and intangible assets, net	**(1,107,496)**	(1,063,563)
Auditor's remuneration		
– Audit services	**9,768**	7,377
– Non-audit service	**1,528**	4,143
Total auditor's remuneration	**11,296**	11,520

	2021	2020
	RMB'000	*RMB'000*
		(restated)
Staff costs including directors' remunerations		
– Salaries, bonus and other allowances	**20,685,966**	18,326,640
– Equity-settled share-based payment expenses	**–**	5,514
– Retirement plan contributions	**2,296,893**	1,047,726
Total staff costs	**22,982,859**	19,379,880
Write down of inventories	**181,856**	366,972
Net foreign exchange loss	**671,260**	657,387

* These impairment losses are included in administrative expenses in the consolidated statement of profit or loss.

9. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss

	2021	2020
	RMB'000	*RMB'000*
		(restated)
Current income tax	**7,972,392**	9,081,799
Deferred income tax	**(3,779)**	(685,853)
	7,968,613	8,395,946

PRC income tax is calculated at 25% (2020: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC for both years, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rates of 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.

The tax charge for the year can be reconciled to the profit before income tax per consolidated statement of profit or loss as follows:

	2021	2020
	RMB'000	*RMB'000*
		(restated)
Profit before income tax	**33,587,657**	30,060,391
Tax at domestic income tax rate of 25% (2020: 25%)	**8,396,914**	7,515,097
Tax effect of:		
Share of results of associates	**(1,005,795)**	(818,245)
Share of results of joint ventures	**1,080**	(338)
Tax effect of expenses not deductible for tax purposes	**1,334,921**	2,511,834
Tax effect of income not taxable for tax purposes	**(704,268)**	(1,177,726)
Tax effect of tax losses not recognised	**1,665,258**	1,637,522
Utilisation of tax losses previously not recognised	**(339,035)**	(436,552)
Income tax credits granted to subsidiaries on acquisition of certain qualified equipment (Note)	**(23,726)**	(9,997)
Effect of different tax rates of subsidiaries	**(1,356,736)**	(825,649)
	7,968,613	8,395,946

Note: Pursuant to the relevant tax rules and regulations, certain subsidiaries of the Company can claim PRC income tax credits on 40% of the acquisition cost of certain qualified equipment manufactured in the PRC, to the extent of the PRC income tax expense for the current year in excess of that for the previous year. Such PRC income tax credits are allowed as a deduction of current income tax expenses upon relevant conditions were fulfilled and relevant tax approval was obtained from the relevant tax bureau.

(b) Tax effects relating to each component of other comprehensive income

	2021			2020 (restated)		
	Before taxation *RMB'000*	**Taxation (charged)/ credited** *RMB'000*	**Net of taxation** *RMB'000*	Before taxation *RMB'000* (restated)	Taxation credited/ (charged) *RMB'000* (restated)	Net of taxation *RMB'000* (restated)
Actuarial (loss)/gain on defined benefit obligations	**(3,122)**	**212**	**(2,910)**	620	134	754
Change in the fair value of equity instruments at fair value through other comprehensive income	**1,395**	**(209)**	**1,186**	2,399	(361)	2,038
Currency translation differences	**6,803**	**-**	**6,803**	7,831	–	7,831
Share of associates' other comprehensive income/(expense)	**46,485**	**-**	**46,485**	(49,883)	–	(49,883)
Share of joint ventures' other comprehensive expense	**(1,050)**	**-**	**(1,050)**	(487)	–	(487)
Change in the fair value on hedging instruments designated as cash flow hedges	**12,132**	**(1,820)**	**10,312**	(2,278)	342	(1,936)
Other comprehensive income/(expense)	**62,643**	**(1,817)**	**60,826**	(41,798)	115	(41,683)

10. DIVIDENDS

	2021	2020
	RMB'000	*RMB'000*
Dividends paid		
– RMB0.47 (2020: RMB0.35) per share by the Company	**3,964,342**	2,952,170
Proposed final dividend		
– RMB0.693 (2020: RMB0.47) per share by the Company (see below)	**5,845,296**	3,964,342

The final dividend of RMB5,845,296,068.77 in total (tax inclusive) has been proposed by the board of directors on 25 March 2022, and is subject to approval of the shareholders of the Company in the forthcoming annual general meeting.

11. EARNINGS PER SHARE – BASIC AND DILUTED

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

	2021	2020
	RMB'000	*RMB'000*
		(restated)
Profit attributable to owners of the Company	**16,218,359**	12,562,708

	2021	2020
	'000	*'000*
Weighted average number of ordinary shares in issue	**8,434,771**	8,434,771

No diluted earnings per share has been presented as the Group did not have any dilutive potential ordinary shares outstanding during both years.

12. TRADE AND OTHER RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
		(restated)
Trade receivables, net of allowance for credit losses (Note (a))	49,469,459	48,809,545
Bills receivable (Note (b))	18,860,965	20,812,576
Contract assets	3,649,599	11,507,527
Other receivables, deposits and prepayments	18,627,468	23,913,501
	90,607,491	105,043,149

	2021	2020
	RMB'000	*RMB'000*
		(restated)
Analysed for reporting purposes:		
Non-current portion	3,604,945	11,930,475
Current portion	87,002,546	93,112,674
	90,607,491	105,043,149

Notes:

(a) As at 1 January 2020, trade receivables from contracts with customers amounted to RMB45,614.59 million (restated). The Group normally allowed an average of credit period of 60–180 days to its trade customers, except for customers of engineering services segment, the credit periods are normally ranging from 1 to 2 years.

The ageing analysis of trade receivables net of allowance for credit losses presented based on the invoice date is as follows:

	2021 ***RMB'000***	2020 *RMB'000* (restated)
Within two months	**9,099,460**	10,396,607
More than two months but within one year	**28,292,532**	25,659,988
Between one and two years	**8,874,733**	8,709,249
Between two and three years	**2,069,393**	2,534,121
Over three years	**1,133,341**	1,509,580
	49,469,459	48,809,545

(b) The bills receivable are aged within six months.

(c) Carrying amounts of trade and other receivables were denominated in the following currencies:

	2021 ***RMB'000***	2020 *RMB'000* (restated)
RMB	**85,008,469**	98,737,816
EUR	**3,805,322**	4,923,560
USD	**1,196,154**	1,099,430
HKD	**58,976**	60,710
Others	**538,570**	221,633
	90,607,491	105,043,149

(d) As at 31 December 2021, approximately RMB25.36 million (2020: approximately RMB61.13 million) of the trade receivables and approximately RMB1,561.65 million (2020: approximately RMB1,263.18 million) of bills receivable are pledged to secure bank loans granted to the Group.

13. TRADE AND OTHER PAYABLES

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

	2021 ***RMB'000***	2020 *RMB'000* (restated)
Within two months	10,160,464	9,541,867
More than two months but within one year	23,833,426	24,477,807
Between one and two years	2,725,551	4,165,161
Between two and three years	1,259,834	1,276,167
Over three years	2,079,394	2,202,195
Trade payables	40,058,669	41,663,197
Bills payable	18,684,321	16,071,950
Contract liabilities	12,317,944	15,277,561
Other payables	27,479,027	25,200,468
	98,539,961	98,213,176

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

BUSINESS HIGHLIGHTS

The major operating data of the Group in 2021 and 2020 are set out below:

BASIC BUILDING MATERIALS SEGMENT

	For the year ended 31 December		
	2021	2020	Growth rate
Sales volume – cement *(in thousand tonnes)*	**332.131**	342.263	-3.0%
Sales volume – clinker *(in thousand tonnes)*	**40,401**	46,532	-13.2%
Total sales of cement and clinker *(in thousand tonnes)*	**372,532**	388,795	-4.2%
Average selling price – cement *(RMB per tonne)*	**359.1**	325.6	10.3%
Average selling price – clinker *(RMB per tonne)*	**313.0**	286.5	9.2%
Average selling price of cement and clinker *(RMB per tonne)*	**354.1**	320.9	10.3%
Sales volume – commercial concrete *(in thousand m^3)*	**111,832**	111,527	0.3%
Average selling price – commercial concrete *(RMB per m^3)*	**454.4**	458.6	-0.9%
Sales volume – aggregate *(in thousand tonnes)*	**103,818**	78,907	31.6%
Average selling price – aggregate *(RMB per tonne)*	**46.9**	50.0	-6.2%

NEW MATERIALS SEGMENT

	For the year ended 31 December		
	2021	2020	Growth Rate
Gypsum board			
Sales volume *(in million m^2)*	**2,378.4**	2,014.8	18.0%
Average selling price *(RMB per m^2)*	**5.65**	5.28	7.0%
Glass fiber yarn			
Sales volume *(in thousand tonnes)*	**3,092**	2,828	9.3%
Average selling price *(RMB per tonne)*	**6,106**	4,660	31.0%
Wind power blade			
Sales volume *(MW)*	**15,887**	17,322	-8.3%
Average selling price *(RMB per MW)*	**618,662**	761,844	-18.8%
Lithium battery separator			
Sales volume (in million m^2)	**685.4**	389.0	76.2%
Average selling price *(RMB per m^2)*	**1.64**	1.48	10.6%
Waterproofing membrane			
Sales volume *(in million m^2)*	**154.0**	143.4	7.4%
Average selling price *(RMB per m^2)*	**16.54**	17.08	-3.2%
Carbon fiber			
Sales volume *(in thousand tonnes)*	**6.1**	3.8	63.3%
Average selling price *(RMB per tonne)*	**189,419**	140,259	35.0%
Advanced ceramics			
Sales volume *(in thousand tonnes)*	**108.4**	81.4	33.2%
Average selling price *(RMB per tonne)*	**10,191**	10,945	-6.9%

ENGINEERING TECHNOLOGY SERVICE SEGMENT

	For the year ended 31 December		
	2021	2020	Growth rate
Engineering service income *(RMB in millions)*	**46,905.5**	39,915.0	17.5%

CHAIRMAN'S STATEMENT

Dear shareholders

The year 2021 was an extraordinary and tough year. In the face of complex environment abroad and numerous risks and challenges, China adhered to the general keynote of seeking progress in a stable manner, coordinated prevention and control of pandemic and the development of economy and society, continued to recover the national economy, took a new step in building a new development pattern, and achieved a good start of the 14th Five-Year Plan. The GDP was RMB114.37 trillion, representing a year-on-year increase of 8.1% and a record high in the past 10 years.

In 2021, the Group overcame the challenges brought about by the impact of the global pandemic, divergence of product demand, rise in factor costs and tightening of energy consumption "dual control", adhere to lawful and compliant operation, and steadfastly seeking progress and improving quality in a stable manner, thoroughly implementing the guiding principles of "4335", continuing to promote the optimization of the main business structure, operation and management, capital operation, innovation and transformation, deepening reform and Party construction. The main business structure has been continuously optimized, the role of basic building materials as the "ballast stone" has been strengthened, the efficiency support of new materials has been constantly improved, and the engineering technical services made steady improvement; strived for excellence in the "management of three delicacies", continuously improve management efficiency by benchmarking against top enterprises in the world. The result of capital operation is highly effective and fruitful. The business integration of the cement and engineering technical services segments made significant progress, and the Company became the largest A-share listed company in its sub-segment business, and conducted equity operation according to the regulations, with full-circulation shares listed on the Stock Exchange. The Group promoted innovation and transformation simultaneously and made significant breakthroughs in technologies bottleneck, deepened the integration of innovation chains, advanced business model innovation, and accelerated green and low-carbon transformation; deepened reforms and formed a new situation, comprehensively pushed forward the Three-year Action of State-owned Enterprise Reform, and continuously improved the modern enterprise system with Chinese characteristics; strengthened the Party's construction in all aspects, and deeply integrated with business operation. The advantages of Party building was converted to the efficiency of governance, guiding high-quality development with high-quality Party building. The Group's consolidated operating revenue for the year 2021 was RMB273,683 million, representing a year-on-year increase of 7.4%. Profit attributable to equity owners of the Company amounted to RMB16,218 million, representing a year-on-year increase of 29.1%.

Over the past year, with the trust and support of our shareholders, the Board has actively exerted the functions of setting strategies, making decisions and preventing risks, and the management of the Company, together with all staff members, worked hard and concentrated their efforts to tackle difficulties, seeking progress and improving quality in a stable manner, so that the hard-won achievements can be earned. On behalf of the Board, I am pleased to present the 2021 Annual Report and the Group's major results for the year to shareholders for their review. I would also like to express my sincere gratitude to all parties that have always concerned for and support the development of the Company.

In 2022, from the international point of view, the changes and the pandemic is unseen in a century, the external environment is severe and complex, the world economy is expected to recover and maintain the growth, but the characteristics of instability, uncertainty and imbalance are prominent; from the domestic point of view, the Chinese government adheres to prioritizing stability and seeking progress in a stable manner, puts stable growth in a more prominent position and forward looking policies. The economy in China is resilient and has great potential, and the fundamentals of China's positive long-term economic prospects will be maintained. From the industry point of view, it is in a critical period of transformation and development, and the new concept and new goals of "skilled in business and products for the benefit of mankind" lead the industry to a new stage of high-quality development.

The year 2022 is a critical year for the "14th Five-Year Plan" and a critical year for the Group's reform and development. Combining the new situation and new tasks, the Group will drive development by innovation, empower development by reform, promote development by internationalization and lead development by Party building. Combining steady growth with high-quality development, the Group will strengthen the main business, improve the level of internationalization, and further promote the integration of segments; strengthen scientific and technological research, accelerate green development, and do a good job in digital transformation; deepen reform, enhance vitality, and stimulate high-quality development momentum; strengthen value management, release the overall value of listed companies, and tell the story of the industry; comprehensively improve the quality of Party building work, promote the deep integration of Party building and management, and adhere to comprehensive and strict governance of the Party. The Group will comprehensively promote high-quality development, give full play to the role of "ballast stone" and "supporting pillars", accelerate the construction of a world-class materials enterprise, strive for value creation and shareholders' returns, and demonstrate the responsibility and commitment of a central enterprise in the new road of catching up with the second Centenary Goal.

Zhou Yuxian
Chairman

Beijing, the PRC
25 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS OVERVIEW

BUSINESS OVERVIEW

The business segments and the major operating entities of each business segment for the Group as of 31 December 2021 are summarized as follows:

Business segments	Major products and services	Major operating entities	Direct and indirect equity interests attributable to the Company
Basic building materials	Cement	New Tianshan Cement	87.70%
	Commercial concrete	North Cement	74.60%
	Aggregate	Ningxia Building Materials	47.56%
		Qilianshan	25.04%
New materials	Gypsum board	BNBM	37.83%
	Glass fiber	China Jushi	26.97%
	Wind power blade	Sinoma Science & Technology	60.24%
	Lithium battery separator	China Composites	100%
	Waterproof	Sinoma Advanced	99.65%
	Carbon fiber		
	Advanced ceramics		
Engineering technical services	Cement and mining technical equipment and engineering services	Sinoma International	48.78%

Notes:

1. The aforementioned percentages are rounded to 2 decimal places. Due to rounding, the total percentage of shareholdings may be discrepant with the total amount.

2. The Company indirectly held 11.80% equity interest of Qilianshan through Qilianshan Holdings and directly held 13.24% equity interest of Qilianshan.

3. The Company directly held 70% equity interest of North Cement and indirectly held 4.6% equity interest of North Cement through South Cement.

4. Upon completion of the integration of the cement business segment, the Company held 87.70% equity interest in New Tianshan Cement. During the period from 11 to 13 January 2022, New Tianshan Cement issued and allotted 314,616,887 subscription shares to independent subscribers, which were listed on the Shenzhen Stock Exchange on 25 February 2022. After the issuance of the additional shares, the Company's equity interest in New Tianshan Cement was reduced from 87.70% to 84.52%.

5. Subsidiaries of New Tianshan Cement based on administrative divisions are divided into 14 regional companies.

DEVELOPMENT ENVIRONMENT

In 2021, in the face of the complex and severe international environment and numerous risks and challenges, the Chinese government strengthened the cross-cycle adjustment of macroeconomic policies, increased the support for the real economy, sustained the recovery of the national economy, and completed the main objectives and assignments for the year. A further step for establishment of new development pattern was made, and new results were achieved in high-quality development, which was a good start to the 14th Five-Year Plan. Fixed asset investment in 2021 amounted to RMB54.45 trillion, representing a year-on-year increase of 4.9%, with steady and resilient development; due to the impact of capital, the growth rate of infrastructure investment and real estate investment slowed down, representing a year-on-year increase of 0.4% and 4.4%, respectively, while infrastructure investment was basically stable, and real estate investment continued to grow in scale. Steady progress has been made in urbanization and the urbanization rate of the resident population was 64.72% in 2021, representing an increase of 0.83 percentage points compared to the end of 2020.

The year 2021 is also the first year of China's "Dual Carbon" campaign, which proposes five main objectives: building a green, low-carbon and circular economic development system, improving efficiency of energy use, increasing the proportion of non-fossil energy consumption, reducing carbon dioxide emissions, and enhancing the carbon sink capacity of the ecosystem, to ensure that CO2 Emission Peak and carbon neutrality are achieved as scheduled. The Dual-Carbon target promotes supply-side structural reform and industry transformation, and enters a comprehensive low-carbon greenstage of quality development.

OPERATION IN 2021

Basic building materials segment

In 2021, the growth rate of fixed asset investment in China tended to slow down, cement demand shows the characteristics of "high before and low after, pressure intensifies", but still maintained the high level of the platform period, cement production was 2.38 billion tonnes, representing a year-on-year decrease of 0.4%; influenced by "Dual Control" of energy consumption, electricity and production restrictions and rising coal prices, production costs increased. Under the supply-side structural adjustment such as staggering production and industry self-regulation continued to deepen, the trend of cement prices were first decreased and then increased. The total realized profit for the whole industry was RMB169.4 billion, reflecting that there was still resilience although it is weakened, and the profit was still on a better historical level. The profit structure was optimized and the profit contribution from the northern region increased, especially there is an improvement in the pan-northeastern region, which had been suffering from losses in recent years.

In 2021, the Group determined to implement staggering production, industry self-regulation and reduction of volume and replacement, optimize the market ecology through clinker resource control and north-south market connection, and strive to promote the healthy development of the industry. The management of three delicacies achieved remarkable results. The Group implemented lean operation to stabilize efficiency, deeply implement the operating concept of "PCP", and stabilize the market, expectations and efficiency. The Group continued to reduce costs and increase efficiency through management refinement and improve management efficiency by benchmarking against world-class standards to continuously strengthen its competitiveness; and continue to simplify and strengthen its organization through organizational refinement to improve organizational efficiency and stimulate endogenous power. The Group optimized the layout of cement business and promote transformation, upgrade as well as reduction and replacement projects. The Group vigorously developed the "Cement+" business, consolidated the core profit area of the commercial mix business and continue to optimize the distribution; the aggregate business developed rapidly and increased the resource reserves to continuously acquire mining and make relevant investment, and will continue to acquire mining rights and invest in relating and ancillary projects. The Group optimized its capital structure, with the joint reorganization of Zhonglian Cement and Henan Tongli and the integration of unlisted cement assets with Tianshan Cement as the main entity, to promote the supply-side structural reform of the industry.

The integration of unlisted cement assets with Tianshan Cement as the main entity is the largest share issuance and asset purchase project in the A-share market, creating a cement listed company with the world's largest business scale, a more complete industrial chain and a national layout. The restructuring project was awarded "Outstanding Deal of the Year 2021" by the *Business Law* . The New Tianshan Cement post-reorganization strengthens market management, gives a synergistic role and reconstructs the original organizational structure, based on the administrative division and the production capacity and market capacity of regional companies and member enterprises. According to the principle of giving priority to the market and efficiency, the management structure consisting of "listed company – regional companies – member enterprises" was established, and 14 regional companies are divided, including 10 integrated companies for cement, commercial mix and aggregate business, and 4 specialized companies for commercial mix and aggregate and special cement business. The Company also formulated the market area demarcation and construction management system to optimize the market layout, rational allocation of resources, and strengthened the core market construction.

New materials segment

Gypsum board

In 2021, with the advancement of industrialization and urbanization, the renovation of existing buildings, the promotion of prefabricated buildings, and the implementation of the national green development concept, the overall market supply and demand of gypsum board remained in a balanced state, with a slight increase in production and sales. Due to the continuous high prices of coal, gypsum, protective paper and other major raw materials and energy, the production cost of gypsum board rose, resulting in higher market prices. The head enterprises relied on innovation and national distribution advantages to further strengthen the advantage of brand, technology, market share and other aspects.

BNBM actively promoted the implementation of the strategy of "One Body, Two Wings and Global Layout", and the main products achieved the increase in volume and price. The gypsum board business continued to consolidate its business advantages, accelerated the development of keel and other "gypsum board +" business, further improved and expanded the global original Luban universal board whole house assembly system; further promoted the "50-man factories, 80-man bases". The global layout progressed smoothly, the production and sales of the base in Tanzania were flourishing, and the new production line projects were completed and put into operation. The production line in Uzbekistan was under construction, and the global deployment in Asia, Africa and Europe has came into initial shape. In 2021, BNBM was awarded the "State-owned Key Enterprise Management Enhancement Benchmarking and Innovation Benchmarking Enterprise" and the only one in the industry to win the Asian Quality Award, the highest award in the field, and an A-rating from S&P, the world's top rating institution.

Glass fiber

In 2021, the glass fiber industry experienced a high boom in volume and price. The domestic market had strong demand for the main glass fiber downstream applications, and the foreign market was gradually improving with the weakening of the impact of pandemic. The demand continued to increase. The industry's new production capacity was dominated by the leading enterprises, with limited new supply, and the supply and demand were in a tight balance.

China Jushi continued to optimize its production and sales structure, continuously increased the proportion of high value-added products, and achieved full production and sales, with the best production and sales volume in the history of the same period. The production and sales structure was adjusted precisely and efficiently, taking advantage of the global production and sales layout to seize the opportunities of resuming growth in foreign market to achieve price increase and profits. The proportion of production and sales of high-end, precise and complicated, green and environmental, special-purpose, high strength and high-modulus products would be steadfastly enhanced, and the performance and sales volume of fine yarn and thin fabric would be continuously improved. The intelligent manufacturing continued to lead the way, with the second line of fine yarn, third line of thick yarn and fourth lines in Tongxiang headquarters intelligent manufacturing base lighting up, and the third line of fine yarn is under construction, while the automatic transformation and digital plant construction continued to advance. The level of precise control was continuously improved, and the factory benchmarking competition and benchmarking against world class were launched with smart production line and advanced production lin as the benchmark, and the Company was awarded the "Benchmarking Enterprise of Management Benchmarking Action of State-owned Key Enterprises".

Taishan Glass Fiber actively expanded the market, conducted precise marketing, continuously optimized the production capacity and product structure, and maximized the production capacity of high value-added products such as staple fiber and composite yarn. The main products increased in volume and price, and many economic indicators have reached a new record high. Taishan Glass Fiber accelerated the layout of new bases, and the project of Manzhuang New Area F09 line with an annual output of 90,000 tonnes of high-strength and high-modulus glass fiber and Zoucheng's F06 line with an annual output of 60,000 tonnes of fine yarn were put into production within the year. Taishan Glass Fiber insisted on innovation-driven development, steadfastly worked hard in the three industries of "specialty fibers, composite materials and new energy materials", and was awarded the "Manufacturing Industry Champion Demonstration Enterprise" by the MIIT.

Wind power blade

In 2021, on the one hand, due to the shrinking market and rising raw material prices after the "rush installation wave" of wind power blade, the sales volume, price and gross margin of the wind power blade industry have declined, and the competition became severe. On the other hand, the market capacity of wind power blades would be further enlarged under the guidance of the "Dual Carbon" target, and various national ministries and commissions would issue a number of industry policies to guide the orderly development of the wind power industry.

Sinoma's wind blades strengthened market analysis and research, promptly responded to the market demand, launched 80.5, 80.8 and other leading products, and simultaneously grasped the offshore wind power market, maintaining a leading market share in China; accelerated the construction of international and domestic base projects and industrial layout, with the first overseas project of 260 sets of wind power blade manufacturing base in Brazil, and the first offshore project of annual production of 200 sets of offshore wind power blade base in Yangjiang successively approved, and the deployment of two onshore wind power bases was launched simultaneously.

China Composite has actively focused on the layout of the main businesses, continuously improved its core competitiveness, achieved significant year-on-year growth in the sales volume of offshore wind power blades, and took multiple measures to reduce unit energy consumption and costs through raw material substitution, cost and tender control. China Composite put scientific and technological innovation in the first place, and promoted self-reliance and self-improvement. "A manufacturing method for the root of megawatt-class wind turbine blades" was selected for the China Patent Award of Excellence, and we jointly undertook the project of "100-meter-class flexible wind turbine blades key technology research and application demonstration".

Lithium battery separator

In 2021, benefiting from the continued high growth in downstream new energy vehicle sales and the explosive growth of the energy storage market, the separator market demand was growing rapidly. Driven by expected high demand, the production capacity of lithium battery enterprises was expanded and accelerated. The domestic separator market continued to be in a tight supply-demand balance, with prices gradually entering a stable state. Product costs increased due to retreat of subsidies policy, energy shortages, labor costs and other impacts.

Sinoma Lithium Membrane was simultaneously driven by the three wheels of "business integration, project construction, and production and operation", and the growth trend further emerged. Sinoma Lithium Membrane improved profitability through leaner operations, with significant year-on-year growth in sales volume and A-products production, Sinoma Lithium Membrane completed the integration of assets with Hunan Chinaly, rationalized the management mechanism, realized the unification of objectives, team and culture, adjusted customer and product structure, and continued to increase the proportion of coated products. Sinoma Lithium Membrane further promoted cooperation with strategic customers, expanded overseas market, and continued to increase exports. New production projects in Nanjing, Inner Mongolia and Tengzhou bases were promoted in an orderly manner, building the four major "one billion square metre" production base in Shandong, Inner Mongolia, Hunan and Nanjing.

Waterproof

In 2021, although the waterproof industry faced the challenges of more strict environmental protection, industrial transformation, increasing bulk raw materials prices, intensified competition in the industry and slower growth in real estate and infrastructure construction, the industry upgrade, remediation and development of photovoltaic roof drove the opportunity of increasing demand for waterproof materials.

BNBM jointly reorganized Shanghai Terra, the leading enterprise in the eastern part of China to strengthen competitive advantage in East China; Beixin Waterproof Sichuan Meishan Base completed the project construction, further expanded the layout of waterproof material industry, and consolidated the development of new business. Beixin Waterproof Company was established, completed the first phase of integration and reorganization, realized the layout of 15 industrial bases across the nation, and ranked among the leading enterprises specializing in waterproof in China.

Carbon Fiber

In 2021, the carbon fiber market was short of supply. With the technological breakthrough and differential production of domestic carbon fiber, the demand for domestic carbon fiber increased. Affected by the pandemic, the growth of domestic demand for carbon fiber was further driven by the increase in installed wind power capacity and the trend of large-sized installation. The "14th Five-Year Plan" also provided a favorable policy environment for the development of carbon fiber industry and the progress of carbon fiber manufacturing technology.

China Composites realized booming carbon fiber production and sales, and achieved growth in both volume and price. Targeting at the major national strategic needs of large aircraft and aero-engines, China Composites has promoted the special projects of composite materials for large aircraft, and obtained the qualification of supplier for the fuselage parts of CR929 large aircraft. Zhongfu Shenying has built the largest 10,000-tonne carbon fiber production base in China, with an equipment localization rate of 85%, ensuring the self-independent control of China's carbon fiber supply chain, and it was selected as one of the "Top Ten Super Projects of Central Enterprises in 2021". Zhongfu Shenying carried out equity operation and received approval from CSRC in respect of its registration application for it to be listed on the SSE STAR Market. Innovation and transformation underwent synchronously, and major breakthroughs have been made in tackling technological containment, realizing the design of a single-line annual output of 3,000 tonnes of

T700 high-performance carbon fiber production line and self-independent control of its complete set of high-end technologies. Zhongfu Shenying strengthened the sophisticated management, and Zhongfu Shenying's 1,000-tonne new mode application project of carbon fiber intelligent manufacturing successfully passed the acceptance of the MIIT.

Advanced Ceramics

In 2021, with the development of new energy vehicle industry, the demand for silicon nitride ceramic products continued to increase, and silicon nitride ceramic substrates were short of supply. During the commencing year of the 14^{th} Five-Year Plan, the National Grid and the China Southern Power Grid started to construct and research to reserve a number of UHV DC grid projects, with an estimated additional transmission capacity of 56 million kilowatts which could boost the demand for electric ceramic products.

In terms of nitride ceramics, after the completion of the first phase of 50 tonnes of silicon nitride ceramic products production line, the production and sales volume doubled compared with the same period last year; the Company took the lead in China to realize the mass production of G3 ceramic balls below the diameter of 12 mm, solving the problem that high-end silicon nitride bearing balls completely relied on imports; high-temperature silicon nitride ceramic spring achieved from scratch to manufacturing domestically, which could be comparable to similar foreign products; focusing on the constriction of grids, the Company independently developed dry-process fine and high rod-shaped ceramic insulator sub products, reaching the international and domestic advanced leading level, and successfully entered the international market. Boron nitride fiber broke through the key technology of kilometer continuous organic fiber engineering, completed the design of the first tonnage-level boron nitride ceramic fiber production line in China, and the completed sets of technologies are independently controllable.

Engineering Technical Services Segment

Cement and mining technical equipment and engineering services

In 2021, under the background of CO_2 Emission Peak and Carbon Neutrality in the domestic market, being "high-end, intelligent and green" has become a major trend in the development of the cement industry, demands for improvement of quality and efficiency, the green and intelligent reduction and replacement and technological transformation continued to be released. In the overseas market, although there were still great uncertainties about the pandemic, with the large-scale vaccination, the impact of the pandemic has gradually weakened, and the owners' willingness to invest has gradually recovered.

Sinoma International coordinated pandemic prevention and control with production and management, newly signed contracts achieving a new record high; the reorganization completed smoothly, and the Company integrated cement mine engineering and mining service assets, promoted the value reshaping and optimized portfolios of the engineering and technical services industry chain, and continued to improve the brand value; the innovation and transformation underwent synchronously, and the Company continued to promote the digital and intelligent transformation, and created a new intelligent manufacturing benchmarking project based on projects including Huaikan South Cement and Yushan South. Its affliated Tianjin Institute has been selected into the List of Excellent Scenes of Intelligent Manufacturing by the MIIT; the Company carried out in-depth research on carbon emission reduction technology in the cement industry, built a digital platform for the whole process of cement carbon emissions, released a carbon footprint accounting platform for building materials equipment products, and initiated a major scientific research project on CCUS oxygen combustion; the Company deeply explored the localized operation, rolled out its presence in 8 major regions globally, built 14 regional management centers in various places, with contract amount of newly signed diversified project contracts representing a year-on-year growth of 43%, and the Comapny jointly promoted investment projects with enterprises within the Group such as plasterboard in Thailand and wind power blades in Brazil, and persistently carried out the building of international talent pool, employing about 1,800 long-term employees overseas, representing a year-on-year growth of 19%.

REFORM

The Company continued to improve the modern enterprise system with Chinese characteristics and form a long-term mechanism through riding on the Three-Year Action State-owned Enterprises Reform and reform-empowered development, continued to stimulate activities to release driving forces and improve the efficiency and benefit of enterprises, and closely combined the reform with the construction of world-class material enterprises so as to enhance the comprehensive effectiveness of the reform.

Improving the corporate governance mechanism. The Company constantly improved the construction of the Board and raised the level of standardized operation. The construction of the Board at all levels have been completed, and the majority of the members are external directors, steadily carried out hierarchical and classified authorization management, and the important subsidiaries made plans for the implementation of the functions and powers of the Board to give full play to the role of the Board as the business decision making body; the Company further promoted the release of authorization of state-owned and relatively controlled mixed-ownership enterprises, and implemented differentiated market-oriented control in two mixed ownership enterprises pilots, namely China Jushi and Sinoma Dazhuang, in order to improve the efficiency and benefit of enterprises through adopting effective corporate governance procedures; the Company strengthened the supervision mechanism of the operation of the Board and continued to improve the standard operation level, with

New Tianshan Cement and Zhongfu Shenying carrying out the pilot work concerning the function of non-public shareholders, and BNBM introducing representatives of non-public shareholders to the Board.

Further improving the market-oriented operation mechanism. The Company completed the tenure system and contractual management of manager at all levels; comprehensively promoted the Three-System Reform, namely the management can get promotion or demotion, employees can be employed or dismissed, and income can be increased or decreased, so as to promote the market-oriented employment; Sinoma International promoted pilot of application of the professional manager system to senior management; the Company carried out innovation on the collaboratve work mechanism of full-time directors and independent directors.

Accelerating the improvement and development of a multi-level incentive system. The Company deeply promoted the medium and long term incentive mechanism, established diversified incentive mechanism, such as equity incentive of listed companies, equity incentive of science and technology enterprises, employees of mixed ownership enterprises holding shares in such enterprises, bonus distribution to those holding positions in science and technology enterprises, project income distribution, profit premium distribution and project investment participation so as to activate motivation and vitality through mechanism. In 2021, China Jushi and enterprises in Xinjiang area of New Tianshan Cement carried out sharing of excess profits; Sinoma International was the first to explore the whole process of the option incentive model, initiated a new phase of restricted share incentive scheme and implemented sharing of excess profits and posts dividends in science and technology enterprises for its affiliated companies.

Continuing the deepening the "Double Hundred" and technologically-reformed demonstration enterprise pilot. In 2021, Saima IOT was newly listed in the "Pilot Enterprise of Double Hundred Enterprise". As at the end of 2021, a total of four enterprises of the Company was included in the "Double Hundred Enterprise Action" and one enterprise was in "Technologically-reformed Demonstration Enterprise"; the Company comprehensively promoted the action of three-year campaign to reform state-owned enterprises, and focused on the results of special reform in each stage. Saima IOT completed capital increase, and established co-investment incentive mechanism for innovative business projects; Beijing FRP Institute has implemented equity incentives in the mode of "equity award + equity sale".

INNOVATION-DRIVEN AND GREEN DEVELOPMENT

The Group adhered to putting innovation as the core, focused on the "four aspects", promoted science and technology self-reliance, built a green manufacturing system, helped achieve the "double carbon" target, accelerated the digital transformation of enterprises so as to promote the sustainable and high-quality development of the Group.

Serving the major strategy of the nation. The Company continued to strengthen problem-tacking of the key core technologies, and a large number of new materials and technologies have been successfully applied in aerospace, national defense, military industry, water dam and other major national projects, independently developed heat-proof materials, high-tenacity yarn and special coatings which have been successfully applied in key parts of Shenzhou XII and Shenzhou XIII manned spacecrafts; low heat cement consolidated Baihetan Hydropower Station to build safe barrier, and the special cement for the Sichuan-Tibet Line project has passed the trial verification; Xining 10,000-tonne of carbon fiber base has been successfully put into operation, which signified that the domestic carbon fiber has entered a new era of high-quality development; green building materials and hydrogen energy products contributed to the Beijing Winter Olympic Games.

Always adhering to being driven by innovation. The Company improved core competitiveness through technological innovation, improved quality, reduced costs and increased efficiency through management innovation, promoted mutual-benefit results for stakeholders through business models innovation, activated vitality and continuous momentum of development through system and mechanism innovation. The Company constantly enhanced the input of research and development, strengthened problem-tackling of science and technology, strived to create the source base of original technologies, promoted the deep integration of the innovation chain and industrial chain, and vigorously promoted the application and promotion of "cement +" mode and "Finding Car" intelligent logistics platform; as at the end of 2021, there were a total of 11,000 valid patents, and the Company won 8 national science and technology-related awards and 2 individual champions of the manufacturing industry.

Promoting the development of green carbon. The Company deeply studied the path of "Dual Carbon", conducted in-depth cooperation with domestic and foreign first-class enterprises in many fields, such as new energy, "zero carbon" logistics, "zero electricity" mines and factories, and strengthened the problem-tackling of key core technologies related to green carbon development, and the comprehensive coal consumption per tonne of cement and clinker decreased by 0.6 kg of standard coal per tonne year on year, nitrogen oxide emissions decreased by 15.49% year on year, and sulfur dioxide emissions decreased by 16.01% year on year, and industrial dust emissions decreased by 37.62% year on year. The Company commenced the construction of CCUS carbon capture demonstration production line; built the pilot application of "digital carbon emissions assessment platform"; constantly promoted the technological innovation and engineering application on co-disposal of cement kiln, with a total of 44 co-disposal projects being put into production, and the annual disposal capacity reached 4.22 million tonnes; the Company vigorously established green factories and green mines, As at the end of 2021, the Company established 44 national level green mines, 75 green mines at other level, 83 national level green plants and 59 provincial level green plants.

Digital-transformation empowered development. The Company actively carried out capacity-building and integration to support service networking, informatization of operation and management, and digitization of production and manufacturing, promoted the deep integration of industrialization and informatization, and continuously strengthened the digital transformation of products and services, with intelligent manufacturing as the main direction, the Company sped up the construction of intelligent factories, digital workshops and other intelligent sites, and accelerated the transformation of industrialized digital and digital industrialization As at the end of 2021, a total of 92 enterprises have implemented the integration of informatization and industrialization, and 39 intelligent production lines for cement and glass fiber have been built.

FINANCIAL REVIEW

The revenue of the Group increased by 7.4% from RMB254,842.7 million in 2020 to RMB273,683.4 million in 2021. The profit attributable to equity holders of the Company increased by 29.1% from RMB12,562.7 million in 2020 to RMB16,218.4 million in 2021.

Revenue

Our revenue in 2021 amounted to RMB273,683.4 million, representing an increase of 7.4% from RMB254,842.7 million in 2020. This was primarily due to an increase of RMB7,728.3 million in the revenue of the Group's basic building materials segment, an increase of RMB6,990.5 million in the revenue of the engineering technical services segment, and an increase of RMB3,894.2 million in the revenue of the new materials segment.

Cost of sales

Our cost of sales in 2021 amounted to RMB208,315.1 million, representing an increase of 10.8% from RMB187,995.5 million in 2020. This was primarily due to an increase of RMB11,620.9 million in the cost of sales of the Group's basic building materials segment, and an increase of RMB5,597.9 million in the cost of sales of the engineering technical services segment and an increase of RMB2,511.1 million in the cost of sales of the new material segment.

Other income

Other income of the Group increased by 22.3% from RMB5,335.9 million in 2020 to RMB6,525.4 million in 2021. This was primarily due to an increase of RMB527.8 million in compensation income and an ncrease of RMB475.5 million in gain on disposal of subsidiaries, but which was partially offset by the decrease of RMB196.2 million in the VAT returns.

Selling and distribution costs

Selling and distribution costs decreased by 0.4% to RMB4,836.2 million in 2021 from RMB4,857.7 million in 2020. This was primarily due to a decrease of RMB63.7 million in depreciation expense of fixed assets.

Administrative expenses

Administrative expenses decreased by 6.0% to RMB28,605.5 million in 2021 from RMB30,442.3 million in 2020. This was primarily due to the decrease of RMB2,665.8 million in allowances for impairment of property, plant and equipment, the decrease of RMB1,347.6 million in allowances for impairment of goodwill, which was partially offset by an increase of RMB1,513.8 million in R&D expense.

Finance costs

Finance costs increased by 2.2% to RMB7,236.0 million in 2021 from RMB7,079.1 million in 2020.

Share of profit of associates

The Group's share of profit of associates increased by 22.9% to RMB4,023.2 million in 2021 from RMB3,273.0 million in 2020. This was primarily due to an increase in the profit of China Jushi, one of our associates.

Provision under expected credit losses

The provision under expected credit losses decreased by 45.4% to RMB1,647.2 million in 2021 from RMB3,018.0 million in 2020.

Income tax expense

Income tax expense decreased by 5.1% to RMB7,968.6 million in 2021 from RMB8,395.9 million in 2020.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests increased by 6.1% to RMB8,606.0 million in 2021 from RMB8,109.9 million in 2020. This was primarily due to the increase in operating profit of the new materials segment and the engineering technical services segment of the Group.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company increased by 29.1% to RMB16,218.4 million in 2021 from RMB12,562.7 million in 2020. Net profit margin increased to 5.9% in 2021 from 4.9% in 2020.

Basic building materials segment

Revenue

Revenue of basic building materials segment of the Group in 2021 amounted to RMB187,602.5 million, representing an increase of 4.3% from RMB179,874.2 million in 2020, mainly attributable to the increase in the average selling price of cement products and the increase in the sales volumes of aggregate, partially offset by the decrease in the sales volumes of cement products and the decrease in the average selling price of aggregate.

Cost of sales

Cost of sales of basic building materials segment of the Group in 2021 amounted to RMB142,502.3 million, representing an increase of 8.9% from RMB130,881.4 million in 2020, mainly attributable to the increase in coal price and the increase in the sales volumes of aggregate, partially offset by the decrease in the sales volumes of cement products.

Gross profit and gross profit margin

Gross profit of basic building materials segment of the Group decreased by 7.9% to RMB45,100.2 million in 2021 from RMB48,992.8 million in 2020. Gross profit margin of the basic building materials segment of the Group decreased from 27.2% in 2020 to 24.0% in 2021. The decrease in gross profit margin was mainly due to the increase in coal price and the decrease in the average selling price of aggregate, partially offset by the increase in the average selling price of cement products.

Operating profit

Operating profit of basic building materials segment of the Group decreased by 0.5% to RMB26,043.3 million in 2021 from RMB26,184.4 million in 2020. Operating profit margin of the basic building materials segment of the Group decreased from 14.6% in 2020 to 13.9% in 2021. The decrease in operating profit margin was primarily due to the decrease in gross profit margin, the increase in R&D expenses, and the decrease in gains on disposal of assets, partially offset by the decrease in allowances for impairment of property, plant and equipment, decrease in allowances for impairment of goodwill as well as decrease in allowances for impairment of accounts receivables.

New materials segment

Revenue

Revenue of new materials segment of the Group increased by 9.3% to RMB45,584.4 million in 2021 from RMB41,690.2 million in 2020. This was mainly attributable to the increase in the average selling price and sales volumes of gypsum board, glass fiber yarn and lithium battery separator, partially offset by the decrease in the average selling price and sales volumes of wind power blade.

Cost of sales

Cost of sales of new materials segment of the Group increased by 8.3% to RMB32,930.8 million in 2021 from RMB30,419.7 million in 2020, mainly attributable to the increase in the sales volume of gypsum board, glass fiber yarn and lithium battery separator, the increase in the raw material price and the increase in the coal price, partially offset by the decrease in the sales volumes of wind power blade.

Gross profit and gross profit margin

Gross profit of new materials segment of the Group increased by 12.3% to RMB12,653.6 million in 2021 from RMB11,270.5 million in 2020. Gross profit margin of new materials segment of the Group increased to 27.8% in 2021 from 27.0% in 2020. The increase in gross profit margin was mainly attributable to the increase in the average selling price of gypsum board and glass fiber yarn, partially offset by the decrease in the average selling price of wind power blade, the increase in the raw material price and the increase in the coal price.

Operating profit

Operating profit of new materials segment of the Group increased by 27.2% to RMB8,513.7 million in 2021 from RMB6,695.2 million in 2020. The operating profit margin of new materials segment of the Group increased to 18.7% in 2021 from 16.1% in 2020, mainly attributable to the increase in gross profit margin, the increase in the gain on disposal of assets, and the decrease in allowances for impairment of property, plant and equipment, partially offset by the increase in R&D expenses.

Engineering technical services segment

Revenue

Revenue of engineering technical services segment of the Group increased by 17.5% to RMB46,905.5 million in 2021 from RMB39,915.0 million in 2020, mainly attributable to the increase in completed construction services in the year.

Cost of sales

Cost of sales of engineering technical services segment of the Group increased by 16.8% to RMB38,900.6million in 2021 from RMB33,302.7 million in 2020, mainly attributable to the increase in completed construction services in the year.

Gross profit and gross profit margin

Gross profit of engineering technical services segment of the Group increased by 21.1% to RMB8,004.9 million in 2021 from RMB6,612.3 million in 2020. Gross profit margin of engineering technical services segment of the Group increased to 17.1% in 2021 from 16.6% in 2020, mainly attributable to the increase in gross profit margin of EPC projects.

Operating profit

Operating profit of engineering technical services segment of the Group increased by 25.6% to RMB2,739.8 million in 2021 from RMB2,180.8 million in 2020. Operating profit margin of engineering technical services segment of the Group increased to 5.8% in 2021 from 5.5% in 2020, mainly attributable to the increase in gross profit margin, the increase in gains on disposal of subsidiaries and the increase in government grants, but partially offset by the increase in R&D expenses.

Liquidity and financial resources

As at 31 December 2021, the Group had unused banking facilities and bonds registered but not yet issued of approximately RMB316,050.1 million in total.

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

	As at 31 December	
	2021	2020 (restated)
	(RMB in millions)	
Bank loans	**107,148.8**	115,781.9
Bonds	**57,988.0**	57,751.8
Borrowings from non-financial institutions	**1,706.7**	1,536.2
Total	**166,843.5**	175,069.9

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

	As at 31 December	
	2021	2020 (restated)
	(RMB in millions)	
Borrowings are repayable as follows:		
Within one year or on demand	**73,751.0**	89,684.3
Between one and two years	**38,883.6**	29,822.7
Between two and three years	**31,305.9**	36,685.1
Between three and five years(inclusive of both years)	**12,017.4**	12,340.4
Over five years	**10,885.6**	6,537.4
Total	**166,843.5**	175,069.9

As at 31 December 2021, bank loans in the aggregate amount of RMB4,641.4 million were secured by assets of the Group with a total amount of RMB6,962.3 million.

As at 31 December 2021 and 31 December 2020, the debt to assets ratio of the Group, calculated by dividing borrowings by total of assets of the Group, were 36.1% and 38.3%, 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.

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 31 December	
	2021	**2022**
	(RMB in millions)	(retated)
Capital expenditure of the Group in respect of acquisition of property, plant and equipment (contracted but not provided for)	**1,163.8**	1,068.2

Capital expenditures

The following table sets the our capital expenditures of the Group for the year ended 31 December 2021 by segment:

	For the year ended 31 December 2021	
	(RMB in millions)	% of total
Basic building materials	**24,177.8**	75.3
New materials	**6,168.5**	19.2
Engineering technical services	**1,532.1**	4.8
Others	**214.3**	0.7
Total	**32,092.7**	100.0

Plan for material investment or capital assets

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

CASH FLOW FROM OPERATING ACTIVITIES

For the year 2021,net cash inflow of the Group generated from operating activities was RMB50,089.5 million.Such net cash inflow was primarily due to RMB56,883.7 million of cash flow from operating activities before the change in working capital,while trade and other payables increased by RMB12,960.6million,which was partially offset by a total of RMB8,881.9million for the increase in trade and other receivables, and by a total of RMB 2,041.0 million for the increase in inventories.

CASH FLOW FROM INVESTING ACTIVITIES

For the year 2021, net cash outflow of the Group to investing activities was RMB 35,611.3 million, which was primarily due to the purchase of property,plant and equipment amounting to RMB 27,624.7 million in total and purchase of intangible assets amounting to RMB 7,965.6 million.

CASH FLOW FROM FINANCING ACTIVITIES

For the year 2021,the Group had a net cash outflow to financing activities amounting to RMB 16,720.7 million, primarily attributable to the repayment of borrowings amounting to RMB 136,300.0 million, payment of dividends amounting to RMB 8,402.1 million and payment of interest amounting to RMB 7,643.7 million,which was partially offset by a total of RMB 141,789.2 million for new borrowings.

OUTLOOK FOR 2022

The year 2022 is the key year of the "14th Five-Year Plan" and a crucial year for comprehensively promoting high-quality development. Despite the complex and serious international environment, the impact of the global pandemic continues, which restricts the growth of investment. The Chinese government will make efforts to adhere to the policies of stability as the paramount consideration, seek progress in the midst of maintaining stability, and moderately carried out infrastructure investment ahead of time. The local governments will speed up the issue of special bonds, investment within the central budget will be accelerated, key projects of the "14th Five-Year Plan" will be launched successively, fiscal and monetary investment and other policy support will be increased, and there will be plenty of potential, space and motivation to expand effective investment. At the same time, the dual carbon target will accelerate the industrial restructuring and industrial transformation.

The Group will continue to adhere to the implementation of the "4335" guiding principles, implement new development concepts, build a new development pattern, promote high-quality development, and take solid steps in the process of building a world-class material enterprise. The following work, among others, shall be implemented:

First, achieving progress while maintaining stability. The Group will accurately evaluate the situation, closely track market changes, optimize business strategies in a timely manner, stabilize growth and prevent risks; strengthen management of three delicacies successively, vigorously promote digital transformation, create digitalized and intelligent-driven improvement of management; maintain industry ecology, continue to promote the supply-side structural reform of the industry, give full play to the role of central enterprises as "stabilizer" and "ballast stone" of national economy, and promote the high-quality development.

Second, strengthening the main business. The Group will take business integration as an opportunity to further optimize the resource allocation and build the Company into an industrial platform emphasizing on the three major businesses of basic building materials, new materials and engineering technical services, optimize and upgrade basic building materials business, vigorously promote high-end, intelligent and green development, speed up the development of "Cement plus" business, strive to properly roll out "go global" efforts, comprehensively deploy "double carbon" work, and unswervingly promote supply-side structural reform; strengthen the excellent and new materials business, and, focusing on high-end orientation, mass production and globalization, build a product portfolio of successive and sustainable development according to the different stages of maturity, expansion and cultivation, so as to enhance the support of income and profits; consolidate and upgrade engineering technical services, promote globalization, localization and diversification, seize the opportunity of "double carbon" policy, and strengthen collaborative innovation in green production, energy saving and consumption reduction, digitalized and intelligent transformation.

Third, innovation transformation. The Group will adhere to the industrialization orientation, speed up the creation of the source base of original technologies, increase the research, application, transformation and promotion of new technologies and strategically-essential materials, transform the breakthroughs at the point into achievements in the chain, and enhance the core competitiveness of leading industries, give full play to the role of central enterprises as the main force, and continue to promote scientific and technological self-reliance, as well as the transformation and internationalization of green and low-carbon.

Fourth, deepening reform. The Group will comprehensively promote the implementation of the task of reform, upgrade the modern corporate governance mechanism, prudently enhance the construction of the Board, deepen the reform of the market-oriented management mechanism, form a long-term mechanism for reform, continue to stimulate vitality and release driving forces; focus on scientific research, technology, management and other talented personnel, and increase the intensity and coverage of medium and long-term incentives to stimulate high-quality development momentum.

Fifth, strengthening value management. Adhering to the value management concept centered on enhancing intrinsic value, the Group will further promote capital operation, actively enhance the business integration of the new materials segment and persisitently carry out the coordination between the industrial market and the capital market. The parent company will strive to incubate and cultivate high-quality assets, integrate them by leveraging the platform of listed companies, and continuously improve the value creation capability of listed companies to release the overall value.

CORPORATE GOVERNANCE REPORT

The Company has always adhered to the concept of operating in accordance with laws and regulations, followed the development of rules in a timely manner, closely integrated the Company's development process, revised and improved various internal systems, and built a coordinated operation mechanism for compliance, internal control and risk management. The Board of Directors, the Supervisory Committee and the management perform their respective duties in accordance with the law and diligently fulfill their responsibilities to ensure the Company's steady and compliant operations, continuously improve the level of corporate governance, and focus on realizing the long-term interests of the Company.

The Company complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2021, except for Code Provision A.4.2 (now re-arranged as B.2.2), which the Company has complied with since 19 November 2021.

According to Code Provision A.4.2 (now re-arranged as B.2.2), every Director should be subject to retirement by rotation at least once every three years. The former Directors of the previous fourth session of the Board who were first elected on 27 May 2016 were subject to retirement by rotation by 27 May 2019.

However, as it affected the entire Board, many factors must be considered to ensure the smooth continuation of the senior management of the Company. Therefore, the Company had not completed the retirement by rotation with regard to some members of the fourth session of the Board until 19 November 2021. On 19 November 2021, the current fifth session of the Board was elected, and the retirement by rotation as required by Code Provision A.4.2 (now re-arranged as B.2.2) was completed.

Certain changes to the Directors of the fourth session of the Board had already taken effect before the appointment of the fifth session of the Board on 19 November 2021. The changes are set out below:

On 13 June 2018, Mr. Song Zhiping and Mr. Guo Chaomin ceased to be Directors. Shareholders elected Mr. Peng Jianxin as an executive Director, and Ms. Xu Weibing, Mr. Shen Yungang and Ms. Fan Xiaoyan as non-executive Directors at the 2017 Annual General Meeting held on 13 June 2018. Mr. Peng Jianxin resigned with effect from 30 July 2019 as the Vice Chairman of the Company and an executive Director due to retirement. Ms. Xu Weibing resigned as a non-executive Director due to retirement, with effect from 9 December 2019. Mr. Qian Fengsheng resigned as an independent non-executive Director for personal reasons, with effect from 22 May 2020. Shareholders elected Mr. Fu Jinguang as an executive Director at the 2020 first Extraordinary General Meeting held on 24 September 2020. Mr. Cao Jianglin, due to work adjustment, resigned as the Chairman of the Company and an executive Director, with effect from 21 October 2021.

Currently, the Company has completed the process of the change of session of the Board. The relevant resolutions for the election of the Board were considered and approved at the forty-forth interim meeting of the forth session of the Board held on 29 October 2021. The resolutions for the election of the fifth session of the Board were considered and approved at the 2021 second Extraordinary General Meeting held on 19 November 2021. The term of the fifth session of the Board of the Company shall be three years, commencing from 19 November 2021.

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

For the year ended 31 December 2021, the Company has publicly bought back the "16 CNBM 02" bonds on the Shanghai Stock Exchange. The repurchase price is the face value of the bond (RMB100 each bond) and the cancellation amount is RMB1,964,904,000.00, the bond has been fully repurchased.

Except for the aforementioned listed securities (have the meanings ascribed by the Listing Rules), for the year ended 31 December 2021, the Company and its subsidiaries had no other purchase, sale or redemption of listed securities of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 of the Company. 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.

AUDIT COMMITTEE

The first meeting of the fifth session of the Board convened on 19 November 2021 considered the resolution on the re-election of members of the Audit Committee of the Company. The Audit Committee of the Company comprises three Directors, of whom Mr. Li Jun is the Chairman and both Mr. Liu Jianwen and Ms. Xia Xue are members. All the three members are independent non-executive Directors. Among them, Mr. Li Jun possesses professional qualifications and experience in accounting and related financial management. Such composition is in compliance with the requirements of the Listing Rules. The main duties of the Audit Committee include supervision of the financial reporting procedures of the Company, internal regulation and control as well as risk management work. The Audit Committee has reviewed the financial report and results of the Group for the year ended 31 December 2021.

DIVIDENDS

The Board hereby recommends the distribution of a final dividend of RMB5,845,296,068.77 in total (tax inclusive) for the period from 1 January 2021 to 31 December 2021 (2020: RMB3,964,342,211.14 in total (tax inclusive)) for Shareholders whose names appear on the Company's register of members on Wednesday, 8 June 2022, representing RMB0.693 per share (tax inclusive) (2020: RMB0.470 per share (tax inclusive)) based on the issued shares of the Company of 8,434,770,662 shares as at 25 March 2022. The final amount of the dividend per share will be determined based on the number of shares of the Company in issue as at 8 June 2022.

The Company established and implemented the dividend policy in 2019: the Company should maintain sufficient cash reserves to meet the demand for funds, future growth and its equity value when recommending or declaring dividends. In addition to the declaration of dividends, the Board should also take into account of the financial performance, cash flow position, business status and strategy, future operation and income, capital demand and expense plan, Shareholders' benefits, limits on the dividend declaration and any other factors the Board may consider to be relevant. According to the Articles of Association of the Company, dividends will be denominated and declared in Renminbi. Dividends on Domestic Shares will be paid in Renminbi and dividends on H Shares will be paid in Hong Kong dollars (except for the holders of H Shares who became Shareholders through the Shanghai-Hong Kong Stock Exchanges Connectivity Mechanism (the "**Shanghai-Hong Kong Stock Connect**") as well as the Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (the "**Shenzhen-Hong Kong Stock Connect**"), whose dividend will be paid in RMB). The relevant exchange rate will be the average middle exchange rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of declaration of dividends by the annual general meeting.

The proposed final dividend is subject to approval at the annual general meeting to be held on Monday, 30 May 2022.

In accordance with tax law and relevant requirements under taxation regulatory institutions of the PRC, the Company is required to withhold 10% enterprise income tax when it distributes the final dividend for the period from 1 January 2021 to 31 December 2021 (the "**2021 Final Dividend**") to holders of all non-resident enterprise Shareholders (including HKSCC Nominees Limited, other nominees, trustees or other entities and organizations, who will be deemed as non-resident enterprise Shareholders) whose names appear on the H Share register of members of the Company on Wednesday, 8 June 2022.

Pursuant to the "Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong stock exchanges connectivity mechanism" (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81) (the "**Shanghai-Hong Kong Stock Connect Tax Policy**") and the "Notice on the Relevant Tax Policies for the Pilot Program of the Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets" (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2016] No. 127) (the "**Shenzhen-Hong Kong Stock Connect Tax Policy**") jointly issued by the Ministry of Finance of the PRC, the State Administration of Taxation and China Securities Regulatory Commission, the dividends derived from the investment by a domestic corporate investor in stocks listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will be included in its total income and subject to enterprise income tax according to the law. In particular, dividends received by resident enterprises in the Mainland which hold H share for at least 12 consecutive months shall be exempted from enterprise income tax according to the law. In respect of the dividends received by domestic corporate investors, H share companies listed on the Stock Exchange will not withhold relevant tax for such corporate investors. The tax payable shall be reported and paid by the enterprises themselves.

As such, when distributing the 2021 Final Dividend to the domestic corporate investors as the holders of H Shares whose names appear on the register of Shareholders of the Company on Wednesday, 8 June 2022 provided by China Securities Depository and Clearing Corporation Limited ("**China Clearing**"), the Company shall not withhold tax on dividend for the domestic corporate investors. The tax payable shall be reported and paid by the enterprises themselves.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Shanghai-Hong Kong Stock Connect Tax Policy, the Shenzhen-Hong Kong Stock Connect Tax Policy and other relevant laws and regulations and based on the Company's consultation with the relevant PRC tax authorities, the Company is required to withhold and pay 20% individual income tax for the Company's individual H Shareholders whose names appear on the register of members of H Shares of the Company (the "**Individual H Shareholders**").

Pursuant to the Shanghai-Hong Kong Stock Connect Tax Policy and the Shenzhen-Hong Kong Stock Connect Tax Policy, for dividends received by domestic individual investors from the investment in H Shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the H share companies listed on the Stock Exchange shall withhold and pay individual income tax at a rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from the investment in shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the income tax payable shall follow the same requirements in respect of domestic individual investors.

As such, when distributing the 2021 Final Dividend to the domestic Individual H Shareholders (including domestic securities investment funds) whose names appear on the register of Shareholders of the Company on Wednesday, 8 June 2022 provided by China Clearing, the Company shall withhold and pay individual income tax in accordance with the requirements mentioned above on behalf of the investors.

Pursuant to the Notice on Matters concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發 [1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the State Administration of Taxation and the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by the Stock Exchange, the overseas resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties between the countries where they reside and China and the tax arrangements between China mainland and Hong Kong (Macau). The Company will identify the country of domicile of Individual H Shareholders according to their registered address on the H Share register of members of the Company on Wednesday, 8 June 2022 (the "**Registered Address**"). The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the Individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Individual H Shareholders or any disputes over the withholding mechanism or arrangements. Details of arrangements are as follows:

- for Individual H Shareholders who are Hong Kong or Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders.

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the relevant shareholder shall proactively submit to the Company the information required under the "Administrative Measures on Preferential Treatment Entitled by Non-resident Taxpayers under Treaties" (Circular of State Taxation Administration No. 35 of 2019) (《非居民納稅人享受協定待遇管理辦法》國家稅務總局公告 2019 年第 35 號) (the "**Measures on Tax Treaties**") on or before Thursday, 9 June 2022, requesting for enjoying the preferential treatment under the treaties and keeping the relevant information for record and further review. If the information submitted is complete, the Company will withhold and pay individual income tax pursuant to the relevant provisions in tax laws of the PRC and the tax treaties. If the relevant Individual H Shareholder does not provide the information or the information submitted is incomplete, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders.

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will finally withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty.

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will finally withhold and pay individual income tax at the rate of 20% on behalf of the Individual H Shareholders.

If the domicile of an Individual H Shareholder is not the same as the registered address or if the Individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the Individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before Thursday, 9 June 2022. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and paying provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Measures on Tax Treaties if they do not provide the relevant supporting documents to the Company within the time period stated above.

Shareholders are recommended to consult their tax advisers regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the Shareholders who are eligible to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 25 May 2022 to Monday, 30 May 2022 (both days inclusive), during such period no transfer of shares in the Company will be registered. To be eligible to attend and vote at the forthcoming Annual General Meeting, holders of H Shares whose transfers have not been registered shall lodge all the share transfer documents and relevant share certificates with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 24 May 2022 for share registration.

Shareholders whose names appear on the register of members on Wednesday, 8 June 2022 will be eligible for the final dividend. The register of members of the Company will be closed from Friday, 3 June 2022 to Wednesday, 8 June 2022 (both days inclusive), during such period no share transfer will be registered. In order to qualify for the final dividend mentioned above, holders of H Shares whose transfers have not been registered shall deposit the instrument(s) of transfer and the relevant share certificate(s) at the Company's H Share Registrar in Hong Kong, Tricor Investor

Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 2 June 2022 to facilitate the share transfer registration. The final dividend is expected to be paid on or before Thursday, 30 June 2022 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 8 June 2022.

MATERIAL TRANSACTIONS

Restructuring of Cement Assets

According to the indicative agreements entered into on 7 August 2020, (i) the Company sold its equity interests in China United Cement, South Cement, Southwest Cement and Sinoma Cement ("**Target Companies**"), all of which are subsidiaries of the Company, to Tianshan Cement (a subsidiary of the Company and whose A-shares are listed and traded on the Shenzhen Stock Exchange (stock code: 000877)); and (ii) Tianshan Cement acquired equity interests in South Cement or Southwest Cement (as the case may be) from certain minority shareholders ("**Restructuring of Cement Assets**").

On 2 March 2021, the Company entered into a supplemental agreement with Tianshan Cement to agree on the consideration of the relevant transactions under the Restructuring of Cement Assets. The consideration shall be paid in the form of consideration shares issued by Tianshan Cement. On the same date, Tianshan Cement entered into a supplemental agreement with each of the 25 minority shareholders of South Cement or Southwest Cement (as the case may be) to agree on the consideration of the relevant transactions under the Restructuring of Cement Assets. The consideration shall be paid in the form of consideration shares issued by Tianshan Cement and/or in cash.

The Restructuring of Cement Assets was in substance a group reorganisation which would result in a net disposal of approximately 7.43% interest, and a maximum net disposal (taking into account the compensation arrangements) of approximately 54.13% interest, in the Target Companies by the Company to the minority shareholders of Tianshan Cement. Upon completion of the Restructuring of Cement Assets, the Target Companies and Tianshan Cement would remain as subsidiaries of the Company, and the Company's equity interests in the Target Companies would be held indirectly through Tianshan Cement.

The Restructuring of Cement Assets (after taking into account the extreme case of the compensation arrangements) constituted a major transaction of the Company under Chapter 14 of the Listing Rules and was approved by Shareholders in an extraordinary general meeting of the Company held on 23 March 2021.

On 10 August 2021, the Company entered into a profit guarantee agreement with Tianshan Cement in connection with the Company's provision of a profit guarantee to Tianshan Cement with respect to the Target Companies, in order to facilitate the smooth progression of the Restructuring of Cement Assets.

The abovementioned indicative agreements and supplemental agreements would not take effect until the fulfillment of the relevant conditions to effectiveness. As of the date of this announcement, the Restructuring of Cement Assets has been completed.

For details of the transactions contemplated under the Restructuring of Cement Assets, please refer to the Company's announcements dated 24 July 2020, 7 August 2020, 2 March 2021, 23 March 2021, 10 August 2021, 10 September 2021 and 28 October 2021 and the circular dated 4 March 2021.

Establishment of a Joint Venture – Variation to the Terms of the Shareholders Agreement and its Supplementary Agreement

Reference is made to the announcements of the Company dated 27 September 2019 and 27 December 2019 in relation to the entering of a shareholders' agreement between China United Cement (a wholly-owned subsidiary of the Company) and Henan Investment Group Co., Ltd. ("**Henan Investment Group**") for the establishment of the joint venture, Henan China United Tongli material Co., Ltd. ("**Henan China United**").

On 24 May 2021, China United Cement and Henan Investment Group entered into the Amended and Restated Cooperation Agreement afresh, whereby China United Cement will, by injecting its equity interests in some of its subsidiaries, contribute RMB6,000 million (representing 60% of the registered capital of Henan China United) to the registered capital of Henan China United; Henan Investment Group will, by injecting the re-valuated injected assets, contribute RMB4,000 million (representing 40% of the registered capital of Henan China United) to the registered capital of Henan China United. The proportion of the value of those assets to be injected to the registered capital by the parties, which exceeds the respective registered capital contribution subscribed by each party, will be recognized as Henan China United's capital reserve. In order to make the parties' contribution to Henan China United's capital reserve in proportionate to the parties' contribution to Henan China United's registered capital, China United Cement will pay a corresponding amount in cash to make up its contribution to Henan China United's capital reserve.

As the other shareholder of Xinan China United Wanji Cement Co., Ltd. ("**Xin'an China United**") did not give up the right of first refusal, the equity interests of Xin'an China United that China United Cement planned to invest in the joint venture could not be transferred to the joint venture. After negotiation and agreement between the two parties, China United Cement will make up to the joint venture an appraised value of RMB350 million of the 51% equity interests in Xin'an China United in cash.

For details of establishment of joint venture and variation to the terms of the shareholders agreement and its supplemental agreement, please refer to the Company's announcement dated 24 May 2021. As of the date of this announcement, the transaction has been completed.

Subscription for Equity Interest of Bengbu Institute by the Company with its Equity Interest in China Triumph

On 8 December 2021, the Company entered into the Subscription Agreement with (CNBM) Bengbu Design & Research Institute for Glass Industry Co , Ltd * ("Bengbu Institute", a wholly-owned subsidiary of the Parent), Bengbu Huajin technology Development Co , Ltd * ("Bengbu Huajin", an independent third party) and Triumph Science & Technology Group Company* ("Triumph Group", a wholly-owned subsidiary of the Parent) in connection with the proposed subscription of equity interests in Bengbu Institute by the Company and Bengbu Huajin, such subscription to be settled by way of transfer from the Company and Bengbu Huajin of their respective equity interests in China Triumph (a non-wholly-owned subsidiary of the Company immediately before the completion of the transaction) to Bengbu Institute The Company and Bengbu Huajin will respectively subscribe to 45 08% and 4 45% of the registered capital in Bengbu Institute, in exchange for the transfer by the Company and Bengbu Huajin of their respective 91% and 9% equity interests in China Triumph to Bengbu Institute.

The relevant appraised value of each of the entire equity interest of Bengbu Institute and China Triumph was RMB3,395,399,559 44 and RMB5,393,718,067 25, respectively The agreed value of the equity interests of China Triumph being transferred by the Company to Bengbu Institute as consideration (being the 91% equity interests in China Triumph) for the subscription of registered capital of Bengbu Institute, was RMB3,033,410,441 20.

After completion of the transaction, Bengbu Institute would hold 100% equity interests in China Triumph, whereas China Triumph would cease to be a subsidiary of the Company, and the Company's equity interests in China Triumph would be held indirectly through its shareholding in Bengbu Institute.

China Triumph is the only entity within the Group that operates the Glass Engineering Business, and is not a principal business of the Group Bengbu Institute is a leader and the source of certain technologies in the new glass materials industry in the PRC with strong research and development capabilities It engages in technology research and development, technical services and production and sales of products in the field of new glass materials Upon Completion, China Triumph will cease to be a subsidiary of the Company and will become a wholly-owned-subsidiary of Bengbu Institute The Company will become the second largest shareholder of Bengbu Institute with 45 08% shareholding and will share in the profits of Bengbu Institute's new glass materials business as enhanced by the synergy arising from the technological innovation that Bengbu Institute may bring to the business of China Triumph and its increased capacity as a result of the Transaction The transaction will also enable the Company to focus on its cement production line business under its engineering services segment.

In this transaction, the Company transferred the equity interests in China Triumph to Bengbu Institute, which constituted a disposal; the subscription of the registered capital of Bengbu Institute constituted an acquisition. The two percentage ratios applicable to the disposal exceed 5%, so the connected transaction also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

For the details regarding the subscription for equity interest of Bengbu Institute by the Company with its equity interest in China Triumph, please refer to the Company's announcement dated 8 December 2021, the circulars dated 9 December 2021 and the announcement dated 30 December 2021. As of the date of this announcement, the subscription for equity interest of Bengbu Institute by the Company with its equity interest in China Triumph has been completed.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2021, the Group had approximately 153,109 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 themselves.

PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

In accordance with the requirements under the Listing Rules which are applicable to the Reporting Period, the 2021 Annual Report containing all information about the Company set out in this preliminary announcement of results for the year ended 31 December 2021 will be posted on the website of the Stock Exchange (website: http://www.hkex.com.hk) on or before 30 April 2022. This information will also be published on the website of the Company (website: http://cnbm.wsfg.hk).

DEFINITIONS

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

"Baker Tilly HK"	天職香港會計師事務所有限公司 (Baker Tilly Hong Kong Limited)
"BNBM"	北新集團建材股份有限公司 (Beijing New Building Material Public Limited Company)
"Board"	the board of directors of the Company
"Carbon Neutrality"	the offset of carbon dioxide emissions through afforestation, energy conservation and other channels in order to achieve "zero emissions" of carbon dioxide
"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
"China Clearing"	China Securities Depository and Clearing Corporation Limited
"China Composites"	中國複合材料集團有限公司 (China Composites Group Corporation Limited)

"China Jushi"	中國巨石股份有限公司 (China Jushi Co., Ltd.) (previously known as 中國玻纖股份有限公司 China Fiberglass Company Limited)
"China Triumph"	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
"China United Cement"	中國聯合水泥集團有限公司 (China United Cement Corporation)
"CO2 Emission Peak"	carbon dioxide emissions no longer increase and have reached the peak, then gradually fall back
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"Director(s)"	the director(s) of the Company
"Domestic Shares"	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"EPC"	turn- key project services that include design, procurement and construction
"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
"Hong Kong Companies Ordinance"	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
"IAS"	International Accounting Standards
"IASB"	International Accounting Standards Board
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	person(s) or company(ies) which is (are) independent from the Company or its connected persons (as defined in the Listing Rules)

"Individual H Shareholders"	Shareholders whose names appear on the register of members of H Shares of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"management of three delicacies"	improve operating efficiency, enhance refined management and streamline the organizational structure
"MIIT"	中華人民共和國工業和信息化部 (Ministry of Industry and Information Technology of the People's Republic of China)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Ningxia Building Materials"	寧夏建材集團股份有限公司 (Ningxia Building Materials Group Co., Limited)
"North Cement"	北方水泥有限公司 (North Cement Company Limited)
"Parent"	中國建材集團有限公司 (China National Building Material Group Co., Ltd.*) (previously known as 中國建築材料集團有限公司 China National Building Materials Group Corporation)
"PCP"	Price – Cost – Profit
"PRC"	the People's Republic of China
"Qilianshan"	甘肅祁連山水泥集團股份有限公司 (Gansu Qilianshan Cement Group Company Limited)
"Reporting Period"	the period from 1 January 2021 to 31 December 2021
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Shanshui Cement"	中國山水水泥集團有限公司 (China Shanshui Cement Group Limited)
"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 Advanced"	中材高新材料股份有限公司 (Sinoma Advanced Materials Co., Ltd.)
"Sinoma Cement"	中材水泥有限責任公司 (Sinoma Cement Co., Ltd.)
"Sinoma International"	中國中材國際工程股份有限公司 (Sinoma International Engineering Co., Ltd.)
"Sinoma Science & Technology"	中材科技股份有限公司 (Sinoma Science & Technology Co., Ltd.)
"South Cement"	南方水泥有限公司 (South Cement Company Limited)
"Southwest Cement"	西南水泥有限公司 (Southwest Cement Company Limited)
"State" or "PRC Government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianshan Cement" or "New Tianshan Cement"	新疆天山水泥股份有限公司 (Xinjiang Tianshan Cement Co., Ltd.*)

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

Beijing, the PRC
25 March 2022

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

* *For identification purposes only*