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CNBM

China National Building Material Company Limited *

中 國 建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Group's unaudited revenue amounted to RMB102,374 million for the six months ended 30 June 2023, representing a decrease of 8.5% as compared to the same period of 2022.

The unaudited profit attributable to owners of the Group was RMB1,404 million, representing a decrease of 74.9% as compared to the same period of 2022.

Basic earnings per share was RMB0.166, representing a decrease of 74.9% as compared to the same period of 2022. The Board does not recommend the payment of an interim dividend.

The Board announces the unaudited consolidated results of the Group for the six months ended 30 June 2023 and the Group's consolidated financial position as at 30 June 2023, together with its consolidated results for the six months ended 30 June 2022 and consolidated financial position as at 31 December 2022 for comparison.

The unaudited consolidated financial information of the Group for the six months ended 30 June 2023 has been reviewed by the independent auditor, the Board and the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

(Expressed in Renminbi)

		Six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
			(restated)
		(unaudited)	(unaudited)
Revenue	*3*	**102,373,896**	111,883,503
Cost of sales		**(84,768,668)**	(90,234,656)
Gross profit		**17,605,228**	21,648,847
Investment and other income, net	*4*	**1,156,434**	2,161,941
Selling and distribution costs		**(1,813,274)**	(1,742,730)
Administrative expenses		**(9,478,595)**	(9,137,386)
Finance costs, net	*5*	**(2,659,592)**	(2,987,748)
Share of results of associates		**999,319**	1,909,711
Share of results of joint ventures		**(3,991)**	(1,685)
(Impairment loss)/reversal of impairment loss under expected credit loss model, net		**(260,788)**	115,571
Profit before tax	*6*	**5,544,741**	11,966,521
Income tax expense	*7*	**(1,130,777)**	(2,013,288)
Profit for the period		**4,413,964**	9,953,233
Profit for the period attributable to:			
Owners of the Company		**1,404,107**	5,593,583
Holders of perpetual capital instruments		**264,368**	345,429
Non-controlling interests		**2,745,489**	4,014,221
Profit for the period		**4,413,964**	9,953,233
Earnings per share – basic and diluted (RMB)	*9*	**0.166**	0.663

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

(Expressed in Renminbi)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Profit for the period	**4,413,964**	9,953,233
Other comprehensive income/(expense), net of tax:		
Item that will not be reclassified to profit or loss:		
Actuarial gain on defined benefit obligations	**11,916**	3,382
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**77,272**	2,377
Share of associates' other comprehensive income/(expense)	**150,749**	(12,671)
Changes in fair value on hedging instruments designated as cash flow hedges	**(57,039)**	6,862
Other comprehensive income/(expense) for the period, net of tax	**182,898**	(50)
Total comprehensive income for the period	**4,596,862**	9,953,183
Total comprehensive income attributable to:		
Owners of the Company	**1,586,418**	5,587,831
Holders of perpetual capital instruments	**264,368**	345,429
Non-controlling interests	**2,746,076**	4,019,923
Total comprehensive income for the period	**4,596,862**	9,953,183

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023
(Expressed in Renminbi)

	Notes	**30 June 2023** *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (restated) (unaudited)
Non-current assets			
Property, plant and equipment		**197,800,735**	194,821,231
Right-of-use assets		**28,551,649**	29,142,688
Investment properties		**1,466,701**	1,484,167
Goodwill		**32,687,901**	32,634,463
Intangible assets		**30,477,830**	28,939,913
Interests in associates		**30,157,102**	29,927,735
Interests in joint ventures		**222,511**	126,502
Financial assets at fair value through profit or loss		**3,576,808**	3,877,229
Deposits		**2,233,698**	2,559,687
Trade and other receivables	*10*	**5,036,441**	4,100,405
Deferred income tax assets		**7,778,284**	7,612,135
Derivative financial instruments		**1,955**	3,482
		339,991,615	335,229,637
Current assets			
Inventories		**24,492,319**	24,555,479
Trade and other receivables	*10*	**92,378,885**	87,440,608
Financial assets at fair value through profit or loss		**7,022,442**	8,067,573
Derivative financial instruments		**13,523**	28,069
Amounts due from related parties		**3,350,958**	2,754,518
Pledged bank deposits		**3,840,106**	4,277,167
Cash and cash equivalents		**32,524,847**	26,990,449
		163,623,080	154,113,863

	Notes	**30 June 2023** *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (restated) (unaudited)
Current liabilities			
Trade and other payables	*11*	**100,071,157**	101,721,660
Amounts due to related parties		**6,003,135**	6,048,514
Borrowings – amount due within one year		**77,684,278**	77,688,461
Lease liabilities		**267,140**	381,999
Derivative financial instruments		**104,278**	21,822
Employee benefits payable		**28,010**	67,108
Current income tax liabilities		**1,607,647**	2,212,838
Dividends payable to non-controlling interests		**777,167**	1,015,714
		186,542,812	189,158,116
Net current liabilities		**(22,919,732)**	(35,044,253)
Total assets less current liabilities		**317,071,883**	300,185,384
Non-current liabilities			
Borrowings – amount due after one year		**115,775,966**	96,547,625
Deferred income		**2,326,262**	2,398,300
Lease liabilities		**1,750,872**	1,832,376
Employee benefits payable		**441,465**	426,769
Deferred income tax liabilities		**2,736,009**	2,990,457
Derivative financial instruments		**–**	1,935
		123,030,574	104,197,462
Net assets		**194,041,309**	195,987,922

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Capital and reserves		
Share capital	**8,434,771**	8,434,771
Reserves	**96,705,325**	98,893,896
Equity attributable to:		
Owners of the Company	**105,140,096**	107,328,667
Holders of perpetual capital instruments	**15,508,522**	15,820,411
Non-controlling interests	**73,392,691**	72,838,844
Total equity	**194,041,309**	195,987,922

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023
(Expressed in Renminbi)

1. GENERAL INFORMATION

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

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

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

The Company is an investment holding company. Its subsidiaries are mainly engaged in basic building materials, new materials and engineering technical services businesses. Hereinafter, the Company and its subsidiaries are collectively referred to as the "Group".

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

The condensed consolidated financial statements have not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and in compliance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting". These condensed consolidated financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**").

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in Group's annual financial statements for the year ended 31 December 2022.

(a) Business combination under common control

On 21 November 2022, CNBM Investment (a subsidiary of the Company) entered into two individual equity transfer agreements with CNBM Trading (a wholly-owned subsidiary of the Parent) to acquire 100% equity interests of China National Building Material International New Zealand Co., Ltd. ("**CNBM New Zealand**") and 100% equity interests of China National Building Material International Singapore Company ("**CNBM Singapore**") at a consideration of RMB36,642,000 ("**CNBM New Zealand Acquisition**") and RMB36,908,000 ("**CNBM Singapore Acquisition**"), respectively. The CNBM New Zealand Acquisition and CNBM Singapore Acquisition were completed on 30 November 2022 and since then CNBM New Zealand and CNBM Singapore have become subsidiaries of the Group.

As CNBM New Zealand, CNBM Singapore and the Company are controlled by the Parent, the CNBM New Zealand Acquisition and CNBM Singapore Acquisition have been accounted for based on the principles of merger accounting.

On 21 November 2022, CNBM Investment entered into an equity transfer agreement with CNBM Elink Co., Ltd. ("**CNBM Elink**") (a wholly-owned subsidiary of CNBM Trading) to acquire 100% equity interests of CNBM Overseas Economic Cooperation Co., Ltd. ("**CNBM Oversea**") at a consideration of RMB309,348,000 ("**CNBM Oversea Acquisition**"). The CNBM Oversea Acquisition was completed on 30 November 2022 and since then China Oversea has become a subsidiary of the Group.

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

On 21 November 2022, CNBM Investment entered into an equity transfer agreement with BNBMG (a wholly-owned subsidiary of the Parent) to acquire 73.79% equity interests of Beijing New Building Materials Tanzania Company Limited ("**BNBM Tanzania**") at a consideration of RMB79,288,000 ("**BNBM Tanzania Acquisition**"). The BNBM Tanzania Acquisition was completed on 30 November 2022 and since then BNBM Tanzania has become a subsidiary of the Group.

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

On 25 November 2022, Sinoma International (a subsidiary of the Company) entered into an equity transfer agreement with CNBM Elink to acquire 100% equity interests of CNBM Smart Industry Technology Co., Ltd. ("**CNBM Smart**") at a consideration of RMB377,000,000 ("**CNBM Smart Acquisition**"). The CNBM Smart Acquisition was completed on 31 December 2022 and since then CNBM Smart has become a subsidiary of the Group.

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

On 26 August 2022, Sinoma International entered into an equity transfer agreement with Building Materials Academy (a wholly-owned subsidiary of the Parent) to acquire 100% equity interests of Hefei Institute at a consideration of RMB3,647,200,000 ("**Hefei Institute Acquisition**"). The Hefei Institute Acquisition was completed on 31 January 2023 and since then Hefei Institute has become a subsidiary of the Group.

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

On 14 February 2023, CNBM Investment entered into an equity transfer agreement with China Jushi (a subsidiary of the Parent) to acquire 100% equity interests of BNS Company Limited ("**BNS**") at a consideration of RMB90,402,700 ("**BNS Acquisition**"). The BNS Acquisition was completed on 28 February 2023 and since then BNS has become a subsidiary of the Group.

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

On 28 April 2023, BNBM Coating (a subsidiary of the Company) entered into an equity transfer agreement with the Parent to acquire 51% equity interests of Tianjin Beacon Paint & Coatings Co., Ltd. ("**Beacon Coatings**") at a consideration of RMB129,993,000 ("**Beacon Coatings Acquisition**"). The Beacon Coatings Acquisition was completed on 30 April 2023 and since then Beacon Coatings has become a subsidiary of the Group.

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

The condensed 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 condensed consolidated financial statements as at 31 December 2022 and for the six months ended 30 June 2022 has been restated as a result of adoption of merger accounting for the above business combinations under common control.

(b) ***Application of amendments to IFRSs***

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

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

3 SEGMENT INFORMATION

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

Principal activities are as follows:

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

More than 90% of the Group's operations and assets are located in the PRC for the six months ended 30 June 2023 and year ended 31 December 2022.

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

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

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

	Cement	Concrete	New materials	Engineering technology services	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue							
External sales							
On a point of time basis	**44,727,194**	**13,734,114**	**23,307,691**	**34,759**	**4,751,316**	**–**	**86,555,074**
On over time basis	**–**	**–**	**–**	**15,818,822**	**–**	**–**	**15,818,822**
	44,727,194	**13,734,114**	**23,307,691**	**15,853,581**	**4,751,316**	**–**	**102,373,896**
Inter-segment sales *(Note)*	**4,345,452**	**14,245**	**108,380**	**4,382,192**	**6,706,934**	**(15,557,203)**	**–**
	49,072,646	**13,748,359**	**23,416,071**	**20,235,773**	**11,458,250**	**(15,557,203)**	**102,373,896**
Adjusted EBITDA (unaudited)	**7,217,250**	**916,561**	**5,137,753**	**1,811,530**	**(302,520)**	**–**	**14,780,574**
Depreciation and amortisation	**(5,623,494)**	**(390,394)**	**(1,340,914)**	**(219,156)**	**(127,371)**	**–**	**(7,701,329)**
Share of results of associates	**201,204**	**2,635**	**11,665**	**6,794**	**777,021**	**–**	**999,319**
Share of results of joint ventures	**–**	**–**	**(3,486)**	**–**	**(505)**	**–**	**(3,991)**
Finance costs, net	**(1,959,809)**	**(293,097)**	**(216,494)**	**14,012**	**(233,454)**	**–**	**(2,688,842)**
Unallocated other income, net							**153,242**
Unallocated administrative expenses							**(23,482)**
Unallocated finance cost, net							**29,250**
Profit before tax							**5,544,741**
Income tax expense							**(1,130,777)**
Profit for the period (unaudited)							**4,413,964**

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

(b) As at 30 June 2023:

The segment assets and liabilities as at 30 June 2023 are as follows:

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering technology services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Assets							
Segment assets	**246,013,896**	**49,716,036**	**75,828,252**	**34,845,489**	**10,057,783**	**–**	**416,461,456**
Interests in associates	**7,093,440**	**118,773**	**2,792,426**	**692,243**	**19,460,218**	**–**	**30,157,100**
Interests in joint ventures	**130,090**	**–**	**92,421**	**–**	**–**	**–**	**222,511**
Unallocated assets							**56,773,628**
Total consolidated assets (unaudited)							**503,614,695**
Liabilities							
Segment liabilities	**152,590,436**	**17,078,221**	**34,380,799**	**29,752,749**	**10,742,972**	**–**	**244,545,177**
Unallocated liabilities							**65,028,209**
Total consolidated liabilities (unaudited)							**309,573,386**

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

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

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

	Cement *RMB'000* (restated)	Concrete *RMB'000* (restated)	New materials *RMB'000* (restated)	Engineering technology services *RMB'000* (restated)	Others *RMB'000* (restated)	Eliminations *RMB'000* (restated)	Total *RMB'000* (restated)
Revenue							
External sales							
On a point of time basis	53,413,428	17,658,852	21,991,100	35,134	3,027,040	–	96,125,554
On over time basis	–	–	–	15,757,949	–	–	15,757,949
	53,413,428	17,658,852	21,991,100	15,793,083	3,027,040	–	111,883,503
Inter-segment sales (Note)	485,941	19,448	101,413	4,698,062	7,369,518	(12,674,382)	–
	53,899,369	17,678,300	22,092,513	20,491,145	10,396,558	(12,674,382)	111,883,503
Adjusted EBITDA (unaudited)	11,882,944	1,886,077	5,702,575	1,110,394	(382,537)	–	20,199,453
Depreciation and amortisation	(5,252,248)	(515,048)	(1,261,675)	(103,818)	(115,824)	–	(7,248,613)
Share of results of associates	444,624	–	66,404	11,942	1,386,741	–	1,909,711
Share of results of joint ventures	267	–	(1,952)	–	–	–	(1,685)
Finance costs, net	(2,068,263)	(466,352)	(330,836)	12,278	(135,088)	–	(2,988,261)
Unallocated other income, net							110,657
Unallocated administrative expenses							(15,254)
Unallocated finance cost, net							513
Profit before tax							11,966,521
Income tax expense							(2,013,288)
Profit for the period (unaudited)							9,953,233

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

(d) As at 31 December 2022:

The segment assets and liabilities as at 31 December 2022 are as follows:

	Cement	Concrete	New materials	Engineering technology services	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)
Assets							
Segment assets	240,948,103	52,303,553	69,719,857	35,373,224	8,823,013	–	407,167,750
Interests in associates	10,251,788	–	1,273,763	534,171	17,868,013	–	29,927,735
Interests in joint ventures	30,595	–	95,907	–	–	–	126,502
Unallocated assets							52,121,513
Total consolidated assets (unaudited)							489,343,500
Liabilities							
Segment liabilities	138,075,023	18,617,683	32,278,227	27,363,767	8,852,985	–	225,187,685
Unallocated liabilities							68,167,893
Total consolidated liabilities (unaudited)							293,355,578

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Adjusted EBITDA for reportable segments	**15,083,094**	20,581,990
Adjusted EBITDA for other segments	**(302,518)**	(382,537)
Total segments profit	**14,780,576**	20,199,453
Depreciation of property, plant and equipment	**(5,563,802)**	(5,400,993)
Depreciation of right-of-use assets	**(1,138,387)**	(1,186,207)
Amortisation of intangible assets	**(999,140)**	(661,413)
Corporate items	**129,758**	95,403
Operating profit	**7,209,005**	13,046,243
Finance costs, net	**(2,659,592)**	(2,987,748)
Share of results of associates	**999,319**	1,909,711
Share of results of joint ventures	**(3,991)**	(1,685)
Profit before tax	**5,544,741**	11,966,521

4 INVESTMENT AND OTHER INCOME, NET

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Government subsidies:		
– VAT refunds *(Note (a))*	**422,463**	505,333
– Government grants *(Note (b))*	**559,037**	797,389
– Interest subsidy	**9,471**	–
Gain on disposal of subsidiaries, net	**399**	1,966
Gain on deemed disposal of subsidiaries	**–**	290,008
Gain on deemed disposal of associates	**–**	30,692
Gain on disposal of other investments	**25,987**	4,455
Decrease in fair value of financial assets at fair value through profit or loss, net	**(381,695)**	(1,001,352)
Increase/(decrease) in fair value of derivative financial instruments, net	**33,979**	(21,444)
Net rental income:		
– Investment properties	**57,280**	21,988
– Land and building	**74,724**	82,468
– Equipment	**9,489**	6,201
Gain on disposal of property, plant and equipment	**14,382**	659,091
Gain on disposal of intangible asset	**25,443**	201,011
Technical and other service income	**220,215**	294,942
Claims received	**37,511**	40,880
Waiver of payables	**81,309**	58,213
Others	**(33,560)**	190,100
	1,156,434	2,161,941

Notes:

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

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

5 FINANCE COSTS, NET

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Interest expenses on bank borrowings	**2,136,219**	2,118,066
Interest expenses on lease liabilities	**59,409**	66,765
Interest expenses on bonds and other borrowings	**1,026,806**	1,304,680
Less: interest capitalised to construction in progress	**(133,121)**	(74,086)
	3,089,313	3,415,425
Interest income:		
– interest on bank deposits	**(309,363)**	(394,191)
– interest on loan receivables	**(120,358)**	(33,486)
	(429,721)	(427,677)
Finance costs, net	**2,659,592**	2,987,748

6 PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Depreciation of:		
Property, plant and equipment	**5,563,802**	5,400,994
Investment properties	**23,482**	15,254
Right-of-use assets	**1,138,387**	1,186,207
	6,725,671	6,602,455
Amortisation of intangible assets	**999,140**	661,411
Total depreciation and amortisation	**7,724,811**	7,263,866
Impairment loss on property, plant and equipment	**–**	32,533
Cost of inventories recognised as expenses	**77,613,163**	89,493,310
Staff costs	**10,523,805**	10,366,384
Gain on disposal of property, plant and equipment and intangible assets, net	**(39,825)**	(860,101)
Write-down of inventories	**8,728**	9,386
Net foreign exchange losses/(gain)	**9,486**	(38,587)

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Current income tax	**1,423,368**	2,456,803
Deferred income tax	**(292,591)**	(443,515)
	1,130,777	2,013,288

PRC income tax is calculated at 25% (2022: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rate of 15% (2022: 15%) entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

Taxation on profits outside the PRC has been calculated on the estimated assessable profits for the six months ended 30 June 2023 and 2022 at the rates of taxation prevailing in the countries in which the Group operates.

8 DIVIDENDS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends	**3,188,343**	5,845,296

During the period, dividend of RMB0.378 per share amounting to approximately RMB3,188.34 million in aggregate (six months ended 30 June 2022: RMB0.693 per share amounting to approximately RMB5,845.30 million in aggregate) was announced as the final dividend for the immediate preceding financial year.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (Interim dividend for the six months ended 30 June 2022: RMBnil).

9 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Profit attributable to owners of the Company	**1,404,107**	5,593,583

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Weighted average number of ordinary shares in issue	**8,434,771**	8,434,771

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

10 TRADE AND OTHER RECEIVABLES

	30 June 2023 *RMB'000* (unaudited)	31 December 2022 *RMB'000* (restated) (unaudited)
Trade receivables, net of allowance for credit losses	**58,217,476**	53,246,824
Bills receivable	**11,453,895**	14,561,407
Contract assets	**5,137,859**	4,105,529
Other receivables, deposits and prepayments	**22,606,096**	19,627,253
	97,415,326	91,541,013
Analysed for reporting purposes:		
Non-current portion	**5,036,441**	4,100,405
Current portion	**92,378,885**	87,440,608
	97,415,326	91,541,013

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

	30 June 2023 *RMB'000* (unaudited)	31 December 2022 *RMB'000* (restated) (unaudited)
Within two months	**15,242,780**	13,577,997
More than two months but within one year	**25,549,572**	21,869,645
Between one and two years	**10,835,921**	11,844,615
Between two and three years	**4,156,319**	3,406,835
Over three years	**2,432,884**	2,547,732
	58,217,476	53,246,824

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

11 TRADE AND OTHER PAYABLES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (restated) (unaudited)
Within two months	**18,438,719**	21,151,992
More than two months but within one year	**24,306,559**	22,493,039
Between one and two years	**4,351,619**	3,093,672
Between two and three years	**1,014,545**	737,460
Over three years	**2,068,254**	2,105,741
Trade payables	**50,179,696**	49,581,904
Bills payable	**17,929,421**	17,451,185
Contract liabilities	**10,974,697**	10,519,709
Other payables	**20,987,343**	24,168,862
	100,071,157	101,721,660

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

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

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

12 EVENT AFTER THE REPORTING PERIOD

Merger by Absorption

According to the indicative merger agreement entered into on 28 April 2022, first supplemental agreement entered into on 28 December 2022 and second supplemental agreement entered into on 27 June 2023, Ningxia Building Materials (a subsidiary of the Company) will become the subsisting entity and will inherit and undertake all the assets, liabilities, business, contracts, licenses, personnel and all other rights and obligation of CNBM Technology Corporation Limited (a subsidiary of the Parent) and Ningxia Building Materials will issue its shares as consideration. The abovementioned indicative merger agreement and supplemental agreements will not take effect until the relevant effective conditions are fulfilled. As of the date of this announcement, the transactions have not yet been completed. Details of the transactions contemplated under the Merger by Absorption are set out in the Company's announcements dated 14 April 2022, 15 April 2022, 29 April 2022, 28 December 2022 and 27 June 2023.

BUSINESS REVIEW AND PROSPECTS

The major operating data of each segment of the Group for the six months ended 30 June 2023 and 30 June 2022 are set out below:

BASIC BUILDING MATERIALS SEGMENT

	For the six months ended 30 June		
	2023	2022	Growth rate
Sales volume – cement *(in thousand tonnes)*	**126,795**	127,965	-0.9%
Sales volume – clinker *(in thousand tonnes)*	**15,380**	18,034	-14.7%
Total sales volume of cement and clinker *(in thousand tonnes)*	**142,176**	145,998	-2.6%
Average selling price – cement *(RMB per tonne)*	**301.5**	355.2	-15.1%
Average selling price – clinker *(RMB per tonne)*	**268.0**	332.5	-19.4%
Average selling price of cement and clinker *(RMB per tonne)*	**297.9**	352.4	-15.5%
Sales volume – commercial concrete *(in thousand m^3)*	**35,647**	39,456	-9.7%
Average selling price – commercial concrete *(RMB per m^3)*	**384.3**	448.1	-14.2%
Sales volume – aggregate *(in thousand tonnes)*	**69,303**	58,083	19.3%
Average selling price – aggregate *(RMB per tonne)*	**38.9**	44.3	-12.2%

NEW MATERIALS SEGMENT

	For the six months ended 30 June		
	2023	2022	Growth rate
Gypsum board			
Sales volume *(in million m^2)*	**1,092.2**	1,091.7	0.0%
Average selling price *(RMB per m^2)*	**6.25**	6.30	-0.8%
Glass fiber yarn			
Sales volume *(in thousand tonnes)*	**1,683**	1,406	19.7%
Average selling price *(RMB per tonne)*	**4,963**	6,939	-28.5%
Wind power blade			
Sales volume *(MW)*	**9,596**	7,535	27.4%
Average selling price *(RMB per MW)*	**447,765**	484,863	-7.7%
Lithium battery separator			
Sales volume *(in million m^2)*	**707.6**	496.7	42.5%
Average selling price *(RMB per m^2)*	**1.42**	1.45	-2.0%
Waterproofing membrane			
Sales volume *(in million m^2)*	**82.8**	73.5	12.7%
Average selling price *(RMB per m^2)*	**15.59**	16.10	-3.2%
Carbon fiber			
Sales volume *(in thousand tonnes)*	**6.22**	3.89	59.9%
Average selling price *(RMB per tonne)*	**168,407**	220,027	-23.5%

ENGINEERING TECHNOLOGY SERVICE SEGMENT

	For the six months ended 30 June		
	2023	2022	Growth rate
Engineering service income *(RMB in millions)*	**20,235.8**	20,491.1	-1.2%

OVERVIEW OF THE FIRST HALF OF THE YEAR

DEVELOPMENT ENVIRONMENT

In the first half of 2023, the economy and society fully resumed normalised operation, and the effect of the policy of stabilising growth, employment, and commodity price gradually became visible, with the overall national economy rebounding and improving, and the high-quality development being solidly promoted, laying a sound foundation for the realisation of the goals of economic and social development throughout the year. In the first half of 2023, the GDP increased by 5.5% year on year, indicating the strong resilience of economic development, the investment in fixed assets continued to grow, with a year-on-year increase of 3.8%, infrastructure investment increased by 7.2% year on year, providing important support for demand, while real estate investment was still at the bottom of adjustment, decreased by 7.9% year on year.

With the acceleration of global green transformation, the Central Committee for Deepening Overall Reform passed the "Opinions on Promoting the Gradual Shift from Dual-control of Energy Consumption to Dual-control of Carbon Emission" to promote the gradual transition from dual-control of energy consumption to dual-control of carbon emission. The ecological civilisation of China has entered a crucial period in which carbon reduction has become the key strategic direction, bringing new development opportunities and challenges for the industry's transformation and upgrading.

OPERATION IN THE FIRST HALF OF 2023

The Group proactively responded to the complicated and severe situation on both domestic and international fronts, promoted high-quality development despite difficulties, demonstrated strong resilience by deploying production and operation, deepening reforms, Party building, among other tasks and achieved new progress and new results in accelerating the construction of a modernised industrial system, implementing the new development concept, and servicing the construction of a new pattern of development.

Basic building materials segment

Basic building materials presented "weakening demand, high-inventory and low-price level, and declining profits" characteristics of the operation. In the first half of 2023, the national cement output was 953 million tons. The industry proactively increases the efforts of supply-side structural reform, however, the contradiction of overcapacity is still severe. Although the price of coal continues to decline, and the cost pressure has been alleviated, it is unable to offset the decline in cement prices, as a result, profitability has been suppressed, with total industry-wide profit of RMB16.5 billion, representing a year-on-year decrease of 60%.

In the face of the severe situation, the Group adhered to the goal-oriented approach and forged ahead under pressure, while remaining stable and resilient. The Group continues to promote the construction of industry ecosystem, deepen the supply-side structural reform, and strengthen the accurate and rigid peak staggering. Also, the Group adhered to "Management of Three Delicacies", made every effort to reduce costs and enhance effectiveness, strengthened the refined management and control of costs and expenses, optimised the supply of raw coal, and increased the ratio of centralised coal procurement. Focusing on management innovation, a mechanism of mutual assistance and improvement was established among the regional companies of New Tianshan. Meanwhile, the construction of aggregate projects was steadily promoted, the optimisation of the layout of special cement was accelerated, and the refined management of commercial concrete mixing was developed and enhanced. Focusing on integration by specialisation, the Ningxia Building Materials Project and Qilianshan Project have achieved gradual progress.

New materials segment

Glass fiber

Glass fiber industry shows "strong expectations, weak reality" characteristics. Although the degree of prosperity of wind power and other applications areas has improved, the overall demand is still running weak. The momentum of supply shock is diminishing, and the cost pressure is alleviated by the impact of energy and other prices declining.

The Group actively responded to the market, strengthened differentiated marketing, proactively adjusted the structure, expanded the market, increased the proportion of sales of high value-added products, and achieved record high sales volume. Promoting project construction, the first production line of the intelligent manufacturing base of Jushi Jiujiang Company was successfully activated, creating the fastest and best record of ultra-large-sized glass fiber furnace production. Focusing on zero-carbon intelligent manufacturing, China Jushi built the world's first glass fiber zero-carbon intelligent manufacturing base, and the first phase of Huai'an Lianshui Base project was fully launched. To promote digital transformation, Taishan Fiber Glass plans to build the world's first glass fiber industry "Lighthouse Factory" in Taiyuan, realising highly efficient and green production process and informatisation and digitisation of the management process, and China Jushi "Future Factory" innovatively applies technologies such as big data, AI, etc. The Group strengthened its lean management and continued to promote the "improving efficiency, cutting expenditures and reducing costs" practice.

Gypsum board

The supply of gypsum board industry is stable, but affected by the weak operation of the real estate market, the demand is insufficient and the operation of the industry is under pressure.

BNBM externally built up the business philosophy of "PCP", stabilising the price and expanding the volume, orderly promoted four changes of "from office decoration to home decoration, from city to county, from baseboard to panel, and from products to services"; newly established Home Decoration Department, "Gypsum Board +" Customized Business Department and Powder & Mortar Department to expand and enrich new product categories and adjust and optimize the product structure, and accelerated the transformation of industrial products into consumer building materials manufacturing service providers to promote the dual-growth of revenue and profit in the integrated business; accelerated the progress of internationalization, achieving dual-growth of revenue and profit in BNBM Tanzania, with a trial production of 40 million square meters of production line in Uzbekistan, and a comprehensive commencement of the project in Thailand.

Wind power blade

Wind power was included in "the 14th Five-Year Plan for Modern Energy System". Wind power installation tender scale growth is noticeable, offshore wind power has embraced a new opportunity, high-power wind power machine and large blades have become a trend, bringing a new demand growth cycle of wind power blades. Influenced by the downward trend of tender price, the development cost driver of new products has become more prominent, and the existing products have been reducing cost and iterating.

The Group completed the integration of wind power blade business between Zhongfu Lianzhong and Sinoma Blade, creating a synergistic and efficient professional development platform and solidifying its leading position in the industry. The Group grasped strategic customers and increased the proportion of large-scale products, successfully completed the offshore lifting and installation of the world's longest 123-meter wind power blade, successfully connected the world's first 16 MW ultra-large-capacity offshore wind turbine to the grid, and the largest rotor sail successfully set sail, forming a new growth point in profitability. The Group promoted the construction of supply channels and cost reduction in procurement, resulting in a significant decrease in unit cost. Also, the Group accelerated the construction of the industrial layout, with Yiwu and Yulin bases having completed trial production, Yangjiang base in the process of commissioning, and the overseas project in Brazil progressing smoothly.

Lithium battery separator

Despite the slowdown in the growth rate of demand for lithium batteries due to changes in the international condition and price fluctuations in upstream of the industrial chain, the growth rate remains high under the driving force of the dual engines for energy storage new energy automobiles, and the competitive pattern of the three pillars of lithium battery separator industry has basically been stabilised.

Sinoma Lithium Membrane actively promoted strategic cooperation with major customers, adhered to the "3+3" customer strategy, actively strengthened the domestic market and opened up the international market, continuously improved the A-grade rate, closely followed the customer's production scheduling pace, and enhanced the ability to deliver flexibly. It continued to promote the research and development of key core technologies, by which successfully developed various new products, made significant progress in the domestic production of raw materials, and realised the domestic substitution of PVDF, the raw material for coating; promoted the rapid layout of production capacity, and made great efforts to accelerate the completion and operation of the 5 major billion square meter base projects under construction.

Carbon Fiber

The increment in the demand for carbon fiber remains a steady growth rate with a wide market space. And as China's carbon fiber technology level continues to improve, and production capacity continues to increase, domestic substitution rate continues to grow and market increment space are generated for leading enterprises.

The second phase of the Xining base of Zhongfu Shenying was put into full operation, and the construction of the Lianyungang Banqiao base has commenced, which further ensured the synergy of the industrial chain and the security of the supply chain; the product structure and marketing strategy were adjusted, and the sales policies such as product differentiation were formulated, so that the future incremental markets such as electronic 3C, bridges and automobiles were actively laid out based on the continuous growth of new energy; the breakthroughs in the T1100 products facilitated the domestic high-performance carbon fibers to compete with those of the world; and the world's first dry jet wet spinning large yarn bundle was launched to the market, which promoted the technological upgrading of the performance and the reduction of cost.

Waterproof System

Although the waterproof industry was affected by the weak demand in the real estate market, on 1 April 2023, the implementation of the new regulations of the industry has brought incremental demand opportunities, with the head enterprises being the first to benefit with the optimization and upgrading of the product structure. The market concentration rose gradually.

In respect of the waterproof system of BNBM, the competitiveness was enhanced by "innovation + marketing", and achieved a dual growth in income and net profit by prioritising the expansion of channels for high-quality customers and central state-owned enterprises and consolidating market advantages; the credit extension mechanism of "credit + billing period" was enhanced to promote the management and control of accounts receivable of "confirming rights + reconciliation", the mechanism of clearing and collecting was activated to strengthen the management of accounts receivable and enhance the prevention of risks; and jointly developed differentiated products with Suzhou Waterproof Institute, optimised the performance of existing products, and promoted the upgrading of the equipment of the entire base.

Graphite new materials

The traditional graphite industry is affected by the terminal destocking, the overall demand is weakening, and the price is declining, but the new energy industry is in the stage of growth and has a considerable space for development.

We strengthened management optimisation, actively sought development breakthroughs, and deepened the construction of graphite new material specialisation platform. We implemented "three-refined" management, fully utilised our resources and brand advantages, stabilised the price and expanded the volume in the market, and reduced the cost and increased the effectiveness in the production side. We continued to improve our research and development and innovation capabilities, collaborated and made a breakthrough on zero-discharge technology for purification of wastewater, and strongly promoted the technological reform of spherical production line shaping. We continuously promoted project construction, accelerated the integration of the deep-processing industrial chain, and orderly prepared for intelligent and green fine powder projects.

Hydrogen Energy Cylinders

Hydrogen energy is gradually becoming one of the important vehicles for global energy transformation and development, demonstrating a wide range of development prospects, which brings opportunities for the development of hydrogen energy cylinders.

Sinoma Suzhou Limited continued to optimise the scientific and technological innovation system, commit to research and development on key core technologies, passed the experiment to obtain 70MPa-IV hydrogen storage cylinders manufacturing license in one attempt, becoming the first company in China to master the technology in the product, with independent intellectual property rights and having automatic mass production capacity; accelerated the improvement of layout of the industry, with a 29% share of the market for hydrogen storage cylinders, the number of announcements of the automobile models accounted for 39%, achieving the "double first".

Coating

Weak demand in the real estate market has brought challenges to the coatings industry, but intensified competition in the market has led to the differentiation of enterprises, and the top enterprises are still profitable.

BNBM accelerated the promotion of its coatings business to expand architectural coatings and strengthen industrial coatings. Constructing differentiation with architectural coatings, it adjusted its product structure to focus on functional and high value-added products; it has completed the transfer of 51% of the equity interest in Lighthouse Coatings, solidified the dominant position of industrial coatings, and further focused on wind power blades, industrial anticorrosion, high-end equipment and machinery and other sub-segments of the market to expand the field of application; "BNBM Coating" made a new breakthrough in brand building and was shortlisted as China's Top 500 Most Valuable Brands for the first time.

Engineering Technical Services Segment

The markets in Africa, the Middle East, Southeast Asia and Europe remain active, and the increases in new construction mainly come from the demand for infrastructure in countries along the "Belt and Road"; the transformation and upgrading demand of the domestic cement industry in terms of green and low carbon, digital economy and intelligent manufacturing continues growing.

Sinoma International focused on the frontline and the market, signing new contracts of RMB40.6 billion, representing a year-on-year growth of 68%, of which overseas contracts increased significantly by 205%. It consolidated and enhanced its advantages in the engineering industry, fully leveraged Sinoma's brand value and customer loyalty, and signed new engineering service contracts of RMB29.6 billion, representing a year-on-year increase of 103%. It completed the acquisition of 100% equity interest in Hefei Institute and established China Building Materials Equipment Group, and signed new equipment manufacturing contracts amounting to RMB3.9 billion, representing a year-on-year growth of 19%. It also strongly developed the operation and maintenance services, signing new operation and maintenance service contracts amounting to RMB6.3 billion, representing a year-on-year growth of 10%. 48 cement operation and maintenance production lines were in operation, with an annual service capacity of 88.06 million tons.

We strongly promoted the localisation of human resources, with 1,849 long-term foreign employees outside of China. In order to fully promote green and low-carbon transformation, Sinoma International has officially commenced the construction of the 200,000 ton per year CO2 oxyfuel combustion enrichment and purification demonstration project of Qingzhou China United, which is under Sinoma International's general contract.

REFORM

The Group reinforced the achievements of the three-year action to deepen the reform and launched the construction of world-class enterprises in a comprehensive manner. The Group's parent company was selected by the State-owned Assets Supervision and Administration Commission in the creation of a world-class model enterprise; China Jushi and Zhongfu Shenying were selected by the State-owned Assets Supervision and Administration Commission in the creation of a world-class professionally leading model enterprise; and New Tianshan Cement, Ningxia Building Materials, BNBM, Sinoma Science & Technology, Sinoma International were selected by the Group's parent company in the creation of model grass-roots enterprises.

We further improved modern corporate governance featuring Chinese characteristics. We promoted the industrial platform to leverage the Board's right to manage the development strategy of the Company's main business and to make decisions on major business matters, and promoted the supervision of the board of directors of the grass-roots enterprises on the reduction of "2422" pressure and the prevention and control of business risks, so as to optimise the list of the three committees in a dynamic manner and apply it in a highly efficient manner.

The Group continued to deepen the reform of the market-oriented operation mechanism. The tenure system and contractual management of the management level have been implemented in a practical and detailed manner; as of the end of June 2023, the coverage rate of management personnel in respect of competition for posting, adjustment for bottom performers and withdrawal from incompetence reached 52.6%, with 202 persons withdrawn due to incompetence; the Group has promoted the enhancement of the quality and expansion of medium-term and long-term incentives, and has been actively promoting the acceleration of the implementation of the plan in the formulation of the plan, and the granting of Sinoma International reserved restricted shares has been completed. As of the date of this announcement, the Group's medium- and long-term incentives covered 101 companies and 2,461 individuals.

The Group continued to deepen the reform project, expanded and deepened the Technological Reform, Double Hundred enterprises, added China Standard Sand as a "Technological Reform Enterprise", and added Zhongfu Shenying and Sanshi Materials as "Double Hundred Enterprises". As of the date of this announcement, the Group has a total of 6 Double Hundred Enterprises and 5 Technology Reform Enterprises, and 4 of them, namely, Sinoma International, Hefei Institute, TCDRI and NRDI, have been awarded the title of "Benchmark" or "Outstanding" in the special assessment conducted by the State-owned Assets Supervision and Administration Commission.

SCIENCE AND TECHNOLOGY INNOVATION

The support for scientific and technological innovation has become more robust. We continued to improve the scientific and technological innovation system, explored the differentiated management of original technologies and industrialisation of innovative achievements, and made great efforts to promote the construction of 3 national-level innovation platforms. We accelerated the creation of a source of original technology, fully promoted the implementation of 13 projects of our parent company, and strived for the breakthrough of a batch of " bottleneck " technology in the direction of green low-carbon technology, high-performance fibers and composite materials, etc. We strengthened the in-depth integration of industry, academia and research, accelerated the transformation and application of a number of technological achievements, and promoted the in-depth integration of the industrial chain and innovation chain. In the first half of 2023, the Group formulated and revised 3 international standards and 13 national standards, and accumulated 218 high-tech enterprises with 14,000 effective patents, including 3,238 invention patents.

DIGITAL TRANSFORMATION

The digital transformation has opened up a new era. The digital governance system is in a rudimentary form, with the Company and its parent company setting up a digital management center, New Tianshan establishing a digital department, and Ningxia Building Materials integrating its digital business. The pace of digitalisation and intelligent upgrading was accelerated, with 8 new intelligent production lines constructed in the first half of 2023, and a cumulative total of 85 intelligent production lines completed, with BNBM launching a trial run of its online e-commerce center. Promoting the development of digitalisation of value, “I Find a Car”, the digital logistics platform, has achieved milestones in terms of increasing volume, mode, quality and service excellence. As of the end of June 2023, 100 enterprises have been certified as standardised enterprises for the integration of the two industries, and 29 projects/cases have been selected as pilot projects/cases of digital transformation by the Ministry of Industry and Information Technology.

GREEN DEVELOPMENT

The Group has realized green and low carbon at source through a green transformation of energy resources. In the first half of 2023, 10.07 million tons of alternative fuels were utilized, reducing carbon dioxide emissions by approximately 1.13 million tons; 2 “photovoltaic +” energy factories were expanded and 6 were added, with 23 factories built in total; 4 “nearly zero emission” gypsum board production lines were added in BNBM, with 54 production lines built in total.

Carbon reduction in the production process is achieved through the transformation of energy-saving and carbon-reducing technologies. In the first half of 2023, the proportion of cement clinker production capacity with Grade 1 energy efficiency increased by 10 percentage points from the beginning of the year to 16.2%; the Group proactively commenced the construction of green mines and ecological factories. As of the end of June 2023, the Group had 42 national-level green mines, 68 provincial-level green mines, 141 national-level green factories, and 69 provincial-level green factories.

The Group has achieved terminal carbon purification through green and low-carbon engineering. The construction of the largest cement oxyfuel conbustion carbon capture project in Qingzhou China United has commenced, achieving the application and market transformation of the carbon capture, usage and storage (CCUS) technology; and the construction of the world’s first zero-carbon glass fiber intelligent manufacturing base in Jushi Huai’an has started, leading the sustainable, healthy and green development of the glass fiber industry.

The Group leverages the leading role of the industry to achieve carbon management in the entire process. The Group took the lead in setting up a working group on dual-carbon policy research in the cement industry, launched the construction of a carbon emission management system, and made preparations for entering the carbon market for trading; it actively promoted the cooperation on forestry carbon sequestration, and the Parent Group purchased 10 million tons of carbon sequestration emission reduction from the China Forestry Group.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of 2023, China's economic development will face numerous challenges, but the development is resilient, with a great potential, the fundamentals of the long-term prospects remain unchanged, and the overall economic operation is rebounding and improving. As the government increases the intensity of macroeconomic policies and controls, the effects of the policies will continue to be visible, and the backlog of demand is expected to be gradually released, thereby promoting the economy to realise effective improvement in quality and reasonable growth in quantity.

The Group will adhere to the general principle of seeking progress while maintaining stability, firmly grasp the primary task of high-quality development, and focus on improving core competitiveness and enhancing core functions, with emphasis on the following aspects:

Firstly, the Group will reinforce strategic leadership and build a modernised industrial system. We will launch the interim assessment and adjustment of the "14th Five-Year Plan", strengthen the layout around major national strategies, the main battleground of the national economy, the forefront of global science and technology, and high growth areas, adhere to working at both ends of the basic building materials and strategic emerging industries, expand both domestic and international markets, and adhere to the development of digitalisation, intelligence, and green development.

Secondly, the Group will anchor in the operating index system of "One Increase, One Decrease and Four Enhancements" to emphasise value creation. We will grasp the balance of cash flow, price, sales volume, cost and "two financial indices", focus on efficiency and effectiveness, and enhance the quality of operation, profitability and core competitiveness.

Thirdly, the Group will optimise and upgrade comprehensively, and accelerate the transformation and upgrading of the industry. In the basic building materials segment, we will expand profitability through "Cement+", expand demand through internationalisation, and expand sustainable development through "Double Carbon"; in the strategic emerging industries, we will center on the State-owned Assets Supervision and Administration Commission's central enterprise industry rejuvenation action and future industry sailing action, focusing on 15 key industrial fields, so as to build a hierarchical strategy.

Fourthly, the Group will enhance the empowerment of reform, and collaborate to promote the deepening and realisation of the reform. We will implement a new series of actions to deepen and enhance the reform of state-owned enterprises, establish a working plan and ledger, further improve modern corporate governance featuring Chinese characteristics and deepen the reform of market-oriented operation mechanism; promote the improvement of the quality and expansion of medium- and long-term incentives, and extend the incentives for scientific research talents; continue to promote the specialised integration in a market-oriented manner, accelerate the second-stage integration of the basic building materials segment, promote the integration of the new materials segment, and deepen the integration of the wind power blades business, in order to further enhance the core competitiveness and market influence of products.

Fifthly, the Group will strengthen value management and enhance the ability to realise value. We will accelerate the construction of world-class enterprises, organise and carry out value creation actions for world-class enterprises at various levels and in various fields, focus on the main directions of strengthening capacity building, continue to carry out specialised actions to improve the quality of listed companies, continue to enhance ESG work, continue to perform well in the management of investor relations, establish a favorable narrative on the capital market, and insist on the balance between value creation and value realisation.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2023.

MATERIAL TRANSACTIONS

Qilianshan Assets Restructuring

On 11 May 2022, Qilianshan entered into an indicative agreement of assets restructuring (the "**Indicative Assets Restructuring Agreement**") with China Communications Construction Company Limited* (中國交通建設股份有限公司) ("**CCCC**") and China Urban-Rural Holding Group Co. Limited* (中國城鄉控股集團有限公司) ("**China Urban-Rural**"), in connection with Gansu Qilianshan Cement Group Company Limited's ("**Qilianshan Cement**") proposed acquisition of 100% equity interests in CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司), CCCC First Highway Consultants Co., Ltd.* (中交第一公路勘察設計研究院有限公司), CCCC Second Highway Consultants Co., Ltd.*(中交第二公路勘察設計研究院有限公司), Southwest Municipal Engineering Design and Research Institute of China* (中國市政工程西南設計研究總院有限公司), China Northeast Municipal Engineering Design & Research Institute Co., Ltd.* (中國市政工程東北設計研究總院有限公司) and CCCC Urban Energy Research and Design Institute Co., Ltd.* (中交城市能源研究設計院有限公司) (the "**Swapped-in Target Assets**") held by CCCC and China Urban-Rural, by swapping 100% equity interests in Qilianshan Cement (the "**Swapped-out Target Assets**") and by Qilianshan issuing shares (the "**Consideration Shares**") as consideration to acquire the part of Swapped-in Target Assets held by CCCC and China Urban-Rural with the deficiency amount between the value of the Swapped-out Target Assets and the value of the Swapped-in Target Assets (the "**Qilianshan Assets Restructuring**").

On 28 December 2022, Qilianshan entered into the supplemental assets restructuring agreement (the "**Supplemental Assets Restructuring Agreement**") with CCCC and China Urban-Rural, to agree on matters such as the consideration for the Qilianshan Assets Restructuring, and the performance commitment compensation agreement (the "**Qilianshan Performance Commitment Compensation Agreement**") whereby CCCC and China Urban-Rural agreed to give the performance compensation undertakings and impairment compensation undertakings in relation to the performance undertaking assets assessed or valued using the future income expectations method. On the same date, Tianshan Cement entered into the entrustment agreement (the "**Entrustment Agreement**") with CCCC, China Urban-Rural and Qilianshan Cement, in connection with the entrustment arrangements of Qilianshan Cement and the enterprises consolidated in its consolidated accounts to Tianshan Cement for operation and management by Tianshan Cement after CCCC and China Urban-Rural's acquisition of the Swapped-out Target Assets, and Qilianshan Cement will pay an entrustment fee as consideration.

On 28 February 2023, Qilianshan entered into a Second Supplemental Agreement for Assets Swap and Assets Purchase by Issuance of Shares with CCCC and China Urban-Rural, in relation to the amendments of the terms of the Qilianshan Assets Restructuring regarding the issue price of the Consideration Shares and the basis for price determination, the number of Consideration Shares to be issued, and the conditions to effectiveness to the Indicative Assets Restructuring Agreement and the Supplemental Assets Restructuring Agreement etc., in accordance with the revised "Administrative Measures for the Material Asset Reorganizations of Listed Companies" and other documents under the comprehensive registration system.

The Swapped-out Target Assets are 100% equity interests in Qilianshan Cement, a newly set-up subsidiary wholly-owned by Qilianshan and the consolidating entity holding Qilianshan's assets for its cement business assets. The transaction price is RMB10,430.4298 million. The Swapped-in Target Assets are 100% equity interests in 6 wholly owned subsidiaries of CCCC and China Urban-Rural. The consideration for the Swapped-in Target Assets as agreed by the parties under the Supplemental Assets Restructuring Agreement is RMB23,503.1329 million. As the difference in the amount of the consideration between the Swapped-in Target Assets and the Swapped-out Target Assets is RMB13,072.7031 million, Qilianshan agrees to issue the Consideration Shares to make up for the deficiency amount between the value of the Swapped-out Target Assets and the value of the Swapped-in Target Assets. The parties agree that the issue price for the Consideration Shares shall be RMB10.17 per share, and the total number of Consideration Shares to be issued shall be 1,285,418,199 shares (the final total number of Consideration Shares to be issued is the amount as approved by the Shanghai Stock Exchange and registration with the CSRC).

According to the Indicative Assets Restructuring Agreement and the Supplemental Assets Restructuring Agreement, the asset swap of the Swapped-out Target Assets held by Qilianshan for the proportion of the Swapped-in Target Assets that represents an equivalent value held by CCCC and China Urban-Rural (the "**Assets Swap**") constitutes a disposal of the Swapped-out Target Assets (the "**Disposal**"). At the same time, after the completion of the Qilianshan Assets Restructuring, Qilianshan will cease to be a subsidiary of the Company (regardless of whether the maximum compensation under the Performance Commitment Compensation Agreement will be implemented). The Company will hold indirect equity interests in the Swapped-in Target Assets through Qilianshan after the Assets Swap, constituting in substance an acquisition of 10.06% of the indirect equity interests in the Swapped-in Target Assets and a maximum of 26.73% of the indirect equity interests in the Swapped-in Target Assets (taking into account of the maximum compensation possibility under the Qilianshan Performance Commitment Compensation Agreement). As the highest of the applicable percentage ratios of the Disposal and the acquisition of the indirect equity interests in the Swapped-in Target Assets are more than 5% but less than 25%, the Qilianshan Assets Restructuring constitutes a disclosable transaction of the Company pursuant to the Listing Rules and the approval from the Stock Exchange for the Company's application pursuant to Rule 14.20 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the entrustment arrangements under the Entrustment Agreement provided by Tianshan Cement, a subsidiary of the Company, to Qilianshan Cement (which will become a subsidiary of CCCC after completion) and the entrustment fee received by Tianshan Cement under the Entrustment Agreement is less than 5%, it does not constitute a discloseable transaction and was announced on a voluntary basis.

The Qilianshan Assets Restructuring is to resolve the industry competition with respect to the cement business of the A-share listed companies held by the Company. Tianshan Cement will achieve management integration of Qilianshan's cement business by way of entrustment. After the Qilianshan Assets Restructuring, Qilianshan will no longer manage cement business, but will turn to focus on business of highway and municipal design, and the Company will be able to share the good performance of Qilianshan by holding its stakes.

For details of the Qilianshan restructuring transaction, please refer to the Company's announcements dated 25 April 2022, 11 May 2022, 28 December 2022, 30 December 2022, 28 February 2023 and the 2022 annual report. As of the date of this announcement, the Qilianshan Assets Restructuring has not been completed.

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

On 28 April 2022, Ningxia Building Materials entered into the indicative merger by absorption agreement (the "**Indicative Merger by Absorption Agreement**") with CNBM Technology Corporation Limited* (中建材信息技術股份有限公司) ("**CNBM Technology**") (an subsidiary of the Parent), in relation to a proposed merger by absorption by Ningxia Building Materials of CNBM Technology through share exchange with issuance of A-shares by Ningxia Building Materials to all the shareholders of CNBM Technology (the "**Merger by Absorption**"). On 28 December 2022, the parties entered into the first supplemental agreement to the Indicative Merger by Absorption Agreement (the "**First Supplemental Agreement**") in relation to the amendment to certain terms of the Merger by Absorption. On 27 June 2023, the parties entered into the second supplemental agreement to the Indicative Merger by Absorption Agreement. On 27 June 2023, Ningxia Building Materials entered into the profit forecast compensation agreement with CNBM Elink, CNBM Trading, CNBM United Investment, CNBM Investment and Beijing Zhongchengzhida Chuangye Investment Center (Limited Partnership)* (北京眾誠志達創業投資中心(有限合夥)) ("**Beijing Zhongchengzhida**"), in respect of the compensation for the shortfall between the realised net profit of CNBM Technology and the committed net profit after the completion of the Merger by Absorption.

The aggregate amount of consideration for the Merger by Absorption is RMB2,294.3080 million. It is to be satisfied by a total of 173,675,807 A-shares to be issued by Ningxia Building Materials at a price of RMB13.21 per share (the "**Ningxia Consideration Shares**") in exchange at the exchange ratio of 1:1.1628 (1 share of CNBM Technology in exchange for 1.1628 shares of Ningxia Building Materials) for shares in CNBM Technology held by all its shareholders. After the completion of the Merger by Absorption, Ningxia Building Materials will become the subsisting entity and will inherit and undertake all the assets, liabilities, business, contracts, licences, personnel and all other rights and obligations of CNBM Technology. The legal capacity of CNBM Technology will eventually be deregistered. In order to protect the interests of the shareholders of CNBM Technology, CNBM Technology and Ningxia Building Materials have agreed to grant a cash option (the "**Cash Option**") to all shareholders of CNBM Technology, other than CNBM Elink, CNBM Trading, CBMJI, CNBM Investment and Beijing Zhongchengzhida (the "**Eligible Shareholders for the Cash Option**"), who are entitled to request the Company and/or CBMJI, being the provider(s) of the Cash Option (the "**Cash Option Provider(s)**"), to acquire shares in CNBM Technology held by the Eligible Shareholders for the Cash Option for cash consideration. The Cash Option Provider(s) will negotiate and arrange the arrangements of providing the Cash Option, provided that CBMJI shall not by virtue of providing the Cash Option obtain control in Ningxia Building Materials or result in a change of the Company's status as the controlling shareholder of Ningxia Building Materials. In addition, in order to protect the interests of shareholders of Ningxia Building Materials, CNBM Technology and Ningxia Building Materials have agreed to grant a put option (the "**Put Option**") to all shareholders of Ningxia Building Materials other than the Company (the "**Eligible Shareholders for the Put Option**"), who are entitled to request the Company and/or CBMJI, being the provider(s) of the Put Option (the "**Put Option Provider(s)**"), to acquire shares in Ningxia Building Materials held by the Eligible Shareholders for the Put Option. The Put Option Provider(s) will negotiate and arrange the arrangements of providing the Put Option, provided that CBMJI shall not by virtue of providing the Put Option obtain control in Ningxia Building Materials or result in a change of the Company's status as the controlling shareholder of Ningxia Building Materials.

As the Parent has direct and indirect equity interests of approximately 45.0192% in aggregate in the Company, it is a substantial shareholder of the Company. CNBM Technology is a subsidiary of the Parent and thus constitutes a connected person of the Company. Accordingly, the Merger by Absorption of CNBM Technology by Ningxia Building Materials constitutes a connected transaction of the Company. As one or more applicable percentage ratios under Rule 14.07 of the Listing Rules for the Merger by Absorption are more than 5% but less than 25%, the Merger by Absorption constitutes (i) a discloseable transaction (both on a standalone basis and when aggregated with the grant of the Put Option as mentioned below as well as the net acquisition of Ningxia Saima (as defined below)) of the Company under Chapter 14A of the Listing Rules, which is subject to the announcement requirement, and (ii) a connected transaction under the Listing Rules, which is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the issuance of Ningxia Consideration Shares by Ningxia Building Materials to all the shareholders of CNBM Technology in the Merger by Absorption will result in a reduction of the Company's percentage of equity interests in Ningxia Building Materials, it therefore constitutes a deemed disposal (the "Deemed Disposal") pursuant to Rule 14.29 of the Listing Rules. Certain shareholders of CNBM Technology (including CNBM Elink, CNBM Trading and CNBM United Investment) are subsidiaries of the Parent and thus constitute connected persons of the Company. The issuance of Ningxia Consideration Shares by Ningxia Building Materials to such shareholders of CNBM Technology in the Merger by Absorption constitutes a connected transaction of the Company. As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Deemed Disposal where the Ningxia Consideration Shares are issued to the connected persons are more than 0.1% but less than 5%, the Deemed Disposal where the Ningxia Consideration Shares are issued to connected persons constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios for the Deemed Disposal where the Ningxia Consideration Shares are issued to all the shareholders of CNBM Technology (assuming that none of the shareholders of CNBM Technology exercises the Cash Option and the maximum number of shares in Ningxia Building Materials are to be issued as consideration) are more than 5% but less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, which is subject to the announcement requirement.

In the Merger by Absorption, as the Company's provision of the Put Option as a Put Option Provider to the Eligible Shareholders for the Put Option to acquire shares in Ningxia Building Materials held by the Eligible Shareholders for the Put Option will constitute a grant of option under Rule 14.73 of the Listing Rules, the grant of such option will be classified as if the option has been exercised according to Rule 14.74 of the Listing Rules. As one or more applicable percentage ratios for the grant of Put Option (assuming that all the Put Option has been exercised and the Company is the provider of all the Put Option) are more than 5% but less than 25% (both on a standalone basis and when aggregated with the Merger by Absorption as mentioned above as well as the net acquisition of Ningxia Saima (as defined below)), the grant of Put Option constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, which is subject to the announcement requirement, but is exempt from the circular and shareholders' approval requirements.

On 28 April 2022, Ningxia Building Materials entered into the Indicative Asset Restructuring Agreement with Tianshan Cement in connection with Tianshan Cement's proposed acquisition of the 51% equity interests in Ningxia Saima (subsequent to the completion of Ningxia Building Materials' transfer of its certain assets to Ningxia Saima) from Ningxia Building Materials, in consideration for Tianshan Cement's capital contribution to Ningxia Saima in form of cash (the "Cement Assets Restructuring"). On 27 June 2023, Ningxia Building Materials entered into the Supplemental Asset Restructuring Agreement with Tianshan Cement to agree on, among others, the consideration of the Cement Assets Restructuring. Given that both Ningxia Building Materials and Tianshan Cement are listed subsidiaries of the Company, the Cement Assets Restructuring is in substance a group reorganisation which would result in a net acquisition of approximately 11.70% interests (or a maximum percentage of approximately 35.95% after taking into account of the Put Option) in Ningxia Saima by the Company. As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Cement Assets Restructuring will be less than 5%, the Cement Assets Restructuring does not constitute a discloseable transaction of the Company under the Listing Rules.

The Merger by Absorption and the Cement Assets Restructuring are part of the Company's cement restructuring transactions. Tianshan Cement will resolve the industry competition with respect to the cement business. After the Merger by Absorption of CNBM Technology, Ningxia Building Materials will become the Company's digital service platform in the future, and will be able to fully utilise the advantages of CNBM Technology's digitalisation and smart logistics business platform, and promote the digitalisation of the industry by way of digital transformation, so as to advance both the real economy and the digital economy, and realise the premium-quality development of the Company. After the Cement Assets Restructuring, the integration of high-quality resources will strengthen the Company's leading position in the cement industry, and facilitate the resolution of industry competition among subsidiaries of the Company in the cement business sector, which serves to protect the interests of minority shareholders of the Company and fulfill the Parent and the Company's commitment to resolving the industry competition in the market.

For details of the Merger by Absorption and the Cement Assets Restructuring transaction, please refer to the Company's announcements dated 14 April 2022, 15 April 2022, 28 April 2022, 28 December 2022, 27 June 2023, 15 August 2023 and the circular dated 28 July 2023. As of the date of this announcement, the Merger by Absorption and the Cement Assets Restructuring transaction have not been completed.

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

During the six months ended 30 June 2023, the Company and its subsidiaries had no purchase, sale or redemption of listed securities ("securities", having the meanings ascribed by the Listing Rules) of the Company.

CORPORATE GOVERNANCE CODE

The Company complied with the code provisions set out in Part 2 of the CG Code during the six months from 1 January 2023 to 30 June 2023.

SPECIAL COMMITTEES UNDER THE BOARD

The Strategic Steering Committee

The Company has established a strategic steering committee which comprises four Directors, including two executive Directors, one non-executive Director and one independent non-executive Director. The strategic steering committee is responsible for studying and reviewing the Company's operation objectives and long-term development strategies, business and organisational development proposals, major investing and financing plans and other material matters that will affect the development of the Company; supervising and inspecting the implementation of the annual operation plan and investing plans under the authorisation of the Board; and making recommendations to the Board. During the Reporting Period, the strategic steering committee has reviewed the operation of the Company for the year of 2022, proposals relating to the working arrangement in 2023 and proposal on Company's investment plan for the year of 2023.

Nomination Committee

The Company has established a nomination committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the nomination committee are in compliance with the provisions of the CG Code. The nomination committee is responsible for, among other things, the annual review of the structure, size and composition of the Board (in terms of techniques, knowledge and experience) as directed by the board diversity policy, providing recommendations to the Board in respect of any adjustments to be made in accordance with the Company's strategies and examining the selection criteria and procedures for the appointment of Directors and senior management, and reviewing the qualifications and conditions of Directors and senior management. During the Reporting Period, the nomination committee has discussed and reviewed the structure, size and composition of the Board and the special committees, diversity of the Board as well as the independence of the independent non-executive Directors. Save for the above matters to be considered, the Nomination Committee also reviewed the resolution on the appointment of the Chief Compliance Officer.

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

Remuneration and Performance Appraisal Committee

The Company has established a remuneration and performance appraisal committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the remuneration and performance appraisal committee are in compliance with the provisions of the CG Code. The remuneration and performance appraisal committee is responsible for recommending the specific remuneration and reviewing the performance of the Directors and senior management, based on the remuneration and performance appraisal management policies and framework pertaining to Directors and senior management which have been formulated by the Board. During the Reporting Period, the remuneration and performance appraisal committee has reviewed the remuneration of the Company's management members for the year 2022, the proposal on the Company's total salary settlement for the year 2022 and the total salary budget for the year 2023.

Audit Committee

The Company has established an audit committee which comprises three Directors, including three independent non-executive Directors, one of whom possesses the appropriate professional qualification and accounting and related financial management experience. The terms of reference adopted by the audit committee are in compliance with the provisions of the CG Code. The principal duties of the audit committee include reviewing the Company's external auditors and their work, the Company's financial reporting procedures, internal control and risk management, and formulating and reviewing the corporate governance policy and its practice and disclosure. During the Reporting Period, the audit committee has listened to the audit department's report on the Company's 2022 audit and rectification of the audit office's financial revenue and expenditure, the report on the self-assessment of the quality of the Company's internal audit work, the report on the Company's internal audit work for the year 2022 and report on the internal audit work plan for the year 2023, the legal compliance department's report on the Company's compliance management report for the year 2022, the report of Company's major risk assessment report for the year 2023, the report of the Company's work report on the internal control system for the year 2022, the auditor's report on the audit work of the 2022 annual financial report and the management's report on the operation management and business development for the year 2022. During the Reporting Period, the audit committee has reviewed the appointment of auditors for the year 2023, the determination of the annual audit fee for the year 2022, and the 2023 interim report of the Company. Save for the above matters to be considered, the Audit Committee was also briefed by the Audit Department on the conclusion of the internal audit work in the first half of 2023, by the auditors on the audit of the interim financial report for 2023, and by the management on the Company's operational management and business development in the first half of 2023.

Environmental, Social and Governance Committee

At the fifth meeting of the fifth session of the Board of Directors of the Company held on March 24, 2023, the Company considered and approved the establishment of the Environmental, Social and Governance Committee. The Company's Environmental, Social and Governance Committee consists of three directors, including one executive director and two independent non-executive directors. The Environmental, Social and Governance Committee is responsible for assessing the Company's corporate governance, environmental and social responsibility management work, as well as the risks and opportunities faced by the Company, formulating and reviewing the Company's corporate governance, environmental and social responsibility management vision, goals and strategies, and regularly reporting to the board of directors on major issues related to ESG work. As of the date of this announcement, the Environmental, Social and Governance Committee has reviewed the resolution on the review of the Company's ESG work and further proposals for the way forward.

THE MODEL CODE

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

DEFINITIONS

"BNBM"	北新集團建材股份有限公司 (Beijing New Building Material Public Limited Company)
"BNBM Coating"	北新塗料有限公司 (BNBM Coating Limited Company)
"BNBMG"	北新建材集團有限公司 (Beijing New Building Material (Group) Co., Ltd.)
"Board"	the board of directors of the Company
"Building Materials Academy"	中國建築材料科學研究總院有限公司 (China Building Materials Academy Co., Ltd.)
"Cement+"	to develop, optimize and expand cement, commercial concrete, aggregate businesses which are the extension of industry chain of cement-related products and the new focal point of profit growth
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China Jushi"	中國巨石股份有限公司 (China Jushi Co., Ltd.) (previously known as 中國玻纖股份有限公司 China Fiberglass Company Limited)
"China Standard Sand"	廈門艾思歐標準砂有限公司 (China ISO Standard Sand Co., Ltd.)
"CNBM Investment"	中建材投資有限公司 (CNBM Investment Company Limited) (previously known as 北新物流有限公司 BND Co., Limited)
"CNBM Trading"	中建材集團進出口有限公司 (China National Building Material Import and Export Co., Ltd.)

"CBMJI"	中建材聯合投資有限公司 (CNBM United Investment Co., Ltd.)
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Domestic Shares"	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"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
"Hefei Institute"	HeFei Cement Research & Design Institute Corporation Ltd.
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"Management of Three Delicacies"	lean operation, refined management and refined organization
"MIIT"	中華人民共和國工業和信息化部 (Ministry of Industry and Information Technology of the People's Republic of China)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 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)
"Ningxia Saima"	寧夏賽馬水泥有限公司 (Ningxia Saima Cement Co., Ltd.)

"NRDI"	南京玻璃纖維研究設計院有限公司 (Nanjing Fiberglass R&D Institute Co., Ltd.)
"Parent"	中國建材集團有限公司 (China National Building Material Group Co., Ltd.*) (previously known as 中國建築材料集團有限公司 China National Building Materials Group Corporation)
"PCP"	Price – Cost – Profit
"PRC"	the People's Republic of China
"Qilianshan Cement"	甘肅祁連山水泥集團股份有限公司 (Gansu Qilianshan Cement Group Company Limited)
"reduction of "2422" pressure"	The Group's key performance indicators which include, among others, the reduction of account receivables and inventory; the reduction of other receivables, prepayments, interest-bearing liabilities and monetary capital; the reduction of asset-liability ratio and capital expenditure; and the reduction of the number of employees and legal persons
"Reporting Period"	from 1 January 2023 to 30 June 2023
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Sanshi Material"	浙江三獅南方新材料有限公司
"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 Blade"	中材科技風電葉片股份有限公司 (Sinoma Wind Power Blade Co., Ltd.)
"Sinoma International"	中國中材國際工程股份有限公司 (Sinoma International Engineering Co., Ltd.)
"Sinoma Lithium Membrane"	中材鋰膜有限公司 (Sinoma Lithium Membrane Co., Ltd.)
"Sinoma Science & Technology"	中材科技股份有限公司 (Sinoma Science & Technology Co., Ltd.)

"Sinoma Suzhou Limited"	中材科技(蘇州)有限公司 (Sinoma Science & Technology (Suzhou) Co., Ltd.)
"State" or "PRC Government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the member(s) of the Supervisory Committee
"Taishan Fiber Glass"	泰山玻璃纖維有限公司 (Taishan Fiberglass Inc.)
"TCDRI"	天津水泥工業設計研究院有限公司 (Tianjin Cement Industry Design & Research Institute Co., Ltd.)
"Tianshan Cement" or "New Tianshan Cement"	新疆天山水泥股份有限公司 (New Tianshan Cement Co., Ltd.*), New Tianshan Cement refers to Xinjiang Tianshan Cement Co., Ltd. after business integration
"3+3"	Three domestic clients, three international clients

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

Beijing, the PRC
25 August 2023

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Wei Rushan, Mr. Liu Yan, Mr. Xiao Jiaxiang and Mr. Wang Bing as executive directors, Mr. Li Xinhua, Mr. Chang Zhangli, Mr. Wang Yumeng, 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*