CNBM

China National Building Material Company Limited*

中 國 建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

For the year ended 31 December 2023, the Group's audited consolidated operating revenue amounted to RMB210,216 million, representing a decrease of 10.1% as compared to the same period of 2022.

The audited profit attributable to equity holders of the Company amounted to RMB3,863 million, representing a decrease of 52.5% as compared to the same period of 2022.

Basic earnings per share was RMB0.458, representing a decrease of 52.5% as compared to the same period of 2022.

The Board hereby recommends the distribution of a final dividend of RMB1,931,562,481.60 in total (tax inclusive) for the period from 1 January 2023 to 31 December 2023 (2022: RMB3,188,343,310.24 in total (tax inclusive)) for Shareholders whose names appear on the Company's register of members on Monday, 13 May 2024, representing RMB0.229 per share (tax inclusive) (2022: RMB0.378 per share (tax inclusive)) based on the issued shares of 8,434,770,662 shares as of 28 March 2024. The final amount of the dividend per share will be determined based on the number of shares of the Company in issue as at 13 May 2024.

The Board is pleased to announce the consolidated results and the financial position of the Group for the year ended 31 December 2023 prepared in accordance with IFRSs, together with the consolidated results and financial position for the year of 2022 for comparison.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (restated)
Revenue	4	**210,216,434**	233,879,825
Cost of sales		**(172,770,237)**	(194,036,458)
Gross profit		**37,446,197**	39,843,367
Investment and other income, net	6	**3,454,100**	5,699,735
Selling and distribution costs		**(3,694,350)**	(3,631,545)
Administrative expenses		**(21,122,306)**	(21,004,435)
Finance costs, net	7	**(5,142,062)**	(5,910,030)
Share of results of associates		**1,512,521**	3,047,740
Share of results of joint ventures		**(3,356)**	(7,669)
Reversal of impairment loss/(impairment loss) under expected credit loss model, net		**69,178**	(27,564)
Profit before tax	8	**12,519,922**	18,009,599
Income tax expense	9	**(2,119,272)**	(2,606,331)
Profit for the year		**10,400,650**	15,403,268
Profit for the year attributable to:			
Owners of the Company		**3,863,048**	8,129,550
Holders of perpetual capital instruments		**551,808**	688,550
Non-controlling interests		**5,985,794**	6,585,168
Profit for the year		**10,400,650**	15,403,268
		RMB	*RMB* (restated)
Earnings per share – basic	11	**0.458**	0.964
Earnings per share – diluted	11	**0.450**	0.964

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000 (restated)
Profit for the year		**10,400,650**	15,403,268
Other comprehensive (expense)/income, net of tax:	*9(b)*		
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit obligations		**(1,323)**	3,766
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(117,440)**	(75,430)
Share of associates' other comprehensive income		**76,391**	55,791
Shares of joint ventures' other comprehensive income		**(73)**	3,300
Changes in fair value on hedging instruments designated as cash flow hedges		**(20,874)**	15,691
Other comprehensive (expense)/income for the year, net of tax		**(63,319)**	3,118
Total comprehensive income for the year		**10,337,331**	15,406,386
Total comprehensive income attributable to:			
Owners of the Company		**3,801,338**	8,132,664
Holders of perpetual capital instruments		**551,808**	688,550
Non-controlling interests		**5,984,185**	6,585,172
Total comprehensive income for the year		**10,337,331**	15,406,386

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 *RMB'000*	2022 *RMB'000* (restated)	2021 *RMB'000* (restated)
Non-current assets				
Property, plant and equipment		**198,007,875**	194,821,231	181,851,097
Right-of-use assets		**27,006,928**	29,142,688	29,481,109
Investment properties		**1,612,203**	1,484,167	965,275
Goodwill		**32,243,664**	32,634,463	32,380,325
Intangible assets		**29,880,940**	28,939,913	25,607,019
Interests in associates		**32,751,773**	29,927,735	26,808,238
Interests in joint ventures		**233,073**	126,502	131,348
Financial assets at fair value through profit or loss		**3,766,633**	3,877,229	2,524,452
Financial assets at fair value through other comprehensive income		**18,969**	–	–
Deposits		**1,739,240**	2,559,687	4,002,948
Trade and other receivables	*12*	**4,688,417**	4,100,405	4,475,852
Deferred income tax assets		**8,437,148**	7,612,135	6,347,208
Derivative financial instruments		**7,168**	3,482	–
		340,394,031	335,229,637	314,574,871
Current assets				
Inventories		**21,128,454**	24,555,479	22,129,093
Trade and other receivables	*12*	**81,900,454**	87,440,608	89,726,483
Financial assets at fair value through profit or loss		**9,934,678**	8,067,573	9,074,215
Derivative financial instruments		**1,463**	28,069	16,578
Amounts due from related parties		**3,270,468**	2,754,518	2,312,336
Pledged bank deposits		**4,837,876**	4,277,167	4,267,059
Cash and cash equivalents		**27,430,500**	26,990,449	28,609,962
		148,503,893	154,113,863	156,135,726

	Note	2023	2022	2021
		RMB'000	*RMB'000*	*RMB'000*
			(restated)	(restated)
Current liabilities				
Trade and other payables	*13*	**93,783,605**	101,721,660	101,674,671
Amounts due to related parties		**6,613,726**	6,048,514	4,822,854
Borrowings – amount due within one year		**73,980,106**	77,688,461	73,979,224
Lease liabilities		**291,307**	381,999	446,264
Derivative financial instruments		**72,534**	21,822	7,434
Employee benefits payable		**28,527**	67,108	33,397
Current income tax liabilities		**1,544,897**	2,212,838	4,119,676
Dividends payable to non-controlling interests		**480,596**	1,015,714	1,304,433
		176,795,298	189,158,116	186,387,953
Net current liabilities		**(28,291,405)**	(35,044,253)	(30,252,227)
Total assets less current liabilities		**312,102,626**	300,185,384	284,322,644
Non-current liabilities				
Borrowings – amount due after one year		**110,925,593**	96,547,625	93,185,422
Deferred income		**2,232,550**	2,398,300	2,256,229
Lease liabilities		**1,833,522**	1,832,376	2,568,560
Employee benefits payable		**303,804**	426,769	394,658
Deferred income tax liabilities		**3,293,070**	2,990,457	2,961,089
Derivative financial instruments		**–**	1,935	–
		118,588,539	104,197,462	101,365,958
Net assets		**193,514,087**	195,987,922	182,956,686

	2023	2022	2021
	RMB'000	*RMB'000*	*RMB'000*
		(restated)	(restated)
Capital and reserves			
Share capital	**8,434,771**	8,434,771	8,434,771
Reserves	**96,890,711**	98,893,896	95,636,518
Equity attributable to:			
Owners of the Company	**105,325,482**	107,328,667	104,071,289
Holders of perpetual capital instruments	**17,838,445**	15,820,411	16,809,142
Non-controlling interests	**70,350,160**	72,838,844	62,076,255
Total equity	**193,514,087**	195,987,922	182,956,686

1. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period and the assets classified as held for sale that are measured at the lower of carrying amount and fair value less cost to sell, as explained in material accounting policy information set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Business combination under common control

On 26 August 2022, Sinoma International Engineering Company Limited ("Sinoma International") entered into an equity transfer agreement with China Building Materials Academy ("Building Materials Academy") (a wholly-owned subsidiary of the Parent) to acquire 100% equity interests of Hefei Cement Research & Design Institute Corporation Ltd. ("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 Company Limited ("CNBM Investment") entered into an equity transfer agreement with China Jushi Co., Ltd. ("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 Limited Company (a subsidiary of the Company) entered into an equity transfer agreement with the Parent to acquire 51% equity interests of Tianjin Beacon Coatings Co., Ltd. ("Beacon Coatings") at a consideration of RMB129,927,700 ("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 consolidated financial statements of the Group have been prepared using the merger basis of accounting as if the current group structure has been in existence throughout the years presented. The opening balance at 1 January 2022 has been restated, with consequential adjustments to comparatives for the year ended 31 December 2022.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

2.1 New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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 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 Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has applied the amendments for the first time in the current year. IAS 1 "Presentation of Financial statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial position and performance but has affected the disclosures of the Group's accounting policies.

2.2 Amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures[3]
Amendment to IFRS 16	Lease Liability in Sale and Leaseback[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[1]
Amendments to IAS 21	Lack of Exchangeability[2]

[1] Effective for annual periods beginning on or after 1 January 2024
[2] Effective for annual periods beginning on or after 1 January 2025
[3] Effective for annual periods beginning on or after a date to be determined

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

3.1 Critical judgements in applying accounting policies

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

Principal subsidiaries

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

BNBM is a subsidiary of the Group although the Group has only 37.83% (2022: 37.83%) equity interests and voting rights in BNBM. BNBM is listed on the stock exchange of Shenzhen, PRC. The remaining 62.17% (2022: 62.17%) equity interests of BNBM are owned by thousands of shareholders that are unrelated to the Group.

Sinoma International

Sinoma International is a subsidiary of the Group although the Group has only 40.96% (2022: 47.77%) equity interests and voting rights in Sinoma International. Sinoma International is listed on the stock exchange of Shanghai, PRC. The remaining 59.04% (2022: 52.23%) equity interests of Sinoma International are owned by thousands of shareholders that are unrelated to the Group.

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

Ningxia Building Materials is a subsidiary of the Group although the Group has only 49.03% (2022: 49.03%) equity interests and voting rights in Ningxia Building Materials. Ningxia Building Materials is listed on the stock exchange of Shanghai, PRC. The remaining 50.97% (2022: 50.97%) equity interests of Ningxia Building Materials are owned by thousands of shareholders that are unrelated to the Group.

Control over principal subsidiaries

CCCC Design & Consulting Group Co., Ltd. ("CCCC Design & Consulting") (formerly known as Gansu Qilianshan Cement Group Company Limited ("Qilianshan Cement"))

During the year ended 31 December 2022, CCCC Design & Consulting was a subsidiary of the Group although the Group has only 20.95% voting rights in CCCC Design & Consulting through the directly-hold shareholding of the Company and the indirectly-hold shareholding of a subsidiary of the Company. CCCC Design & Consulting is listed on the stock exchange of Shanghai, PRC. The remaining 79.05% voting rights were owned by thousands of shareholders that are unrelated to the Group. During the year ended 31 December 2023, CCCC Design & Consulting ceased to be a subsidiary of the Group.

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

Significant influence over associates

Shanghai Yaohua Pikington Glass Group Co., Ltd. ("Shanghai Yaohua")

Shanghai Yaohua is an associate of the Group although the Group only owns 12.74% (2022: 12.74%) equity interests in Shanghai Yaohua. The Group has significant influence over Shanghai Yaohua by appointing 1 out of the 5 executive directors to the board of directors of that company.

Gansu Shangfeng Cement Co., Ltd. ("Gansu Shangfeng")

Gansu Shangfeng is an associate of the Group although the Group only owns 14.50% (2022: 14.40%) equity interests in Gansu Shangfeng. The Group has significant influence over Gansu Shangfeng by appointing 1 out of the 6 executive directors to the board of directors of that company.

China Shanshui Cement Group Limited ("Shanshui Cement")

Shanshui Cement is an associate of the Group although the Group only owns 12.94% (2022: 12.94%) equity interests in Shanshui Cement. The Group has significant influence over Shanshui Cement by entering into significant master agreements on continuing connected transaction with that company.

3.2 Key sources of estimation uncertainty

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

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

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

As at 31 December 2023, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets were approximately RMB198,007.88 million, RMB27,006.93 million and RMB29,880.94 million (2022 (restated): RMB194,821.23 million, RMB29,142.69 million and RMB28,939.91 million) respectively, after taking into account the impairment losses.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use and fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss/further impairment loss may arise. Furthermore, the estimated cash flows and discount rates are subject to higher degree of estimation uncertainty due to volatility in financial market and how the climate-related matters may progress and evolve. As at 31 December 2023, the carrying amount of goodwill is approximately RMB32,243.66 million (2022 (restated): RMB32,634.46 million).

Deferred tax asset

As at 31 December 2023, a deferred tax asset of approximately RMB2,091.04 million (2022 (restated): RMB1,702.92 million) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately RMB25,970.62 million (2022 (restated): RMB20,447.80 million) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Provision of ECL for trade receivables and contract assets

Trade receivable and contract assets with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the trade receivables and contract assets which are not assumed individually using a provision matrix. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates.

Write down of inventories

Inventories are stated at lower of cost and net realisable value. During the year, allowance of approximately RMB241.50 million (2022: RMB194.64 million) is recognised to the carrying amount of inventories.

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

Fair value measurements and valuation processes

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

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

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

4. REVENUE

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Sale of goods	**172,646,629**	197,868,204
Provision of engineering services	**35,026,156**	32,558,200
Rendering of other services	**2,543,649**	3,453,421
	210,216,434	233,879,825

5. SEGMENTS INFORMATION

(a) Operating segments

For management purpose, the Group was organised into five major operating divisions during the year – cement, concrete, new materials, engineering 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 fibreglass, composite and light building materials
Engineering technology services	–	Provision of engineering technology services to glass and cement manufacturers and equipment procurement
Others	–	Merchandise trading business and others

More than 90% of the Group's operations and assets are located in the PRC for the years ended 31 December 2023 and 2022.

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

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

For the year ended 31 December 2023

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering technology services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Consolidated statement of profit or loss							
Revenue							
External sales							
At a point of time	89,643,220	28,805,785	46,034,555	75,981	9,285,008	–	173,844,549
Over time	–	–	537,545	35,834,340	–	–	36,371,885
	89,643,220	28,805,785	46,572,100	35,910,321	9,285,008	–	210,216,434
Inter-segment sales (Note)	331,013	98,959	1,050,957	9,194,252	13,885,340	(24,560,521)	–
	89,974,233	28,904,744	47,623,057	45,104,573	23,170,348	(24,560,521)	210,216,434
Adjusted EBITDA	16,661,258	2,446,001	9,885,767	3,961,597	(862,570)	–	32,092,053
Depreciation and amortisation	(11,605,612)	(809,388)	(3,025,980)	(497,669)	(240,626)		(16,179,275)
Unallocated other income, net							287,646
Unallocated administrative expenses							(47,605)
Share of results of associates	355,208	7,442	147,935	(9,521)	1,011,457		1,512,521
Share of results of joint ventures	(3,533)	–	(1,538)	–	1,715		(3,356)
Finance costs, net	(3,538,695)	(751,718)	(455,327)	36,691	(486,182)		(5,195,231)
Unallocated finance costs, net							53,169
Profit before income tax							12,519,922
Income tax expense							(2,119,272)
Profit for the year							10,400,650

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

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

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering technology services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Other information						
Addition to non-current assets:						
Property, plant and equipment	25,998,354	598,911	21,759	18,396	125	26,637,545
Right-of-use assets	506,155	45,688	613,634	67,902	20,196	1,253,575
Intangible assets	2,996,999	10,744	816,095	37,347	7,293	3,868,478
Unallocated						93,809
	29,501,508	655,343	1,451,488	123,645	27,614	31,853,407
Acquisition of subsidiaries	437,571	–	–	4,215	–	441,786
Depreciation and amortisation						
Property, plant and equipment	8,181,401	547,665	2,594,354	343,305	198,854	11,865,579
Right-of-use assets	1,747,471	220,141	216,325	98,446	29,287	2,311,670
Intangible assets	1,676,740	41,582	215,301	55,918	12,485	2,002,026
Unallocated						47,606
	11,605,612	809,388	3,025,980	497,669	240,626	16,226,881
(Reversal of impairment loss)/impairment loss under expected credit loss model, net of reversal	(512,009)	49,802	38,132	352,156	2,741	(69,178)
Impairment of goodwill	–	33,684	6,488	136,044	–	176,216
Impairment of property, plant and equipment	182	1,737	11,646	628	–	14,193
Impairment of intangible assets	–	–	277	–	–	277
Write down/(reversal of write down) of inventories	628,573	713	(361,359)	(1,355)	(25,076)	241,496
Consolidated statement of financial position						
Assets						
Segment assets	233,381,088	45,017,591	77,199,128	36,726,900	7,951,508	400,276,215
Interests in associates	7,628,018	660,245	2,952,898	2,036,903	19,473,709	32,751,773
Interests in joint ventures	128,776	–	104,297	–	–	233,073
Unallocated assets						55,636,863
Total consolidated assets						488,897,924
Liabilities						
Segment liabilities	141,773,348	17,641,087	34,783,611	29,672,666	8,913,563	232,784,275
Unallocated liabilities						62,599,562
Total consolidated liabilities						295,383,837

For the year ended 31 December 2022

	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)
Consolidated statement of profit or loss							
Revenue							
External sales							
At a point of time	110,468,111	36,130,482	45,600,507	–	7,738,282	–	199,937,382
Over time	–	–	11,128	33,931,315	–	–	33,942,443
	110,468,111	36,130,482	45,611,635	33,931,315	7,738,282	–	233,879,825
Inter-segment sales (Note)	1,121,148	1,020	363,321	8,444,133	16,346,091	(26,275,713)	–
	111,589,259	36,131,502	45,974,956	42,375,448	24,084,373	(26,275,713)	233,879,825
Adjusted EBITDA	19,863,938	3,232,353	10,478,700	3,322,913	(688,041)	–	36,209,863
Depreciation and amortisation	(11,669,262)	(707,496)	(2,526,689)	(392,488)	(292,022)	–	(15,587,957)
Unallocated other income, net							293,725
Unallocated administrative expenses							(36,073)
Share of results of associates	549,278	74	162,227	12,393	2,323,768	–	3,047,740
Share of results of joint ventures	150	–	(7,424)	–	(395)	–	(7,669)
Finance costs, net	(3,713,549)	(1,356,522)	(615,869)	56,008	(303,149)	–	(5,933,081)
Unallocated finance costs, net							23,051
Profit before income tax							18,009,599
Income tax expense							(2,606,331)
Profit for the year							15,403,268

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

	Cement	Concrete	New materials	Engineering technology services	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)
Other information						
Addition to non-current assets:						
Property, plant and equipment	16,413,114	1,079,203	7,453,636	1,210,961	258,632	26,415,546
Right-of-use assets	715,270	61,187	891,518	161,345	76,910	1,906,230
Intangible assets	4,694,590	3,924	277,780	62,800	985	5,040,079
Unallocated						17,729
	21,822,974	1,144,314	8,622,934	1,435,106	336,527	33,379,584
Acquisition of subsidiaries	625,934	1,566	995,984	317,698	–	1,941,182
Depreciation and amortisation						
Property, plant and equipment	7,815,046	539,095	2,242,016	311,846	234,923	11,142,926
Right-of-use assets	2,153,083	157,559	162,382	40,045	46,666	2,559,735
Intangible assets	1,701,133	10,842	122,291	40,597	10,433	1,885,296
Unallocated						39,568
	11,669,262	707,496	2,526,689	392,488	292,022	15,627,525
(Reversal of impairment loss)/impairment loss under expected credit loss model	(249,668)	(6,417)	193,840	74,344	15,465	27,564
Impairment on goodwill	1,717	–	51,352	67,765	286	121,120
Impairment on property, plant and equipment	175,443	24,133	68,816	–	–	268,392
Impairment on intangible assets	29,930	–	30,240	–	–	60,170
Write down of inventories	109,000	3,184	57,545	5,075	19,837	194,641
Consolidated statement of financial position						
Assets						
Segment assets	240,948,103	52,303,553	71,372,791	35,373,224	7,170,079	407,167,750
Interests in associates	9,595,515	656,274	1,273,763	534,171	17,868,012	29,927,735
Interests in joint ventures	30,595	–	95,907	–	–	126,502
Unallocated assets						52,121,513
Total consolidated assets						489,343,500
Liabilities						
Segment liabilities	138,075,023	18,617,683	32,507,360	27,363,767	8,623,852	225,187,685
Unallocated liabilities						68,167,893
Total consolidated liabilities						293,355,578

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

	2023 *RMB'000*	2022 *RMB'000* (restated)
Adjusted EBITDA for reportable segments	**32,954,623**	36,897,904
Adjusted EBITDA for other segments	**(862,570)**	(688,041)
Total segments profit	**32,092,053**	36,209,863
Depreciation of property, plant and equipment	**(11,865,579)**	(11,142,926)
Depreciation of right-of-use assets	**(2,311,670)**	(2,559,735)
Amortisation of intangible assets	**(2,002,026)**	(1,885,296)
Corporate items	**240,041**	257,652
Operating profit	**16,152,819**	20,879,558
Finance costs, net	**(5,142,062)**	(5,910,030)
Share of results of associates	**1,512,521**	3,047,740
Share of results of joint ventures	**(3,356)**	(7,669)
Profit before income tax	**12,519,922**	18,009,599

(b) Geographical segments

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

Revenue from external customers

	2023 *RMB'000*	2022 *RMB'000* (restated)
PRC	**181,819,066**	211,543,399
Europe	**2,144,923**	1,784,834
Middle East	**2,946,717**	1,954,332
Southeast Asia	**5,517,894**	3,701,657
Oceania	**964,552**	2,604,188
Africa	**12,941,833**	9,341,438
Americas	**1,320,709**	1,587,602
Others	**2,560,740**	1,362,375
	210,216,434	233,879,825

(c) Information of major customers

No single customer accounted for 10% or more of the total revenue for the years ended 31 December 2023 and 2022.

6. INVESTMENT AND OTHER INCOME, NET

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Government subsidies:		
– VAT refunds *(Note (a))*	**1,027,864**	1,035,590
– Government grants *(Note (b))*	**1,564,887**	1,401,040
– Interest subsidy	**9,460**	15,943
Discount on acquisition of interests in subsidiaries	**232**	–
Gain on disposal of subsidiaries, net	**3,909**	1,966
(Loss)/gain on deemed disposal of subsidiaries	**(549,292)**	290,008
Gain on deemed disposal of associates	**–**	29,201
Loss on disposal of other investments	**(187,466)**	(79,476)
Gain on dilution of interests in an associate	**96,355**	–
Decrease in fair value of financial assets at fair value through profit or loss, net	**(955,389)**	(1,441,327)
Decrease in fair value of derivative financial instruments, net	**(25,338)**	(17,041)
Net rental income from:		
– Investment properties	**50,640**	52,172
– Land and building	**115,423**	85,681
– Equipment	**131,200**	92,132
Gain on disposal of property, plant and equipment	**236,615**	1,813,908
Gain on disposal of intangible assets	**450,366**	1,274,565
Technical and other service income	**534,837**	568,984
Claims received	**130,786**	93,891
Waiver of payables	**603,975**	185,142
Others	**215,036**	297,356
	3,454,100	5,699,735

Notes:

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

(b) Government grants are awarded to the Group by the local government agencies as incentives primarily to encourage the development of the Group and the contribution to the local economic development. There are no specific conditions that are needed to be fulfilled for receiving such government grants.

7. FINANCE COSTS, NET

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Interest expenses on bank borrowings	**4,337,587**	4,390,487
Interest expenses on bonds and other borrowings	**1,841,758**	2,452,318
Interest expenses on lease liabilities	**123,989**	211,360
Less: interest capitalised to construction in progress	**(356,691)**	(261,513)
	5,946,643	6,792,652
Interest income:		
– interest on bank deposits	**(612,897)**	(651,245)
– interest on loan receivables	**(191,684)**	(231,377)
	(804,581)	(882,622)
Finance costs, net	**5,142,062**	5,910,030

Borrowing costs capitalised for the year ended 31 December 2023 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 3.53% (2022: 3.46%) per annum to expenditure on the qualifying assets.

8. PROFIT BEFORE INCOME TAX

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

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Depreciation of:		
Property, plant and equipment	**11,865,579**	11,142,926
Investment properties	**47,606**	39,568
Right-of-use assets	**2,311,670**	2,559,735
	14,224,855	13,742,229
Amortisation of intangible assets	**2,002,026**	1,885,296
Total depreciation and amortisation	**16,226,881**	15,627,525
Impairment loss on goodwill*	**176,216**	121,120
Impairment loss on property, plant and equipment*	**14,193**	268,392
Impairment loss on intangible assets*	**277**	60,170
Loss on goodwill from deregistration of subsidiaries	**–**	28,171
Cost of inventories recognised as expenses	**160,242,744**	198,420,236
Auditor's remuneration		
– Audit services	**4,099**	4,550
– Non-audit service	**1,551**	1,958
Total auditor's remuneration	**5,650**	6,508
Staff costs including directors' remunerations		
– Salaries, bonus and other allowances	**19,514,654**	20,126,194
– Equity-settled share-based payment expenses	**67,601**	42,681
– Retirement plan contributions	**2,422,173**	2,462,869
Total staff costs	**22,004,428**	22,631,744
Write down of inventories	**241,496**	194,641
Net foreign exchange loss/(gain)	**207,508**	(271,243)

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

9. INCOME TAX EXPENSE

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

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Current income tax	**2,525,362**	3,950,292
Deferred income tax	**(406,090)**	(1,343,961)
	2,119,272	2,606,331

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 for both years, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rates of 15% entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

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

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Profit before income tax	**12,519,922**	18,009,599
Tax at domestic income tax rate of 25% (2022: 25%)	**3,129,981**	4,502,400
Tax effect of:		
Share of results of associates	**(378,130)**	(761,868)
Share of results of joint ventures	**839**	1,917
Tax effect of expenses not deductible for tax purposes	**505,556**	1,585,533
Tax effect of income not taxable for tax purposes	**(576,907)**	(1,976,533)
Tax effect of tax losses not recognised	**1,839,785**	1,431,108
Utilisation of tax losses previously not recognised	**(338,255)**	(755,717)
Income tax credits granted to subsidiaries on acquisition of certain qualified equipment	**(20,522)**	(1,578)
Effect of different tax rates of subsidiaries	**(2,043,075)**	(1,418,931)
	2,119,272	2,606,331

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

	2023			2022		
	Before taxation *RMB'000*	**Taxation credited** *RMB'000*	**Net of taxation** *RMB'000*	Before taxation *RMB'000* (restated)	Taxation (charged)/ credited *RMB'000*	Net of taxation *RMB'000* (restated)
Actuarial (loss)/gain on defined benefit obligations	**(1,560)**	**237**	**(1,323)**	3,989	(223)	3,766
Currency translation differences	**(117,440)**	**–**	**(117,440)**	(75,467)	37	(75,430)
Share of associates' other comprehensive income	**76,391**	**–**	**76,391**	55,791	–	55,791
Share of joint ventures' other comprehensive income	**(73)**	**–**	**(73)**	3,300	–	3,300
Change in the fair value on hedging instruments designated as cash flow hedges	**(23,108)**	**2,234**	**(20,874)**	18,152	(2,461)	15,691
Other comprehensive (expense)/income	**(65,790)**	**2,471**	**(63,319)**	5,765	(2,647)	3,118

10. DIVIDENDS

	2023 *RMB'000*	2022 *RMB'000*
Dividends paid – RMB0.378 (2022: RMB0.693) per share by the Company	**3,188,343**	5,845,296
Proposed final dividend – RMB0.229 (2022: RMB0.378) per share by the Company (see below)	**1,931,562**	3,188,343

The final dividend of RMB1,931,562,000 in total (pre-tax) has been proposed by the board of directors on 28 March 2024 and is subject to approval of the shareholders of the Company in the forthcoming annual general meeting.

11. EARNINGS PER SHARE – BASIC AND DILUTED

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

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Profit attributable to owners of the Company	**3,863,048**	8,129,550
Effect of dilutive potential ordinary shares:		
Adjustment to the share of profit of subsidiaries based on the potential dilution of their shareholdings	**(67,357)**	–
Earnings for the purpose of diluted earnings per share	**3,795,691**	8,129,550

	2023	2022
	'000	*'000*
Weighted average number of ordinary shares in issue	**8,434,771**	8,434,771

12. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Trade receivables, net of allowance for credit losses *(Note (a))*	**49,221,948**	53,246,824
Bills receivable *(Note (b))*	**10,533,744**	14,561,407
Contract assets	**5,470,429**	4,109,308
Other receivables, deposits and prepayments	**21,362,750**	19,623,474
	86,588,871	91,541,013

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Analysed for reporting purposes:		
Non-current portion	**4,688,417**	4,100,405
Current portion	**81,900,454**	87,440,608
	86,588,871	91,541,013

Notes:

(a) The Group normally allowed an average of credit period of 60-180 days to its trade customers, except for customers of engineering technology services segment, the credit periods are normally ranging from 1 to 2 years.

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

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Within two months	**9,156,966**	13,577,996
More than two months but within one year	**22,311,030**	21,869,645
Between one and two years	**11,033,089**	11,844,615
Between two and three years	**4,610,748**	3,406,835
Over three years	**2,110,115**	2,547,733
	49,221,948	53,246,824

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

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

	2023	2022
	RMB'000	*RMB'000*
		(restated)
RMB	**80,972,776**	84,195,177
EUR	**2,676,788**	3,242,798
USD	**2,031,056**	2,520,042
Others	**908,251**	1,582,996
	86,588,871	91,541,013

(d) As at 31 December 2023, bills receivable of approximately RMB1,103.12 million (2022: approximately RMB1,908.38 million) are pledged to secure bank borrowings granted to the Group.

13. TRADE AND OTHER PAYABLES

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

	2023	2022
	RMB'000	*RMB'000*
		(restated)
Within two months	**12,181,924**	21,151,992
More than two months but within one year	**25,892,155**	22,493,039
Between one and two years	**5,262,802**	3,093,672
Between two and three years	**1,015,371**	737,460
Over three years	**1,774,779**	2,105,741
Trade payables	**46,127,031**	49,581,904
Bills payable	**15,906,107**	17,451,185
Contract liabilities	**10,032,975**	10,519,709
Other payables	**21,717,492**	24,168,862
	93,783,605	101,721,660

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

14. EVENT AFTER THE REPORTING DATE

As set out in the Company's announcement dated 26 March 2024, the Company entered into the Impairment Compensation Agreement (as previously defined) and the Profit Guarantee Agreement (as previously defined) with Tianshan Cement, a non-wholly owned subsidiary of the Company in 2021, in connection with the provision of impairment compensation to Tianshan Cement in respect of the CNBM Target Equity Interests (as previously defined) and profit guarantee to Tianshan Cement in respect of the Guaranteed Assets (as previously defined), covering the three consecutive accounting years commencing from the year during which the completion of the Restructuring took place (i.e. in 2021, 2022 and 2023). There was no such impairment for the years of 2021 and 2022.

As at the end of the current reporting period, the lmpairment Compensation Amount has not been determined yet, and accordingly, the final amount to be compensated by the Company to Tianshan Cement pursuant to the Impairment Compensation Agreement and the Profit Guarantee Agreement (the "Final Compensation Amount") and the means of compensation have not been determined yet.

Pursuant to the Impairment Compensation Agreement and the Profit Guarantee Agreement, the management of the Group preliminary estimated the Final Compensation Amount with reference to an estimated range of the lmpairment Compensation Amount determined by an independent valuer engaged by Tianshan Cement, and the estimated Profit Compensation payable to Tianshan Cement (being the difference between the aggregated amount of the realised net profits of the Guaranteed Assets during the Profit Guarantee Period and the aggregated amount of the guaranteed net profits as agreed under the Profit Guarantee Agreement less that lmpairment Compensation Amount). The Company is required to make an impairment compensation of equivalent value to Tianshan Cement by means of Compensation Shares (thereby resulting in a decrease in the Company's shareholding in Tianshan Cement) and to return the aggregated amount of the cash dividend attributed to the relevant Compensation Shares during the impairment compensation period to Tianshan Cement, and to make a Profit Compensation in cash to Tianshan Cement. A compensation payable pursuant to the lmpairment Compensation Agreement and Profit Guarantee Agreement amounting to approximately RMB2,753.45 million has been provided in the Company's financial statements and a compensation receivable of the same amount has been recognised by Tianshan Cement as at the year ended 31 December 2023. Except for the decrease in equity attributable to equity holders of the Company of approximately RMB426.23 million as a result of the compensation payable recognised, and the increase in non-controlling interests by the same amount, there was no material impact on the consolidated profit or loss of the Group for the current year.

Up to the date of this announcement, the compensation payable by the Company to Tianshan Cement has yet to be finalised, the directors of the Company are of the opinion that the Group has made sufficient provision when necessary in the consolidated statement of financial position as at 31 December 2023.

For details of the transactions contemplated under the Restructuring of Cement Assets (as previously defined) please refer to the Company's announcements dated 24 July 2020, 7 August 2020, 2 March 2021, 23 March 2021.10 August 2021, 10 September 2021 and 28 October 2021 and the circular dated 4 March 2021.

BUSINESS HIGHLIGHTS

The major operating data of the Group in 2023 and 2022 are set out below:

BASIC BUILDING MATERIALS SEGMENT

	For the year ended 31 December		
	2023	2022	Growth rate
Sales volume – cement *(in thousand tonnes)*	**279,077**	281,523	-0.9%
Sales volume – clinker *(in thousand tonnes)*	**29,715**	35,080	-15.3%
Total sales of cement and clinker *(in thousand tonnes)*	**308,792**	316,603	-2.5%
Average selling price – cement *(RMB per tonne)*	**274.5**	334.9	-18.0%
Average selling price – clinker *(RMB per tonne)*	**242.7**	311.8	-22.2%
Average selling price of cement and clinker *(RMB per tonne)*	**271.4**	332.4	-18.4%
Sales volume – commercial concrete *(in thousand m^3)*	**80,836**	84,702	-4.6%
Average selling price – commercial concrete *(RMB per m^3)*	**357.3**	426.7	-16.3%
Sales volume – aggregate *(in thousand tonnes)*	**156,109**	131,276	18.9%
Average selling price – aggregate *(RMB per tonne)*	**39.1**	44.6	-12.3%

NEW MATERIALS SEGMENT

	For the year ended 31 December		
	2023	2022	Growth rate
Gypsum board			
Sales volume *(in million m^2)*	**2,171.8**	2,092.7	3.8%
Average selling price *(RMB per m^2)*	**6.14**	6.19	-0.8%
Glass fiber yarn			
Sales volume *(in thousand tonnes)*	**3,446**	2,901	18.8%
Average selling price *(RMB per tonne)*	**4,705**	6,298	-25.3%
Wind power blade			
Sales volume *(MW)*	**21,644**	20,621	5.0%
Average selling price *(RMB per MW)*	**437,719**	462,076	-5.3%
Lithium battery separator			
Sales volume *(in million m^2)*	**1,732.8**	1,133.3	52.9%
Average selling price *(RMB per m^2)*	**1.40**	1.65	-15.2%
Waterproofing membrane			
Sales volume *(in million m^2)*	**182.5**	135.1	35.1%
Average selling price *(RMB per m^2)*	**15.27**	15.99	-4.5%
Carbon fiber			
Sales volume *(in thousand tonnes)*	**18.04**	9.37	92.5%
Average selling price *(RMB per tonne)*	**124,324**	211,246	-41.1%

ENGINEERING TECHNOLOGY SERVICE SEGMENT

	For the year ended 31 December		
	2023	2022 (restated)	Growth rate
Engineering service income *(RMB in millions)*	**45,104.6**	42,375.4	6.4%

CHAIRMAN'S STATEMENT

Dear Shareholders,

Time flies and another year is upon us. We have gone through an uncommon 2023 amidst storms and challenges. Over the past year, with the trust and support of our Shareholders, the Board has actively exerted the functions of setting strategies, making decisions and preventing risks, and the management, together with all staff members, has worked hard to bear responsibilities and concentrated their efforts to overcome hardships and strived for progress under pressure. On behalf of the Board, I am going to present the Company's major results for the year to Shareholders for your review. I would also like to express my sincere gratitude to all parties concerned for your long-standing interest in and support for the development of the Company.

Looking back on 2023, facing the unusually complex international environment and the arduous task of reform and development stability, China's economy has experienced wave-like development and is progressing in a winding path, stepping firmly toward the comprehensive construction of a modern socialist country. We have confronted challenges with unity and perseverance, striving tenaciously to make progress. In overcoming difficulties, we have sought stability while advancing, and accumulated momentum while surmounting obstacles. The foundation of stability has been consolidated, and the impetus for progress has been accumulating.

This year, we anchored our goals and firmly grasped the strategic initiative of high-quality development amidst changes. We bridged the past and future, keeping pace with the times to optimize the blueprint for the 14th Five-Year Plan, completing the interim evaluation and adjustment of the plan; we formulated the international development plan and 10-year development goals for the 14th Five-Year Plan, marking the opening year of internationalization; we developed the ESG strategy for 2023-2025, integrating it into the Company's development; we also formulated the implementation plan for achieving carbon peaking and carbon neutrality, accelerating the implementation of the "Dual Carbon" strategy.

This year, we have persevered and strengthened our resilience in development. In the basic building materials business, we have worked hard to overcome hardships with toughness, accelerated industrial upgrading, and created new competitive advantages. In the new materials business, we have adhered to systematic layout and phased cultivation, accelerating the development pace of strategic emerging industries. Our engineering technology service business has continued to iterate and expand, with steady progress in operating results.

This year, we have taken significant strides to solidify our operations management foundation. We remain committed to generating "Income with profit, profit with cashflow" (「有利潤的收入、有現金流的利潤」) and place greater emphasis on cash flow security; strengthening our management and internal work, reducing costs and enhancing efficiency and our internal competitiveness. Additionally, we have fortified our safety and environmental management standards, establishing a comprehensive supervisory and management closed-loop system.

This year, we innovated vigorously, accelerating the formation of new productive forces. Scientific and technological innovation yielded fruitful results, with many achievements reaching international leading levels. The capacity for transformation of achievements continued to strengthen, and the system of scientific and technological innovation became more complete, achieving new breakthroughs in the construction of a source of original technology.

This year, we have been resolutely reforming, striving to build a vibrant modern state-owned enterprise. Reform has deepened and enhanced, starting with high-quality and high-level actions. The creation of world-class demonstration enterprises has been solidly promoted. We have steadily progressed in restructuring and integration, focusing on core responsibilities and optimizing our operations. Furthermore, we have further improved corporate governance mechanisms, deepened market-oriented operational reforms, and enhanced long-term incentives to improve quality and expand our reach.

As the year comes to a close and we welcome the new, in 2024, our development still faces a landscape of strategic opportunities and challenges, with favorable conditions outweighing the adverse factors. New industries, models, and momentum are rapidly growing, while internal development drivers continue to accumulate. The fundamental trend of economic recovery and improvement remains unchanged. Over the years, the Group has accumulated rich experience in industries, capital, technology, and talent, equipping us with resilience and confidence to tackle challenges. With conditions, capabilities, and confidence, we are poised to usher in a new era of high-quality development.

2024 is the year for our group to strengthen innovation-driven development and accelerate the construction of a modern industrial system. Focusing on enhancing core capabilities and improving core competitiveness, we will adhere to the following five key principles:

Adhere to quality first and prioritize efficiency, anchor the goal of "One profit and five ratios" steadily advance while promoting stability, establish priorities before tackling challenges, continuously solidify a stable foundation, cultivate momentum for progress, and promote qualitative and effective improvements as well as reasonable growth in quantity.

Persist in developing new quality productivity, strengthen the leading role of technological innovation, achieve new growth patterns through power transformation and momentum conversion, significantly enhance overall technological innovation capabilities, and provide strong impetus for development.

Continue to focus on both ends, vigorously develop strategic emerging industries, steadfastly promote the transformation and upgrading of basic building materials, accelerate international expansion, expedite the transformation towards digitization, service-oriented, and green development, and accelerate the construction of a modern industrial system.

Deepen reforms, further improve market-oriented operation mechanisms and China's distinctive modern enterprise system, advance the special action plan for building world-class enterprises, and expedite the creation of more dynamic and efficient modern state-owned enterprises.

Uphold the overall leadership of the Party, resolutely and comprehensively strengthen Party governance, promote the deep integration of Party building and corporate management, and ensure high-quality development with high-quality Party building.

The journey ahead is still long, but the future holds promise. We will always maintain strategic sober-mindedness, integrating past efforts into the future and transforming them into the confidence and strength to continue moving forward. We will comprehensively promote high-quality development, achieve new breakthroughs, reach new heights, accelerate the construction of a world-class materials enterprise, and create a leading global listed company in the materials field. We will better shoulder the mission of building a strong nation in materials in the new era, serving the national strategy with the best materials, and making new historic contributions to economic and social development.

Zhou Yuxian
Chairman

Beijing, the PRC
28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS OVERVIEW

DEVELOPMENT ENVIRONMENT

In 2023, in the face of an exceptionally complex international environment and the arduous task of reform, development and stabilization, the Chinese government deepened reform and opening up in all aspects, stepped up macroeconomic regulation, and intensified innovation to lead industrial upgrading, and the major targets and tasks of economic and social development for the whole year were accomplished satisfactorily, with high-quality development being promoted in a solid manner. In 2023, GDP was RMB126.06 trillion, a year-on-year growth of 5.2%, which was higher than the projected global growth rate of around 3%; fixed asset investment increased in scale, a year-on-year growth of 3.0% to RMB50.30 trillion; investment in infrastructure increased by 5.9% year-on-year, maintaining a steady growth; the real estate industry was in the stage of deep adjustment, with a year-on-year drop of 9.6% in investment in real estate development; the level of urbanization steadily increased, with the urbanization rate of the resident population of the end of 2023 being 66.16%, an increase of 0.94 percentage points year-on-year.

In 2023, the Chinese government has proposed to vigorously develop strategic emerging industries to enhance core competitiveness and strengthen core functions. At the same time, the promotion of the realization of the "dual-carbon" goal and the construction of a new energy system will bring new development opportunities and challenges for the structural reform of the supply side of the industry, the restructuring and upgrading of the industry and the sustainable development of the Company.

OPERATION IN 2023

Basic building materials segment

In 2023, the cement industry was characterized by "insufficient demand, weakening expectations and weakening off-peak season characteristics", coupled with the impact of factors such as aggravating surplus and high costs, the industry was under deep pressure. Cement production fell by 0.7% year-on-year to 2.02 billion tons, representing a drop of 18% from the peak value in 2014. Profit of the industry amounted to RMB32 billion, representing a drop of approximately 50% year-on-year and the lowest in the past 16 years.

The Group **deepened the supply-side structural reform of the industry**, strictly implemented the policy of staggered peak production, promote green transformation and innovative development and actively promoted the inclusion of cement in the national carbon emissions trading. The Group has also **deepened the Management of Three Delicacies** and achieved remarkable results in cost reduction, while the net cash flow from operating activities remained stable. The **proportion of revenue and profit contribution from "Cement+" increased steadily**. The commercial blending business implemented a differentiated marketing strategy of "one location, one policy", and the effectiveness of professional management was obvious; the aggregates business operated steadily, and the Company pushed forward to achieve the target of production as soon as possible after the commissioning of its large-scale production bases, and continued to deepen its professional control and benchmarking management. **Business integration was steady and orderly**, with the completion of the asset reorganization of Qilianshan and China Communications Construction Company Design Institute, which sets the first example of centralized enterprise market reorganization and listing, and the entrustment of Qilianshan Cement assets to Tianshan Cement. **Completing the construction of an internationalized platform**, Sinoma International increased its shareholding in Sinoma Cement and confirmed the strategic goal of internationalization; Zambia Industrial Park exceeded RMB100 million of net profit.

New materials segment

The Top-tier Business

Glass Fiber

In 2023, the demand growth in the glass fiber market was not as expected, and the release of new production capacity in the past two years led to a periodic imbalance between supply and demand, intense market competition and historically low prices.

The Group further strengthened the foundation of high-quality development and **achieved new breakthroughs in production and sales volume against the trend**. Fully utilizing the advantages of its global distribution, the Group proactively adjusted the structure of its production and sales volume to expand the market and increase sales volume, with the proportion of high-end products remaining at a high level. With **precise control and cost reduction and efficiency enhancement**, the production bases operated at full capacity with high efficiency, the comprehensive cost continued to decline, and the in-depth implementation of the "Increase, Save, and Reduce" working method created a new advantage in cost. **Employing digital intelligence technology to empower global integrated operation**, Taishan Glass Fiber commenced the construction of "Lighthouse Factory" at its new base in Taiyuan to build a digital intelligence factory; the first production line of Jushi Jiujiang Intelligent Manufacturing Base was successfully ignited, becoming the world's largest single glass fiber production line; Jushi Egypt's 120,000-ton roving production line reached full capacity and reached the standard, and the U.S. base's production efficiency and operation quality were steadily improved. **The construction of zero-carbon smart manufacturing was fully launched**, and the first phase of Huai'an Ruisui Base, the world's first zero-carbon smart manufacturing base for glass fibers, was fully launched, and the supporting wind power projects were simultaneously promoted, exploring a new path for the glass fiber industry to accelerate the realization of the "dual-carbon" goal.

Gypsum board

In 2023, the real estate market continued to be in the doldrums, but demand for gypsum board remained relatively stable, driven by guaranteed delivery of properties. With the release of new production capacity in some regions and intensified competition in the market, the advantages of leading enterprises with core competitiveness in terms of cost and product innovation were further highlighted and the concentration of the industry was further increased.

The Group **further consolidated its leading position globally amidst adversity**, achieved growth in sales volume, stabilized prices and lowered costs to continue the growth in gross profit, dug deeper into the "10 cents" potential and continued to push forward the "50-employee factories and 80-employee bases". **Following the rhythm of the market**, we focused on the system capability of assembled interiors and terminal brand capability, and accelerated the transformation into a consumer building materials manufacturer and service provider. **Leading the development with technology research and development**, the Company has obtained significant technological achievements in the areas of energy broadening, "near-zero emission" of coal-fired heat source, and digitalized production line, etc., among which the "near-zero emission" technology of coal-fired heat source has reached the international leading level, and the energy-saving technology for the production of gypsum boards with natural gas heat source has reached the domestic leading level. **Broadening and extending the industrial chain**, the "Gypsum Board+" business has achieved substantial growth against the market trend. **Accelerating the internationalization of our business**, the core operating indicators of Tanzanian Beixin have increased significantly year-on-year, the Uzbekistan project has achieved profitability in the same year of commissioning, and the construction of the gypsum board project in Thailand is progressing orderly.

Wind power blade

In 2023, the dual-carbon strategy brought new energy development opportunities and broad prospects for wind turbine blades. However, due to factors such as the global economic downturn and the slow progress of offshore wind power projects, the new installed capacity was not as much as expected, and the industry's production capacity is still being added, and the stage of overcapacity is still deepening.

The Group has turned its **technological advantages into industrial advantages**, with the world's most advanced "Shaguo Arao" 12 MW typhoon wind turbine blade successfully rolled out of the production line, and the 100-meter-grade wind turbine blade made of thermoplastic composite material set a new global record, as well as adjusting product structure, comprehensively reducing costs and increasing efficiency through the enhancement of the utilization rate of production capacity and production efficiency. We **completed the business integration of the wind turbine blade segment**, formed a synergistic and efficient professional development platform, effectively improved the operation and management level, and enhanced our influence and competitiveness as the No. 1 Company in the world. **The first phase of the "14th Five-Year Plan" offshore wind power capacity deployment** was realized, and the Yangjiang base was put into operation, and the synergy effect with the Dongying and Lianyungang projects was gradually emerged. **Laying out "blade+" business**, Taishan Fiber Glass and Beijing Composite jointly launched wind power blade extrusion beam business. **With the implementation of international projects**, the first blade of the Brazilian project came off the production line, realizing zero breakthrough in overseas manufacturing.

The Second-tier Business

Lithium battery separator

In 2023, under the environment of increasing competition, the lithium battery diaphragm industry was characterized by high barriers, difficult profitability, and the rapid expansion strategy of mainstream enterprises to promote industrial concentration, forming a three-legged competitive pattern. Domestic lithium battery separator enterprises have become the core force of global supply and fully benefited from the rapid growth of the new energy automobile and energy storage industries.

The Group **continued to optimize its marketing structure**, with shipments to overseas customers and coated films increasing significantly. The **production capacity of the five major 1 billion square meters bases has been accelerated**, with the Nanjing, Pingxiang and Yibin bases realizing sales ahead of schedule, and the Second phase in Inner Mongolia and Second phase in Tengzhou coming into operation. We accelerated our internationalization and actively explored new modes of cooperation with international customers to enhance the viscosity of cooperation. **Continuing to reduce costs and improve efficiency**, through scale-up and technology enhancement, the costs of base film and coating products have been significantly reduced, and profitability has been greatly strengthened. **Technological research has been continuously carried out** to break through the key technology of aramid coating, fill the gaps in China, and build up core competitiveness.

Carbon Fiber

In 2023, the carbon fiber industry faced challenges in terms of operation and product profitability due to weaker-than-expected demand growth, inventory accumulation and price fluctuations.

The Group **has accelerated the scale effect** and constructed a "moat" of cost advantages, with the Xining base going into full operation and doubling its production volume, and the Lianyungang base commencing construction to start a new green base. We **continue to optimize our product structure**, upgrade product performance, launch differentiated products and establish ladder pricing to meet diversified market demands and expand our market share. We have forged our **competitiveness through technological innovation**, realized the national production of key core equipment for T700/800 high-performance carbon fibers, passed the PCD pre-approval of COMAC for T800 prepreg, and possessed the batch production capability for T1100 carbon fibers, and realized mass production of the world's first 48K large filament tow prepared by dry-spraying and wet-spinning, which opens the way for the high-performance and low-cost downstream demand.

Waterproof System

In 2023, the real estate market continued to be in the doldrums, driven by the guaranteed delivery of properties, the waterproofing market demand capacity was at a low level and stabilized, but the industry was still characterized by serious overcapacity, fierce price competition and accelerated clearing of non-competitive enterprises.

The Group's **waterproofing business revenue achieved a breakthrough against the trend**, strengthened channel development, explored in-depth for quality customers, comprehensively enhanced the sales capacity and service level, enhanced the competitiveness of the enterprise with "innovation + marketing", accelerated the expansion of waterproofing business, achieved a breakthrough against the trend in revenue, and achieved a balanced development in terms of scale, quality and efficiency. Through various measures, such as procurement, raw material substitution, optimization of production lines, formulations and management, we have **achieved significant results in cost reduction and efficiency enhancement**, and increased the gross profit level. The **construction of new projects was carried out in an orderly manner**. The polyurethane project in Quanjiao, Anhui Province was completed and put into production in the same year when the project was started, and the tire base fabric project in Jinzhou, Liaoning Province was started smoothly. The Company has been **deeply engaged in scientific and technological innovation**, and has launched more than 10 special products through joint research and development with Suzhou Waterproofing Research Institute.

The Third-tier Business

Graphite new materials

In 2023, the traditional fine powder market was affected by the decrease in demand for downstream refractory materials, and demand weakened. As the global new energy industry continues to grow, the demand for spherical graphite and graphite anode continued to grow but at a slower rate. With the continuous expansion of production capacity, there was a structural imbalance between supply and demand and intensified competition in the market.

The Group's **market share of fine powder is at the forefront of the industry**. Relying on the advantage of natural graphite resource base, the Group has adjusted the production and sales structure of its products, stabilized the stock market and vigorously explored the incremental market. **Against this backdrop, the Group's gross profit increased** and the operation rate of its fine powder production line reached 100%, the best level in history, which significantly enhanced its cost competitiveness. **The integrated natural graphite industry chain was further improved**, 10,000 tons of negative electrode production line was completed for trial production, and the Company took a strategic stake in Qingdao Xintaihe.

Hydrogen Energy Cylinders

In 2023, the country once again clarified the positioning of hydrogen energy, and the policy side continued to catalyze the green hydrogen projects and the rapid growth of fuel cell vehicle production and sales, which in turn drove the hydrogen energy storage and transportation equipment to show faster growth, with a broad development prospect.

The Group **maintains its leading position in the domestic market**, with a sales volume of 12,000 hydrogen storage cylinders in 2023, representing a year-on-year growth of 72%. The Group will **continue to improve its hydrogen energy storage and transportation industrial chain**, and add the high-pressure cylinder gas supply system business. **Continuing to consolidate our leading position in technology**, we have completed the certification of the first digital and automated production line for 70MPa type 4 cylinders with our own intellectual property rights, and have made breakthroughs in the design and manufacture of hydrogen storage containers with 99MPa pressure level, and in the complete set of key technologies and processes for the selection and purification of raw materials for domestic production of high purity quartz products with a grade of 99.998%.

Coating

In 2023, the real estate market remained in the doldrums, the demand for coatings market was under pressure, the competitive landscape was relatively fragmented and competition was further intensified due to overcapacity, which facilitated the industry to enter a period of consolidation.

The Group **has accelerated its coatings business** by expanding architectural coatings, focusing on high-functionality and high value-added products, adjusting its product structure, strengthening industrial coatings, and reinforcing cooperation with high-quality customers in the industry to create benchmark projects, thereby effectively enhancing its market competitiveness and profitability. **The transfer of 51% equity interest in Beacon Coatings was completed**, the Company held 100% equity interest in Beacon Coatings, and completed the production base of 50,000 tons of industrial coatings and 20,000 tons of resins in Nangang, Tianjin, and the layout was further improved. **Reorganization of Carpoly strengthened the coatings wing** and reinforced the distribution in the retail end, accelerating the transformation into a consumer building materials manufacturer and service provider, and launching a new round of robust development.

Engineering Technical Services Segment

In 2023, the "dual-carbon" and "dual-control" policies of China's cement industry brought about an urgent need for industrial restructuring and upgrading, the infrastructure demand of countries along the "One Belt and One Road" brought about a vibrant cement engineering market, the European market continued to unleash the demand for low-carbon and green renovation, and the room for development of engineering and technical services was stable.

The Group **continued to consolidate its dominant global markets** and actively attacked the high-end market, with overseas orders increasing by 55% year-on-year, and the market share of its cement technology equipment and engineering business ranking first in the world and 43rd on the list of ENR's "World's 250 Largest International Contractors". The Company **promoted the reorganization of the equipment business**, established the CNBM Equipment Group, and set up the CNBM Equipment Research Institute, vigorously enhancing the autonomy of the industrial chain. **Operation and maintenance services maintained high growth**, with 56 operating cement production lines in service and an annual production capacity of more than 100 million tons of cement. The Group **accelerated the development of greening business**, successfully built a number of green and intelligent demonstration lines and green mines, and signed a contract for Europe's first industrialized oxy-fuel clinker line project, which boosted the transformation and upgrading of the industry.

STATE-OWNED ENTERPRISES REFORM – TO PROMOTE DEVELOPMENT THROUGH REFORM

1 Deepening Reform and Enhancing Action, Starting from a High Starting Point

- The three-year action of reforming state-owned enterprises was successfully completed, and the deepening and upgrading of the reform was promoted at a high level, with the implementation plan and work ledger formulated at a high level of quality.

- Solidly implementing the creation of world-class model enterprises, China Jushi and Zhongfu Shenying were selected as model enterprises for the creation of world-class professional leaders.

2 Further Improvement of Corporate Governance

- Dynamically optimized the list of powers and responsibilities of the three committees, making the powers and responsibilities of the governing bodies clearer.

- Promote hierarchical management of the Board, tracking the implementation of resolutions and forming closed-loop management.

- Launched evaluation of the Board of subsidiaries at all levels and promoted the application of evaluation results to enhance the regularity and effectiveness of the Board.

3 Reform of the operating mechanism continues to deepen

- Further enhancement of precise assessment and rigid realization

- Implemented the contractual tenure system for managers at all levels

- The proportion of management personnel competing for positions reached 54.82%, and the proportion of employees who were withdrawn from the Company on a market-oriented basis reached 2.38%

4 Medium and Long-Term Incentives Increase in Quality and Expansion

In 2023, the total number of medium- and long-term incentives increased by 3,180, representing an increase of 133% compared with the end of 2022:

- The coverage of restricted share incentive for the listed company further increased, Sinoma International completed reserved share option grants, BNBM announced proposal

- Added two new technology-based enterprises, Smart Industry, a subsidiary of Sinoma International, and Taishan Gypsum, a subsidiary of BNBM, to the list of profit-sharing positions

- Excess Profit Sharing for 4 New Enterprises: Mengpai New Materials, Longpai Gypsum, BNBM Waterproof and Tanzanian Beixin

5 Specialized Project for Continuously Deepening Reform

SASAC's Specialized Assessment for the Two Hundred Enterprises on Science and Technology Reform in 2022:

- Sinoma International and Hefei Institute of the Two Hundred Enterprises were recognized as excellent

- NRDI and TCDRI of science and technology reform enterprises were recognized as excellent

IMPROVEMENT OF SCIENCE AND TECHNOLOGY INNOVATION SYSTEM

Focusing on forging national strategic scientific and technological power

- Completed the acceptance of the Composite Materials Industry Center of the National New Materials Testing and Evaluation Platform.

- Promoted the reorganization of the State Key Laboratory of Specialty Fiber Composite Materials.

Continuously improving scientific and technological innovation capability

- Accelerated the development of original technology curators, and pushed forward the implementation of 75 national scientific research projects and 13 Phase I projects of the Parent Company's "Listed and Commanded" program.

- Actively participated in the second phase of our Parent Company's "Listed and Commanded" projects.

- Breakthroughs in a number of key technologies, including advanced composite materials for large airplanes and hydrogen-coupled alternative fuel technologies.

Promoting the demonstration and application of a number of original technological achievements

- Supported the transformation and upgrading of traditional industries and accelerated the development of strategic emerging industries

Continuous revision of standards and patent applications

- In 2023, the Group has formulated and revised 3 international standards and 34 national standards, and had 229 high-tech enterprises with 15,000 valid patents, including more than 3,500 invention patents

ACCELERATING THE PACE OF DIGITAL TRANSFORMATION

Improving the digital governance structure of "control and management"

- Establishment of a steering group on informationization and digital transformation
- Establishment of Digitization Management Center, Digitization Chief Data Officer and Chief Information Officer
- Establishment of an external expert committee on digitization led by academicians and established a database of internal and external experts on digitization

Digitization taking effect

- Promoting 12 key projects of the unified construction and co-ordination at the headquarters level to solve the pain points
- Over 1.54 million heavy-duty trucks have been registered on the "I'm looking for a car" platform,GMV reaches RMB68.5 billion
- The first phase of the Industrial Internet Data Center in Ningxia was completed and put into operation
- Formulated Cement Smart Factory 2.0 standard
- Sinoma International released an intelligent platform for equipment manufacturing

Accelerating the construction of intelligent chemical plants and mines

- In 2023, 26 intelligent factories, 71 intelligent production lines for new materials and 11 digital mines have been built; 12 enterprises have been selected as MIIT's intelligent manufacturing pilot sites; 109 enterprises have achieved the standard of "integration of the two", and 38 have been selected as MIIT's digital transformation pilot projects/cases

PROMOTING LIFE CYCLE GREEN TRANSFORMATION

Continuously optimizing of energy structure transformation

- Used 26.01 million tons of alternative fuels, reducing carbon dioxide emissions by 2.89 million tons
- Constructed photovoltaic and residual heat power generation projects in accordance with local conditions. 7 “Photovoltaic+” energy plants were expanded, 23 new plants were added, and a total of 42 plants were built, with a total installed capacity of 282 MW
- Cement clinker production line: annual power generation capacity of 7.655 billion kWh from residual heat.
- Accelerating the construction of zero purchased power plants and mines
- Achieved international leadership in “near-zero emission” of gypsum boards, with a cumulative total of 48 lines completed

Continuously strengthening the research and development of key green and low-carbon technologies

- The proportion of cement clinker production capacity with Grade 1 energy efficiency achieved a year-on-year increase of 16 percentage points to 22%
- Owned 137 green mines and 239 green factories
- China United Jiyuan’s steel slag carbon capture project was recognized by Henan Province as a “green and low-carbon development landmark project”
- Smooth ignition of the 200,000-ton annual carbon capture project of China United Qingzhou
- 48 kiln co-disposal production lines with an annual disposal capacity of 4.83 million tons

Continuously expanding the space for “dual-carbon” sustainable development

- Established a comprehensive “carbon management” system and incorporated carbon reduction targets into the assessment system of responsible persons to ensure the smooth completion of the “dual carbon” targets
- Successfully selected as one of the “Leader” enterprises in China’s industrial carbon peaks in 2023
- Promoted the standardization and development of carbon emission monitoring technology, and initiated the pilot project of online carbon emission monitoring for cement enterprises

FINANCIAL REVIEW

The revenue of the Group decreased by 10.1% from RMB233,879.8 million in 2022 to RMB210,216.4 million in 2023. The profit attributable to equity holders of the Company decreased by 52.5% from RMB8,129.6 million in 2022 to RMB3,863.0 million in 2023.

Revenue

Our revenue in 2023 amounted to RMB210,216.4 million, representing a decrease of 10.1% from RMB233,879.8 million in 2022. This was primarily due to a decrease of RMB28,430.1 million in the revenue of the Group's basic building materials segment, which was partially offset by an increase of RMB2,729.1 million in the revenue of the engineering technical services segment and an increase of RMB1,648.1 million in the revenue of the new materials segment.

Cost of sales

Our cost of sales in 2023 amounted to RMB172,770.2 million, representing a decrease of 11.0% from RMB194,036.5 million in 2022. This was primarily due to a decrease of RMB23,467.0 million in the cost of sales of the Group's basic building materials segment, which was partially offset by an increase of RMB1,219.3 million in the cost of sales of the engineering technical services segment and an increase of RMB892.0 million in the cost of sales of the new material segment.

Other income

Other income of the Group decreased by 39.4% from RMB5,699.7 million in 2022 to RMB3,454.1 million in 2023. This was primarily due to a decrease of RMB2,401.5 million in gain on disposal of assets, a decrease of RMB837.4 million in profit on disposal of subsidiaries, which was partially offset by the increase of RMB649.3 million in net gain of the fair value change financial assets at fair value through profit or loss.

Selling and distribution costs

Selling and distribution costs increased by 1.7% to RMB3,694.4 million in 2023 from RMB3,631.5 million in 2022. This was primarily due to an increase of RMB83.7 million on travel expenses.

Administrative expenses

Administrative expenses increased by 0.6% to RMB21,122.3 million in 2023 from RMB21,004.4 million in 2022. This was primarily due to an increase of RMB813.5 million in research and development fees, and the increase of RMB478.8 million in foreign exchange losses, which was partially offset by the decrease of RMB775.4 million in labour costs, the decrease of RMB257.1 million in allowances for impairment of property, plant and equipment.

Finance costs

Finance costs decreased by 13.0% to RMB5,142.1 million in 2023 from RMB5,910.0 million in 2022. This was primarily due to the decrease in the Group's borrowing costs.

Share of results of associates

The Group's share of results of associates decreased by 50.4% to RMB1,512.5 million in 2023 from RMB3,047.7 million in 2022. This was primarily due to the decrease in profit from the China Jushi and Group's associates in the basic building materials segment.

Provision under expected credit losses

The provision under expected credit losses decreased to RMB-69.2 million in 2023 from RMB27.6 million in 2022.

Income tax expense

Income tax expense decreased by 18.7% to RMB2,119.3 million in 2023 from RMB2,606.3 million in 2022. This was primarily due to the decrease in profit before tax.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by 9.1% to RMB5,985.8 million in 2023 from RMB6,585.2 million in 2022. This was primarily due to the decrease in operating profit of basic building materials segment and new materials segment.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company decreased by 52.5% to RMB3,863.0 million in 2023 from RMB8,129.6 million in 2022. Net profit margin decreased to 1.8% in 2023 from 3.5% in 2022.

Basic building materials segment

Revenue

Revenue of basic building materials segment of the Group in 2023 amounted to RMB118,800.5 million, representing a decrease of 19.3% from RMB147,230.5 million in 2022, mainly attributable to the decrease in the average selling price of cement products, commercial concrete and aggregate and the decrease in sales volume of cement products, commercial concrete, which was partially offset by the increase in sales volume of aggregate.

Cost of sales

Cost of sales of basic building materials segment of the Group in 2023 amounted to RMB102,006.4 million, representing a decrease of 18.7% from RMB125,473.4 million in 2022, mainly attributable to the decrease in sales volume of cement products and commercial concrete and the decrease in coal price, which was partially offset by the increase in the sales volumes of aggregate.

Gross profit and gross profit margin

Gross profit of basic building materials segment of the Group decreased by 22.8% to RMB16,794.0 million in 2023 from RMB21,757.1 million in 2022. Gross profit margin of the basic building materials segment of the Group decreased from 14.8% in 2022 to 14.1% in 2023. The decrease in gross profit margin was mainly due to the decrease in the average selling price of cement products, commercial concrete, and aggregate, which was partially offset by the decrease in coal price.

Operating profit

Operating profit of basic building materials segment of the Group decreased by 37.3% to RMB7,209.2 million in 2023 from RMB11,502.0 million in 2022. Operating profit margin of the basic building materials segment of the Group decreased from 7.8% in 2022 to 6.1% in 2023. This was primarily due to the decrease in gross profit margin, the decrease in gain on disposal of assets and the increase in research and development fees, which was partially offset by the decrease in labour cost and allowances for impairment of property, plant and equipment.

New materials segment

Revenue

Revenue of new materials segment of the Group increased by 3.6% to RMB47,623.1 million in 2023 from RMB45,975.0 million in 2022. This was mainly attributable to the increase in the sales volume of gypsum board, glass fiber yarn, wind power blade and lithium battery separator, which was partially offset by the decrease in the average selling price of gypsum board, glass fiber yarn, wind power blade and lithium battery.

Cost of sales

Cost of sales of new materials segment of the Group increased by 2.6% to RMB35,765.1 million in 2023 from RMB34,873.1 million in 2022, mainly attributable to the increase in sales volume of gypsum board, glass fiber yarn, wind power blade and lithium battery separator, which was partially offset by the decrease in the prices of raw material and coals.

Gross profit and gross profit margin

Gross profit of new materials segment of the Group increased by 6.8% to RMB11,857.9 million in 2023 from RMB11,101.9 million in 2022. Gross profit margin of new materials segment of the Group increased to 24.9% in 2023 from 24.1% in 2022. This was mainly attributable to the decrease in the prices of raw material and coals, which was partially offset by the decrease in average selling prices of gypsum board, glass fiber yarn, wind power blade and lithium battery separator.

Operating profit

Operating profit of new materials segment of the Group decreased by 12.3% to RMB7,052.1 million in 2023 from RMB8,038.9 million in 2022. The operating profit margin of new materials segment of the Group decreased to 14.8% in 2023 from 17.5% in 2022, mainly attributable to the decrease in gains on disposal of assets, increase in research and development fees, labour cost, travel expenses and repair fees, which was partially offset by the increase in gross profit margin.

Engineering technical services segment

Revenue

Revenue of engineering technical services segment of the Group increased by 6.4% to RMB45,104.6 million in 2023 from RMB42,375.4 million in 2022, mainly attributable to the increase in the numbers of engineering services completed for the current period.

Cost of sales

Cost of sales of engineering technical services segment of the Group increased by 3.4% to RMB36,696.6 million in 2023 from RMB35,477.3 million in 2022, mainly attributable to the increase in the numbers of engineering services completed for the current period.

Gross profit and gross profit margin

Gross profit of engineering technical services segment of the Group increased by 21.9% to RMB8,408.0 million in 2023 from RMB6,898.1 million in 2022. Gross profit margin of engineering technical services segment of the Group increased to 18.6% in 2023 from 16.3% in 2022, mainly attributable to the increase in gross profit margin of engineering services and high-end equipment manufacture projects.

Operating profit

Operating profit of engineering technical services segment of the Group increased by 19.1% to RMB3,506.4 million in 2023 from RMB2,943.6 million in 2022. Operating profit margin of engineering technical services segment of the Group increased to 7.8% in 2023 from 6.9% in 2022, mainly attributable to the increase in gross profit margin, which was partially offset by the increase in foreign exchange loss and research and development fees.

Liquidity and financial resources

As at 31 December 2023, the Group had unused banking facilities and bonds registered but not yet issued of approximately RMB345,877.3 million in total.

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

	As at 31 December	
	2023	2022 (restated)
	(RMB in millions)	
Bank loans	**145,081.0**	127,294.7
Bonds	**38,900.0**	45,600.0
Borrowings from non-financial institutions	**924.7**	1,341.4
Total	**184,905.7**	174,236.1

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

	As at 31 December	
	2023	2022 (restated)
	(RMB in millions)	
Borrowings are repayable as follows:		
Within one year or on demand	**73,980.1**	77,688.5
Between one and two years	**39,562.0**	37,663.7
Between two and three years	**42,159.5**	34,419.4
Between three and five years (inclusive of both years)	**12,459.5**	8,926.0
Over five years	**16,744.6**	15,538.5
Total	**184,905.7**	174,236.1

As at 31 December 2023, borrowings in the aggregate amount of RMB6,076.8 million were secured by assets of the Group with a total amount of RMB13,318.6 million.

As at 31 December 2023 and 31 December 2022, the debt to assets ratio of the Group, calculated by dividing borrowings by total of assets of the Group, were 37.8% and 35.6%, respectively.

Exchange Risks

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

Contingent Liabilities

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

Capital Commitments

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

	As at 31 December	
	2023	2022 (retated)
	(RMB in millions)	
Capital expenditure of the Group in respect of acquisition of property, plant and equipment (contracted but not provided for)	**4,191.4**	5,822.1

Capital expenditures

The following table sets the our capital expenditures of the Group for the year ended 31 December 2023 by segment:

	For the year ended 31 December			
	2023		2022	
	(RMB in millions)	***% of total***	*(RMB in millions)*	*% of total*
Basic building materials	**17,636.2**	**57.7**	17,397.8	62.1
Cement	**11,866.6**	**38.8**	12,020.8	42.9
Commercial concrete	**935.1**	**3.1**	700.0	2.5
Aggregate	**4,834.5**	**15.8**	4,677.0	16.7
New materials	**10,225.1**	**33.4**	8,104.3	28.9
Gypsum board	**857.9**	**2.8**	1,230.5	4.4
Glass Fiber	**1,486.0**	**4.8**	1,608.0	5.7
Wind power blade	**1,088.1**	**3.5**	903.0	3.2
Lithium battery separator	**5,370.0**	**17.6**	2,501.0	8.9
Waterproof	**327.4**	**1.1**	333.4	1.2
Other	**1,095.7**	**3.6**	1,528.4	5.5
Engineering technical services	**1,585.6**	**5.2**	933.0	3.3
Others	**1,121.3**	**3.7**	1,610.0	5.7
Total	**30,568.2**	**100.0**	28,045.1	100.0

Material Investment Plans

As of the date of this announcement, except for the plans which have been disclosed (to be invested using including internal funds and external borrowings) in the 2023 annual report, there are no other future plans for material investments or capital assets.

Cash Flow From Operating Activities

For the year 2023, net cash inflow of the Group generated from operating activities was RMB29,024.9 million, representing a increase of RMB2,179.1 million as compared to that of 2022 of RMB26,845.8 million, which was primarily due to the year-on-year decrease in the cash paid by the Group for purchase of goods and receipt of labour services as well as the year-on-decrease in tax, which were partially offset by the year-on-year decrease in cash received for sales of goods and provision of labour services.

Cash Flow From Investing Activities

For the year 2023, net cash outflow of the Group generated from investing activities was RMB27,339.4 million, representing a increase of RMB1,369.9 million as compared to that of 2022 of RMB25,969.4 million, which was primarily due to the year-on-year decrease in cash received by the Group for disposal of property, plant and equipment.

Cash Flow From Financing Activities

For the year 2023, net cash outflow of the Group generated from financing activities was RMB1,078.1 million, representing a decrease of RMB1,576.6 million as compared to that of 2022 of RMB2,654.7 million, which was primarily due to the year-on-year increase in net cash received by the Group on borrowings and the year-on-year decrease in the cash paid for interest and dividends.

OUTLOOK FOR 2024

The year 2024 is a critical year for the full implementation of the spirit of the 20th National Congress, as well as a year for the in-depth implementation of the 14th Five-Year Plan. Although the internal and external environments facing China's economic development remain complex and severe, from a comprehensive point of view, the basic trend of rebound and long-term improvement remains unchanged, and more and more conditions are accumulating to support the high-quality development of the economy. The Chinese government insists on seeking progress amidst stability, promoting stability through progress, establishing first and then breaking new ground, strengthening counter-cyclical and cross-cyclical adjustments in macro policies, and continuously enhancing the innovation of policy tools and coordination, the economy is expected to continue to rebound and improve in 2024.

The Group will continue to adhere to the guiding principles of "4335", implement the new development concept and construct a new development pattern, and make every effort to implement various tasks such as operation and management, optimization of layout, technological innovation, deepening of reforms and value management, in an effort to achieve a higher-quality, more efficient, more sustainable and safer development:

01 **Enhance the effectiveness of operation and management and promote high-quality development.** We will insist on prioritizing efficiency, practically improving the quality and efficiency of operation and the level of capital return; insisting on three-pronged management, persistently reducing costs and expenses, and making up for the shortcomings in operation and management; better coordinating the development and safety, and striving to build a full-coverage, stringent supervision and strong internal control system, so as to safeguard the bottomline of not incurring any major risks.

02 **Continuously promote the optimization of the layout and accelerate the transformation of old and new energies.** Insist on systematic layout and gradual cultivation of the new materials industry, coordinate resources, focus on cultivating new products, new modes and new business forms, and develop strategic emerging industries; resolutely push forward the transformation and upgrading of basic building materials, enhance the core competitiveness of the market, grasp the "Cement+", internationalization, and dual-carbon three major tail factors, and accelerate the upgrading by focusing on high-end, intelligent, and greening; and actively cultivate the digital economy to facilitate low-carbon development with greening and promote openness and cooperation with internationalization. We will actively cultivate the digital economy, promote low-carbon development through greening, and promote openness and cooperation through internationalization.

03 **Strengthen the leading role of science and innovation, and accelerate the formation of new quality productivity.** Focusing on high-level scientific and technological self-reliance and self-improvement, the company will strengthen the supply of original and leading technologies, and create an all-round source of original technologies for non-metallic materials; it will also increase investment in research and development (R&D), the construction of high-level R&D platforms, and the attraction and nurturing of high-level scientific and technological talents, so as to enhance the overall capacity of scientific and technological innovation; it will also strengthen the protection of policies for scientific and technological innovation, and push forward the scientific and technological innovation appraisal guided by scientific and technological outputs, so as to optimize the new ecology of scientific and technological innovation systematically.

04 **Deepening reforms in a comprehensive manner and empowering development through reforms.** The Company will further implement the reform and enhancement actions to accelerate the completion of the main tasks; further improve the modern corporate governance of state-owned enterprises with Chinese characteristics; continue to dynamically optimize the list of powers and responsibilities of the three committees on a hierarchical basis and on an enterprise-by-enterprise basis to ensure that the main governance bodies are scientifically positioned and their work is in place; further improve the market-oriented operation mechanism; enhance the quality and expand the coverage of the new operation responsibility system; continue to expand the coverage of medium- and long-term incentives; and focus on the creation of first-class value creation, forging long boards, mending short boards, and enhancing the ability to match the world-class enterprises.

05 **Strengthening corporate value management and enhancing value realization capability.** We will complete the final work of the special operation to improve the quality of listed companies, continue to promote professional integration, actively explore market value management tools, insist on both value creation and value realization, continue to improve ESG governance, empower sustainable development of companies, and actively protect shareholders' rights and interests.

CORPORATE GOVERNANCE REPORT

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

The Company complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2023.

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

For the year ended 31 December 2023, the Company has publicly bought back the "17 CNBM 03" bonds on the Shanghai Stock Exchange. The repurchase price is the face value of the bond (RMB100 each bond) and the cancellation amount is RMB500,000,000.00, the bond has been fully repurchased. The Company has publicly bought back the "17 CNBM 02" bonds on the Shanghai Stock Exchange. The repurchase price is the face value of the bond (RMB100 each bond) and the cancellation amount is RMB1,000,000,000.00, the bond has been fully repurchased.

For the year ended 31 December 2023, the Company redeemed the following mature listed bonds through the Shanghai Stock Exchange: The bonds "18 CNBM 04" were fully redeemed at the redemption price RMB100 each, which was the nominal value of the bond, and the amount cancelled was RMB400,000,000.00. The bonds "18 CNBM 06" were fully redeemed at the redemption price RMB100 each, which was the nominal value of the bond, and the amount cancelled was RMB500,000,000.00. The bonds "18 CNBM 08" were fully redeemed at the redemption price RMB100 each, which was the nominal value of the bond, and the amount cancelled was RMB1,000,000,000.00. The bonds "18 CNBM 10" were fully redeemed at the redemption price RMB100 each, which was the nominal value of the bond, and the amount cancelled was RMB700,000,000.00. The bonds "18 CNBM 12" were fully redeemed at the redemption price RMB100 each, which was the nominal value of the bond, and the amount cancelled was RMB600,000,000.00. The bonds "18 CNBM Y2" were fully redeemed at the redemption price RMB100 each, which was the nominal value of the bond, and the amount cancelled was RMB300,000,000.00. The bonds "18 CNBM Y4" were fully redeemed at the redemption price RMB100 each, which was the nominal value of the bond, and the amount cancelled was RMB500,000,000.00. The bonds "18 CNBM Y6" were fully redeemed at the redemption price RMB100 each, which was the nominal value of the bond, and the amount cancelled was RMB800,000,000.00. The bonds "20 CNBM Y6" were fully redeemed at the redemption price RMB100 each, which was the nominal value of the bond, and the amount cancelled was RMB1,000,000,000.00. The bonds "21 CNBM Y1" were fully redeemed at the redemption price RMB100 each, which was the nominal value of the bond, and the amount cancelled was RMB1,000,000,000.00. The bonds "21 CNBM Y4" were fully redeemed at the redemption price RMB100 each, which was the nominal value of the bond, and the amount cancelled was RMB1,000,000,000.00.

Except for the aforementioned listed securities (have the meanings ascribed by the Listing Rules), for the year ended 31 December 2023, the Company and its subsidiaries had no other repurchase, sale or redemption of listed securities of the Company.

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

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

AUDIT COMMITTEE

The Audit Committee of the Company comprises three Directors, of whom Mr. Li Jun is the Chairman and both Mr. Liu Jianwen and Ms. Xia Xue are members. All the three members are independent non-executive Directors. Among them, Mr. Li Jun possesses professional qualifications and experience in accounting and related financial management. Such composition is in compliance with the requirements of the Listing Rules. The main duties of the Audit Committee include supervision of the financial reporting procedures of the Company, internal regulation and control as well as risk management work. The Audit Committee has reviewed the financial report and results of the Group for the year ended 31 December 2023.

SCOPE OF WORK OF MOORE CPA LIMITED (FORMERLY, MOORE STEPHENS CPA LIMITED)

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary results announcement have been agreed by the Group's auditor, Moore CPA Limited ("Moore"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore on the preliminary results announcement.

DIVIDENDS

The Board hereby recommends the distribution of a final dividend of RMB1,931,562,481.60 in total (tax inclusive) for the period from 1 January 2023 to 31 December 2023 (2022: RMB3,188,343,310.24 in total (tax inclusive)) for Shareholders whose names appear on the Company's register of members on Monday, 13 May 2024, representing RMB0.229 per share (tax inclusive) (2022: RMB0.378 per share (tax inclusive)) based on the issued shares of 8,434,770,662 shares as of 28 March 2024. The final amount of the dividend per share will be determined based on the number of shares of the Company in issue as at 13 May 2024.

The Company established and implemented the dividend policy in 2019: the Company should maintain sufficient cash reserves to meet the demand for funds, future growth and its equity value when recommending or declaring dividends. In addition to the declaration of dividends, the Board should also take into account the financial performance, cash flow position, business status and strategy, future operation and income, capital demand and expense plan, Shareholders' benefits, limits on the dividend declaration and any other factors the Board may consider to be relevant. According to the Articles of Association of the Company, dividends will be denominated and declared in Renminbi. Dividends on Domestic Shares will be paid in Renminbi and dividends on H Shares will be paid in Hong Kong dollars (except for the holders of H Shares who became Shareholders through the Shanghai-Hong Kong Stock Exchanges Connectivity Mechanism (the "Shanghai-Hong Kong Stock Connect") as well as the Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (the "Shenzhen-Hong Kong Stock Connect"), whose dividend will be paid in RMB). The pre-tax dividend in Hong Kong dollars on H Share will be determined by applying the relevant exchange rate to the pre-tax dividend per share of RMB0.229 and rounding the result to the nearest HK$0.0001. The relevant exchange rate will be the average middle exchange rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of declaration of dividends by the annual general meeting.

The proposed final dividend is subject to approval at the annual general meeting to be held on Monday, 29 April 2024.

In accordance with tax law and relevant requirements under taxation regulatory institutions of the PRC, the Company is required to withhold 10% enterprise income tax when it distributes the final dividend for the period from 1 January 2023 to 31 December 2023 (the "2023 Final Dividend") to holders of all non-resident enterprise Shareholders (including HKSCC Nominees Limited, other nominees, trustees or other entities and organizations, who will be deemed as non-resident enterprise Shareholders) whose names appear on the H Share register of members of the Company on Monday, 13 May 2024.

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

As such, when distributing the 2023 Final Dividend to the domestic corporate investors as the holders of H Shares whose names appear on the register of Shareholders of the Company on Monday, 13 May 2024 provided by China Securities Depository and Clearing Corporation Limited ("China Clearing"), the Company shall not withhold tax on dividend for the domestic corporate investors. The tax payable shall be reported and paid by the enterprises themselves.

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

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

As such, when distributing the 2023 Final Dividend to the domestic Individual H Shareholders (including domestic securities investment funds) whose names appear on the register of Shareholders of the Company on Monday, 13 May 2024 provided by China Clearing, the Company shall withhold and pay individual income tax in accordance with the requirements mentioned above on behalf of the investors.

Pursuant to the Notice on Matters concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the State Administration of Taxation and the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by the Stock Exchange, the overseas resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties between the countries where they reside and China and the tax arrangements between China mainland and Hong Kong (Macau). The Company will identify the country of domicile of Individual H Shareholders according to their registered address on the H Share register of members of the Company on Monday, 13 May 2024 (the "Registered Address"). The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the Individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Individual H Shareholders or any disputes over the withholding mechanism or arrangements. Details of arrangements are as follows:

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

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the relevant shareholder shall proactively submit to the Company the information required under the "Administrative Measures on Preferential Treatment Entitled by Non-resident Taxpayers under Treaties" (Circular of State Taxation Administration No. 35 of 2019) (《非居民納稅人享受協定待遇管理辦法》國家稅務總局公告2019年第35號) (the "Measures on Tax Treaties") on or before Tuesday, 14 May 2024, requesting for enjoying the preferential treatment under the treaties and keeping the relevant information for record and further review. If the information submitted is complete, the Company will withhold and pay individual income tax pursuant to the relevant provisions in tax laws of the PRC and the tax treaties. If the relevant Individual H Shareholder does not provide the information or the information submitted is incomplete, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders.

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

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

If the domicile of an Individual H Shareholder is not the same as the registered address or if the Individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the Individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before Tuesday, 14 May 2024. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and paying provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Measures on Tax Treaties if they do not provide the relevant supporting documents to the Company within the time period stated above.

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

CLOSURE OF REGISTER OF MEMBERS

In order to determine the Shareholders who are eligible to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 24 April 2024 to Monday, 29 April 2024 (both days inclusive), during such period no transfer of shares in the Company will be registered. To be eligible to attend and vote at the forthcoming Annual General Meeting, holders of H Shares whose transfers have not been registered shall lodge all the share transfer documents and relevant share certificates with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p. m. on Tuesday, 23 April 2024 for share registration.

Shareholders whose names appear on the register of members on Monday, 13 May 2024 will be eligible for the final dividend. The register of members of the Company will be closed from Tuesday, 7 May 2024 to Monday, 13 May 2024 (both days inclusive), during such period no share transfer will be registered. In order to qualify for the final dividend mentioned above, holders of H Shares whose transfers have not been registered shall deposit the instrument(s) of transfer and the relevant share certificate(s) at the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p. m. on Monday, 6 May 2024 to facilitate the share transfer registration. The final dividend is expected to be paid on or before Friday, 28 June 2024 to the Shareholders whose names appear on the register of members of the Company on Monday, 13 May 2024.

MATERIAL TRANSACTIONS

Disposal of Underlying Assets

On 20 November 2023, East China Materials (wholly-owned subsidiary of Tianshan Cement, which is in turn a subsidiary of the Company) entered into a sale and purchase agreement with Topsperity Securities Asset Management Co., Ltd* ("Topsperity AM"), pursuant to which East China Materials shall dispose and transfer certain debt rights (the "Underlying Asset") to Topsperity AM, the consideration of which is equal to the sum of the purchase price of each Underlying Asset and the price set out in the sale and purchase agreement in relation to the disposal of each phase of the Underlying Assets and the consideration for phase one Underlying Assets is RMB1.01 billion.

On the same day, East China Materials and its relevant subsidiaries entered into a services agreement with Topsperity AM. Topsperity AM engaged East China Materials and its relevant subsidiaries as the asset service agencies of a scheme which is set up for the issuance of asset-backed securities (the "ABS Scheme") to, in accordance with the a services agreement and other relevant documents related to the ABS Scheme, provide the ABS Scheme with management services and other services in relation to the holding, disposal and acquisition of the Underlying Assets and the collection of such. In addition, Tianshan Cement, as the undertaker for paying the difference, issued a letter to Topsperity AM, pursuant to which Tianshan Cement undertakes that during a specified period, if certain events occur, it will undertake to make payment of a certain amount to Topsperity AM.

The disposal of the Underlying Assets to establish the ABS Scheme is beneficial to the Company as it revitalizes existing assets, allows the Company to broaden and diversify its funding sources, increases capital use efficiency and optimizes the asset structure for the Company. Meanwhile, the relevant credit enhancing measures provided by Tianshan Cement is able to effectively reduce the financing cost.

Pursuant to Rule 14.07 of the Listing Rules, as the highest applicable percentage ratio for the disposal of the Underlying Assets exceeds 5% but is lower than 25%, the disposal of the Underlying Assets constitutes a discloseable transaction of the Company, which is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirement under Chapter 14 of the Listing Rules.

For details of the disposal of underlying assets and the ABS scheme, please refer to the Company's announcement dated 20 November 2023. As of the date of this announcement, regarding the transaction of disposal of Underlying Assets and the ABS scheme, the transfer of the phase one Underlying Assets and the issuance of the ABS scheme have been completed.

The Share Acquisition in Carpoly

On 29 December 2023, BNBM (a subsidiary of the Company), certain shareholder shareholding platforms of Carpoly and certain employee shareholding platforms of Carpoly entered into a share transfer agreement, according to which, each of the aforesaid shareholder shareholding platforms of Carpoly and each of the aforesaid employee shareholding platforms of Carpoly agreed to sell, and BNBM agreed to acquire, a total of 78.34% shares in the Carpoly at a consideration of RMB4,073,822,613.03 in cash. After completion of the acquisition, BNBM will hold 78.34% of the shares of the Carpoly which will become an indirect subsidiary of the Company.

Through the acquisition, Carpoly will become a subsidiary controlled by BNBM, and the coatings business capacity of BNBM will be improved from the current 103,000 tons to more than 1.3 million tons. The production capacity layout has expanded from north China to the whole country. The coatings segment business will be significantly strengthened, among which the architectural coatings business will leap to the leading position in the domestic industry in the PRC. After the acquisition is completed, Carpoly and BNBM will promote collaborative development in procurement, production, sales, research and development, etc., and at the same time deeply explore the synergistic potential with the existing business of BNBM to further improve production efficiency, expand market share and enhance profitability.

For details of the share acquisition in Carpoly, please refer to the Company's announcements dated 20 September 2023, 31 December 2023 and 8 January 2024. As of the date of this announcement, the transaction of the share acquisition in Carpoly has not been completed and the first financial year (being 2024) in respect of the performance undertaking period has not yet been concluded, and therefore, there is not yet any applicable disclosures under Rule 14.36B of the Listing Rules in respect of whether or not the aforesaid performance undertaking has been satisfied.

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 Agreement") with CNBM Technology (a 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 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 Agreement to agree on the amendment to certain terms of the Merger by Absorption. On 27 June 2023, Ningxia Building Materials entered into the profit undertaking and 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 in the actual net profits of CNBM Technology over the committed net profits after the completion of the Merger by Absorption. On 14 November 2023, Ningxia Building Materials entered into the third supplemental agreement to the Indicative Merger Agreement with CNBM, in relation to the amendment of terms of profit or loss attribution during the transitional period in the second supplemental agreement.

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 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, licenses, 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, CNBM United Investment, CNBM Investment and Beijing Zhongchengzhida (the "Eligible Shareholders for the Cash Option"), who are entitled to request the Company and/or CNBM United Investment, 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 CNBM United Investment 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 CNBM United Investment, 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 CNBM United Investment 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) of the Company under Chapter 14 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 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.

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), the grant of Put Option constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, which is subject to the reporting and 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 to 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, 14 November 2023, 16 January 2024, 23 January 2024 and 31 January 2024, the circular dated 28 July 2023, 2022 annual report and 2023 interim report.

On 23 January 2024, Ningxia Building Materials received the "Decision on the Termination of Review on the Merger by Absorption of CNBM Technology Corporation Limited by Ningxia Building Materials Group Co., Limited and the Sale of Major Assets and Relevant Fund Raising and Related Party Transactions" (《關於終止對寧夏建材集團股份有限公司換股吸收合併中建材信息技術股份有限公司及重大資產出售並募集配套資金暨關聯交易審核的決定》) issued by the Shanghai Stock Exchange. Given that the Merger by Absorption, the Cement Assets Restructuring and the proposed placing of additional new shares by Ningxia Building Materials if and after the Cement Assets Restructuring and the Merger by Absorption are completed (the "Proposed Transactions") are in line with the Group's strategic development direction and conducive to eliminating and avoiding horizontal competition between Ningxia Building Materials and Tianshan Cement, after careful and prudent study, the Company and Ningxia Building Materials decided to proceed with the Proposed Transactions through resolutions of their respective boards of directors on 31 January 2024. Accordingly, notwithstanding that the relevant transaction involves performance undertaking, as the Company and Ningxia Building Materials are in the process of amending and refining the transaction, there has not been any applicable disclosure under Rule 14A.63 of the Listing Rules in respect of the aforesaid performance undertaking.

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 Qilianshan's 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 Gansu Qilianshan Cement Group Company Limited* (甘肅祁連山水泥集團有限公司) ("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 compensation agreement (the "Qilianshan Compensation Agreement") whereby CCCC and China Urban-Rural agreed to give the profit 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 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 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, 30 October 2023, 21 December 2023, 2022 annual report and 2023 interim report. As of the date of this announcement, the transaction of Qilianshan Assets Restructuring has been completed. For the period since the completion of Qilianshan's Assets Restructuring to 31 December 2023, the actual performance of the relevant performance commitment assets meets the aforementioned profit guarantee.

Update on Restructuring of Cement Assets

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

As stated in the Circular, on 2 March 2021, the Company entered into an impairment compensation agreement (the "Impairment Compensation Agreement") with Tianshan Cement, in connection with the provision of impairment compensation to Tianshan Cement in respect of the equity interests in China United Cement Corporation* (中國聯合水泥集團有限公司), South Cement, Southwest Cement and Sinoma Cement (collectively, the "Target Companies") disposed of by the Company to Tianshan Cement pursuant to the Restructuring. If there is an impairment during the impairment compensation period (being the years of 2021, 2022 and 2023), the Company shall compensate Tianshan Cement by means of compensation shares (being the shares in Tianshan Cement as acquired by the Company pursuant to the Restructuring, which shall be bought back by Tianshan Cement at a total consideration of RMB1.00 and be cancelled) with respect to the corresponding impairment amount based on the results of the specific impairment audit reports. There was no such impairment for the years of 2021 and 2022.

As stated in the announcement of the Company dated 10 August 2021, on 10 August 2021, the Company entered into a profit guarantee agreement (the "Profit Guarantee Agreement") with Tianshan Cement, in connection with the provision of profit guarantee to Tianshan Cement in respect of all entities consolidated into the Target Companies (except certain entities as agreed between the Company and Tianshan Cement) (the "Guaranteed Assets"). The profit compensation payable by the Company to Tianshan Cement pursuant to the Profit Guarantee Agreement is supplemental to the Company's obligation to make the impairment compensation under the Impairment Compensation Agreement. Only if the aggregated impairment amount to be compensated under the Impairment Compensation Agreement (the "Impairment Compensation Amount") is smaller than the aggregated amount of the unrealized net profits of the Guaranteed Assets under the Profit Guarantee Agreement (the "Deficiency Amount") will the Company be required to compensate Tianshan Cement for the shortfall in cash.

As stated in the announcement of the Company dated 26 March 2024, (a) the Impairment Compensation Amount to be compensated by the Company to Tianshan Cement pursuant to the Impairment Compensation Agreement has not been determined yet. For reference only, pursuant to the preliminary estimation as at 26 March 2024, the estimated range of the Impairment Compensation Amount is approximately RMB19,673.8884 million to RMB20,259.1209 million; and (b) the aggregated amount of the realized net profits of the Guaranteed Assets during the profit guarantee period (being the years of 2021, 2022 and 2023) is RMB13,726.9607 million, the aggregated amount of the guaranteed net profits as agreed under the Profit Guarantee Agreement is RMB35,518.2403 million, and the Deficiency Amount is RMB21,791.2796 million.

Given that the Impairment Compensation Amount has not been determined yet, the final amount to be compensated by the Company to Tianshan Cement pursuant to the Impairment Compensation Agreement and the Profit Guarantee Agreement (the "Final Compensation Amount") and the means of compensation have not been determined yet. As the impairment compensation and the profit compensation are adjustment events subsequent to the Reporting Period, the management of the Company has assessed their potential impact on the Company's consolidated financial statements for the Reporting Period pursuant to the requirements under IFRS. Such impact has been reflected in the Company's consolidated financial statements for the Reporting Period, but may be different from the Final Compensation Amount.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2023, the Group had approximately 145,277 employees.

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

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

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

As of 31 December 2023, the gender ratio for the Group's employees was approximately 76.48% male and approximately 23.52% female. The Company has implemented a fair employment policy, and the recruitment has been merit-based without any discrimination. We will continue to strive for increasing the proportion of female workers, with reference to the Shareholders' expectations and the recommended best management practice, to achieve an appropriate balance in gender diversity.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 108 to 109.

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

In accordance with the requirements under the Listing Rules which are applicable to the Reporting Period, the 2023 Annual Report containing all information about the Company set out in this preliminary announcement of results for the year ended 31 December 2023 will be posted on the website of the Stock Exchange (website: http://www.hkex.com.hk) on or before 30 April 2024. This information will also be published on the website of the Company (website: http://cnbm.wsfg.hk).

DEFINITIONS

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

"Beacon Coatings"	天津燈塔塗料工業發展有限公司 (Tianjin Beacon Coatings Co., Ltd.)
"Beijing Composite"	北京玻鋼院複合材料有限公司 (Beijing Composite Materials Co., Ltd.)
"BNBM"	北新集團建材股份有限公司 (Beijing New Building Materials 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.)
"BNBM Waterproof"	北新防水有限公司 (BNBM Waterproof Limited Company)
"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.)
"Carpoly"	嘉寶莉化工集團股份有限公司 (Carpoly Chemical Group Co Ltd)

"Cement+"	to develop, optimize and expand cement, commercial concrete, aggregate businesses which are the extension of industry chain of cement-related products and the new focal point of profit growth
"China Jushi"	中國巨石股份有限公司 (China Jushi Co., Ltd.) (previously known as 中國玻纖股份有限公司 China Fiberglass Company Limited)
"China United Jiyuan"	濟源中聯水泥有限公司 (China United Cement Jiyuan Co., Ltd.)
"China United Qingzhou"	青州中聯水泥有限公司 (China United Cement Qingzhou Co., Ltd.)
"CNBM Elink"	中建材智慧物聯有限公司 (CNBM Elink Co., Ltd.)
"CNBM Investment"	中建材投資有限公司 (CNBM Investment Company Limited) (previously known as 北新物流有限公司 BND Co., Limited)
"CNBM Technology"	中建材信息技術股份有限公司 (China National Building Materials Technology Co.,Ltd.)
"CNBM Trading"	中建材集團進出口有限公司 (China National Building Material Import and Export Co., Ltd.)
"CNBM United Investment"	中建材聯合投資有限公司 (CNBM United Investment Co., Ltd.)
"COMAC"	中國商用飛機有限責任公司 (Commercial Aircraft Corporation of China, Ltd)
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Domestic Shares"	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB

"East China Materials"	華東材料有限公司 (East China Materials Co., Ltd) (to be determined upon the approval of the business registration department)
"Group"	the Company and, except where the context otherwise requires, all its subsidiaries
"Gypsum board+"	Centered around the core advantage of gypsum board, we will expand assembled interiors and related concentric business, including steel stud, powder mortar, mineral fiber board, calcium silicate board, artificial board, mineral wool, auxiliary accessories, and more
"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"	合肥水泥研究設計院有限公司 (HeFei Cement Research & Design Institute Corporation Ltd.)
"IAS"	International Accounting Standards
"IASB"	International Accounting Standards Board
"IFRSs"	International Financial Reporting Standards
"Independent Third Party(ies)"	person(s) or company(ies) which is (are) independent from the Company or its connected persons (as defined in the Listing Rules)
"Jushi Egypt"	巨石埃及玻璃纖維股份有限公司 (Jushi Egypt for Fiberglass Industry S.A.E)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"Longpai Gypsum"	北新建材龍牌公司 (BNBM Longpai Company)
"Management of Three Delicacies"	lean operation, refined management and refined organization

"Mengpai New Materials"	夢牌新材料有限公司 (Mengpai New Materials Co., Ltd.)
"MIIT"	中華人民共和國工業和信息化部 (Ministry of Industry and Information Technology of the People's Republic of China)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Ningxia Building Materials"	寧夏建材集團股份有限公司 (Ningxia Building Materials Group Co., Limited)
"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)
"PRC"	the People's Republic of China
"Qilianshan"	甘肅祁連山水泥集團股份有限公司 (Gansu Qilianshan Cement Group Company Limited)
"Qingdao Xintaihe"	青島新泰和納米科技有限公司 (Qingdao Xintaihe Nanotechnology Co., Ltd.)
"Reporting Period"	from 1 January 2023 to 31 December 2023
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Second Phase in Inner Mongolia"	Sinoma Lithium Battery Separator (Inner Mongolia) Co., Ltd.'s production line project with annual output of 320 million square meters lithium battery dedicated wet process separator

"Second Phase in Tengzhou"	Sinoma Lithium Battery Separator Co., Ltd.'s production line project with annual output of 408 million square meters power lithium-ion battery separator
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of Share(s)
"Sinoma Cement"	中材水泥有限責任公司 (Sinoma Cement Co., Ltd.)
"Sinoma International"	中國中材國際工程股份有限公司 (Sinoma International Engineering Co., Ltd.)
"Smart Industry"	中建材智慧工業科技有限公司 (CNBM Smart Industry Technology Co., Ltd.)
"South Cement"	南方水泥有限公司 (South Cement Company Limited)
"Southwest Cement"	西南水泥有限公司 (Southwest Cement Company Limited*)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"Suzhou Waterproofing Research Institute"	中建材蘇州防水研究院有限公司 China Building Material Suzhou Waterproof Research Institute Co.,Ltd.
"Taishan Fiber Glass"	泰山玻璃纖維有限公司 (Taishan Fiberglass Inc.)
"Taishan Gypsum"	泰山石膏有限公司 (Taishan Gypsum Co., Ltd.*)

"Tanzanian Beixin"	北新建材工業（坦桑尼亞）有限公司 (BNBM Building Materials Industry (Tanzania) Limited)
"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
"Zhongfu Shenying"	中復神鷹碳纖維有限責任公司 (Zhongfu Shenying Carbon Fiber Co., Ltd.)

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

Beijing, the PRC
28 March 2024

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