SUNNSY

CHINA SHANSHUI CEMENT GROUP LIMITED
中國山水水泥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 691

2026 Interim Report

Contents

(I) Definitions

In this interim report, unless the context otherwise requires, the following words and expressions have the following meanings:

"Company" or "China Shanshui" or "Shanshui Cement"	China Shanshui Cement Group Limited
"Group" or "China Shanshui Group"	the Company and its subsidiaries
"Financial Statements"	the condensed consolidated financial statements of the Group
"Reporting Period"	the period from 1 January 2026 to 30 June 2026
"Board"	the Board of Directors of the Company
"Director(s)"	the Director(s) of the Company
"China Shanshui (HK)"	China Shanshui Cement Group (Hong Kong) Company Limited
"Pioneer Cement"	China Pioneer Cement (Hong Kong) Company Limited
"Continental Cement"	Continental Cement Corporation
"American Shanshui"	American Shanshui Development Inc.
"Shandong Shanshui"	Shandong Shanshui Cement Group Company Limited
"ACC"	Asia Cement Corporation
"CNBM Holding"	China Building Material Holdings Co., Limited
"CNBM"	China National Building Material Company Limited
"CNBMG"	China National Building Material Group Co., Ltd.
"CNBMG Group"	CNBMG and its subsidiaries
"CSI"	China Shanshui Investment Company Limited
"Tianrui"	Tianrui (International) Holding Company Limited
"Tianrui Group"	Tianrui Group Company Limited

"Shandong Region"	businesses mainly located at the Eastern Shandong Province, including Weifang, Qingdao, Yantai and Weihai, etc; the Central and Western Shandong Province, including Zibo, Jinan and Hebei Province and Tianjin, etc; and the Southern Shandong Province, including Zaozhuang, Jining, Heze and Henan Province, etc
"Northeast China Region"	business located at Liaoning Province, the Eastern Inner Mongolia and Jilin Province, etc
"Shanxi Region"	business located at Shanxi Province and Shaanxi Province, etc
"Xinjiang Region"	business located at Kashi, Xinjiang
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
"Shares"	the ordinary shares in the share capital of the Company with a nominal value of US$0.01 each
"Shareholder(s)"	holder(s) of the Share(s)
"Articles of Association"	the amended and restated memorandum and articles of association of the Company adopted on 31 May 2024
"YOY"	year on year comparison
"clinker"	a semi-finished product in the cement production process
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"RMB"	Renminbi, the lawful currency of the PRC, which is the currency unit used in this report, unless otherwise specified
"PRC"	The People's Republic of China

(II) Corporate Information

1. BOARD OF DIRECTORS AND BOARD COMMITTEES

Executive Directors

Mr. TENG Yongjun *(Chairman)*
Ms. WU Ling-ling
Ms. ZHENG Yingying

Independent Non-Executive Directors

Mr. CHANG Ming-cheng
Mr. LI Jianwei
Mr. HSU You-yuan

Audit Committee

Mr. CHANG Ming-cheng *(Chairman)*
Mr. LI Jianwei
Mr. HSU You-yuan

Remuneration Committee

Mr. LI Jianwei *(Chairman)*
Mr. CHANG Ming-cheng
Mr. HSU You-yuan

Nomination Committee

Mr. HSU You-yuan *(Chairman)*
Ms. WU Ling-ling
Ms. ZHENG Yingying
Mr. CHANG Ming-cheng
Mr. LI Jianwei

Environmental, Social and Governance Committee

Mr. TENG Yongjun *(Chairman)*
Ms. WU Ling-ling
Ms. ZHENG Yingying
Mr. CHANG Ming-cheng
Mr. LI Jianwei
Mr. HSU You-yuan

2. BASIC CORPORATE INFORMATION

(1)	Official Chinese name of the Company	:	中國山水水泥集團有限公司
	Official English name of the Company	:	China Shanshui Cement Group Limited
	Abbreviation in English	:	CSC
(2)	Registered Office	:	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands
(3)	Principal Place of Business in China	:	Shanshui Industrial Park, Gushan Town, Changqing District, Jinan, Shandong, PRC
	Principal Place of Business in Hong Kong	:	Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
(4)	Website	:	http://www.sdsunnsygroup.com
(5)	Authorised Representatives	:	TENG Yongjun and WU Ling-ling
(6)	Company Secretary	:	LEE Mei Yi
(7)	Listing Date	:	4 July 2008
(8)	Exchange on which the Company's shares are listed	:	The Stock Exchange
(9)	Stock code	:	00691
(10)	Stock Short Name	:	Shanshui Cement
(11)	Hong Kong Share Registrar and Transfer Office	:	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
(12)	Legal Adviser as to Hong Kong law	:	Freshfields
(13)	Auditor	:	Moore CPA Limited *(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)*

(III) Key Data

1. KEY FINANCIAL DATA

(Unit: RMB'000)

	January to June 2026	January to June 2025
Operating revenue	**4,074,124**	5,553,891
Gross profit	**467,054**	796,597
Gross profit margin	**11.5%**	14.3%
Loss from operations	**(701,477)**	(175,395)
Loss margin from operations	**-17.2%**	-3.2%
Loss for the period	**(819,055)**	(304,432)
Attributable to:		
Equity shareholders of the Company	**(725,776)**	(250,247)
Non-controlling shareholders	**(93,279)**	(54,185)
Basic loss per share *(RMB) (Note)*	**(0.17)**	(0.06)
Net cash generated from operating activities	**46,917**	674,814

Note: Basic loss per share is calculated based on the loss attributable to equity shareholders of the Company for each period and the weighted average number of Shares of 4,353,966,228.

	30 June 2026	31 December 2025
Total assets	**28,327,879**	28,741,818
Total liabilities	**12,186,905**	11,757,852
Total equity attributable to equity shareholders of the Company	**16,433,294**	17,183,007
Net gearing ratio *(Note)*	**15.7%**	14.8%

Note: Net gearing ratio = net debt/(net debt + total equity).

2. KEY BUSINESS DATA

	January to June 2026	January to June 2025
Sales volume of cement *('000 tonnes)*	**15,957**	17,674
Sales volume of clinker *('000 tonnes)*	**645**	1,920
Sales volume of concrete *('000 m^3)*	**1,021**	694
Unit selling price of cement *(RMB/tonne)*	**215.6**	265.4
Unit selling price of clinker *(RMB/tonne)*	**200.5**	232.0
Unit selling price of concrete *(RMB/m^3)*	**231.8**	269.9

(IV) Management Discussion and Analysis

1. OPERATING ENVIRONMENT AND INDUSTRY OVERVIEW

In the first half of 2026, the cement industry in general showed characteristics of "sharp decline in demand, uncontrolled supply, prices hitting rock bottom, and a shift to operating losses". Downstream construction projects and concrete batching plants operated at low capacity utilisation rates, whilst end-market demand remained sluggish, and overall, the peak season failed to live up to expectations and the off-season was even weaker. At the same time, staggered production failed to be implemented during the peak season by certain enterprises in some regions, whilst the impact of transregional price reduction intensified. Market prices came under downward pressure, with cement prices in many areas falling back sharply to a periodic historical low level. Affected by the dual pressures of weak demand and falling prices, the proportion of loss-making enterprises in the industry continued to expand, resulting in significantly growing pressures on the production and operations of enterprises, and marked decline in the overall profitability YOY.

I. CEMENT DEMAND SIDE: CONTINUOUS DECLINE IN DEMAND AT A HIGHER RATE

The cement market demand in the first half of 2026 continued the overall downward trend, with a higher rate of decline. Influenced by factors such as a general weakening of investment, ongoing and profound adjustments in the real estate sector, tight project funding and a shortage of new project starts, the one-sided downward trend in national cement market demand proved difficult to reverse. The YOY decline in national fixed-asset investment continued to widen, whilst the growth rate of infrastructure investment turned from positive to negative, further weakening its role in supporting cement demand.

According to data from the National Bureau of Statistics, in the first half of the year, the national fixed-asset investment (excluding rural households) was RMB22.64 trillion, with a YOY decrease of 5.7%; the national infrastructure investment (including electricity, heating, etc.) decreased by 2.4% YOY; the national real estate development investment was RMB3.81 trillion, with a YOY decrease of 18%; the new construction area of residential houses was 232 million square meters, representing a YOY decrease of 23.4%. The cumulative cement output in China reached 736 million tonnes, representing a YOY decrease of 8%, which widened by 3.7 percentage points as compared with the same period the previous year, and the output hit the lowest level for the same period in seventeen years.

II. SUPPLY SIDE: INVENTORY RUNNING AT A HIGH LEVEL

In the first half of the year, against a backdrop of an overall decline in demand, differences in the implementation of policies such as production capacity controls meant that the industry was still unable to reach a unified consensus on staggered production. At present, some enterprises are prioritising market share in their business strategies, resulting in a lack of momentum in supply contraction and persistently high inventory levels. According to monitoring by Digital Cement, national cement inventories remain at medium-to-high levels. The national cement inventory-to-capacity ratio for the first half of the year was 64.5%, representing an increase of 4 percentage points compared with the same period last year. Specifically, the ratio was 62% in the first quarter of 2026 and 66.9% in the second quarter of 2026.

1. OPERATING ENVIRONMENT AND INDUSTRY OVERVIEW (CONTINUED)

III. PRICE TREND: CONTINUOUS DECLINE WITH A DOWNTURN IN GENERAL

In the first half of 2026, the domestic cement market generally showed a continuous downward trend. According to data monitored by CCA Digital Cement, the average price in the national cement market for the first half of the year was RMB334 per tonne (P.O 42.5 bulk, landed price), a decrease of RMB52 per tonne compared with the same period last year, representing a YOY decline of nearly 14%. Looking at the different phases, the first quarter coincided with the industry's traditional off-season, with market demand remaining weak and cement prices coming under pressure to fall; the second quarter was typically a minor peak season for demand, but as downstream demand failed to recover as expected, the market did not pick up and prices continued the downward trend. By the end of June, cement prices had fallen by a cumulative RMB26 per tonne compared with the beginning of the year, and after bottoming out, the market entered a phase of narrow-range consolidation.

IV. INDUSTRY-WIDE LOSSES

In the first half of 2026, demand fell sharply and cement prices remained generally low. On the cost front, coal prices rose gradually quarter-on-quarter from the second quarter onwards, further exacerbating the operational pressures faced by enterprises in the industry. Against a backdrop of "decrease in both volume and price", the national cement industry was expected to have incurred an overall loss of approximately RMB2-3 billion in the first half of the year, with around 60% of enterprises reporting losses.

V. IMPORTS AND EXPORTS: SIGNIFICANT INCREASE IN EXPORTS

Against a backdrop of insufficient domestic demand for cement, cement enterprises have continued to pursue a strategy of actively expanding into overseas markets. According to customs statistics, China's cement exports in the first half of 2026 amounted to 4.1 million tonnes, a YOY increase of 53.7%; clinker exports amounted to 9.399 million tonnes, a YOY increase of 534.8%. The main destinations for cement and clinker exports were Bangladesh, Ghana, Myanmar, the Philippines, Côte d'Ivoire, Cameroon, Guinea, Togo and Guatemala, amongst other countries and regions. Imports remained virtually stagnant, with total imports of cement and clinker amounting to 22,000 tonnes in the first half of the year.

2. RESULTS OF OPERATIONS

As of 30 June 2026, the Group had a total production capacity of 92.95 million tonnes of cement, 49.70 million tonnes of clinker and 19.00 million cubic meters of concrete.

Revenue

The sales revenue was RMB4,074,124,000, representing a YOY decrease of 26.6%, with revenue analysis by product as follows:

(1) YOY analysis of product sales volume, unit price and revenue

Product	January to June 2026				January to June 2025			
	Sales volume	**Average selling price**	**Amount**	**Proportion**	Sales volume	Average selling price	Amount	Proportion
	(thousand tonnes/ thousand cubic meters)	***(RMB/tonne or cubic meter)***	***RMB'000***		*(thousand tonnes/ thousand cubic meters)*	*(RMB/tonne or cubic meter)*	*RMB'000*	
Cement	**15,957**	**215.6**	**3,440,358**	**84.4%**	17,674	265.4	4,690,751	84.5%
Clinker	**645**	**200.5**	**129,323**	**3.2%**	1,920	232.0	445,469	8.0%
Concrete	**1,021**	**231.8**	**236,710**	**5.8%**	694	269.9	187,322	3.4%
Others *(Note)*	**N/A**	**N/A**	**267,733**	**6.6%**	N/A	N/A	230,349	4.1%
Total			**4,074,124**	**100%**			5,553,891	100%

Note: Mainly includes sales of aggregates, waste materials, slag powder and waste heat power generation, etc.

During the Reporting Period, the Group's external sales volume of cement and clinker decreased by 1,717,000 tonnes and 1,275,000 tonnes respectively as compared to the same period of 2025, representing a decrease of 9.7% and 66.4%, respectively. The external sales volume of concrete increased by 327,000 cubic meters as compared to the same period of 2025, representing an increase of 47.1%. The decrease in sales volume of cement during the period was mainly due to the continued downward trend in demand in the cement market in the first half of this year as a result of a general weakening of investment, ongoing and profound adjustments in the real estate sector, tight project funding and a shortage of new project starts, etc.

During the Reporting Period, the Group's average selling prices of cement and clinker decreased by RMB49.8 and RMB31.5, respectively, representing a decrease of 18.8% and 13.6%, respectively, as compared to the same period of 2025. The average price of concrete decreased by RMB38.1 as compared to the same period of 2025, representing a decrease of 14.1%.

Cement sales for concrete production within the Group amounted to 190,587 tonnes from January to June 2026 (The same period of 2025: 129,155 tonnes), accounting for 1.2% of total cement sales (The same period of 2025: 0.7%).

2. RESULTS OF OPERATIONS (CONTINUED)

Revenue (Continued)

(2) Comparison of sales volume and sales proportion between high and low grade cement products

Product	January to June 2026 Sales volume ('000 tonnes)	January to June 2026 Sales proportion	January to June 2025 Sales volume ('000 tonnes)	January to June 2025 Sales proportion	Change in sales volume
High grade cement	**15,007**	**94.0%**	16,475	93.2%	-8.9%
Low grade cement	**950**	**6.0%**	1,199	6.8%	-20.8%

Note: High grade cement refers to products with compressive strength equal to or higher than 42.5 megapascals (MPa).

During the Reporting Period, sales volume of high grade cement was 15,007,000 tonnes, representing a YOY decrease of 8.9%, and sales volume of low grade cement was 950,000 tonnes, representing a YOY decrease of 20.8%.

(3) Cement sales volume by region

Region	January to June 2026 Sales volume ('000 tonnes)	Average selling price (RMB/ tonne)	Amount RMB'000	Proportion	January to June 2025 Sales volume ('000 tonnes)	Average selling price (RMB/ tonne)	Amount RMB'000	Proportion
Shandong Region	**9,971**	**209.1**	**2,085,351**	**60.6%**	10,556	264.5	2,792,147	59.5%
Northeast China Region	**3,407**	**235.9**	**803,683**	**23.4%**	4,607	268.7	1,237,714	26.4%
Shanxi Region	**2,276**	**189.9**	**432,193**	**12.5%**	2,159	240.7	519,652	11.1%
Xinjiang Region	**303**	**393.2**	**119,131**	**3.5%**	352	401.2	141,238	3.0%
Total	**15,957**	**215.6**	**3,440,358**	**100%**	17,674	265.4	4,690,751	100%

2. RESULTS OF OPERATIONS (CONTINUED)

Cost of sales

(Unit: RMB'000)

Cost of sales	**January to June 2026** Amount	**January to June 2026** Proportion to revenue	January to June 2025 Amount	January to June 2025 Proportion to revenue	Change of proportion to revenue
Raw materials	**1,253,235**	**30.7%**	1,565,354	28.2%	2.5 P.Pts.
Coal	**821,698**	**20.2%**	1,117,891	20.1%	0.1 P.Pts.
Power	**358,453**	**8.8%**	472,924	8.5%	0.3 P.Pts.
Depreciation and amortisation	**289,979**	**7.1%**	332,993	6.0%	1.1 P.Pts.
Others	**883,705**	**21.7%**	1,268,132	22.8%	-1.1 P.Pts.
Total cost of sales	**3,607,070**	**88.5%**	4,757,294	85.7%	2.8 P.Pts.

During the Reporting Period, the proportion of the Group's total cost of sales to revenue was 88.5%, representing a YOY increase of 2.8 percentage points. In particular, the costs of raw materials, coal, power, and depreciation and amortisation increased by 2.5, 0.1, 0.3 and 1.1 percentage points, respectively, and other costs decreased by 1.1 percentage points, as compared with the corresponding period of the previous year.

The YOY decrease in raw materials cost was mainly attributable to the YOY decrease in sales volume of cement and clinker, as well as the price of the relevant raw materials during the period. From January to June 2026, the average purchase price of coal increased by approximately 11.9% to RMB794.2/tonne compared with the corresponding period of the previous year (RMB709.9/tonne). The unit coal consumption per tonne of clinker produced from January to June 2026 decreased to 99.8 kg from an average of 109.1 kg from January to June 2025. The average cost of coal per tonne of clinker produced from January to June 2026 increased by 2.2% from the average of RMB77.5 from January to June 2025 to RMB79.2, due to an increase in coal prices. The YOY decrease in cost of electricity was mainly due to the decrease in electricity charge and power consumption for the period as compared with the corresponding period of the previous year. The YOY decrease in depreciation and amortisation was mainly due to the disposal of certain idle production line equipment during the period. Other costs were lower than those of the corresponding period of the previous year, mainly due to lower maintenance and labour costs.

2. RESULTS OF OPERATIONS (CONTINUED)

Gross profit and gross profit margin

The gross profit for the six months ended 30 June 2026 was RMB467,054,000 (2025: RMB796,597,000), representing a gross profit margin of 11.5% on revenue (2025: 14.3%). The decrease in gross profit was mainly due to the decrease in revenue, while the decrease in gross profit margin was mainly due to the YoY decrease in cement prices greater than the decrease in production costs of the products.

Other income

Other income decreased from RMB68,540,000 to RMB55,303,000, mainly due to the YOY decrease in government grants received during the period.

Other net expenses, gains and losses

Other net expenses, gains and losses increased from a net gain of RMB3,621,000 to RMB9,951,000, mainly due to the YoY increase in net foreign exchange gains in the period.

Selling and marketing expense, administrative expense and finance expense

Selling and marketing expenses decreased from RMB112,724,000 to RMB98,051,000, representing a YOY decrease of 13.0%, which was mainly due to the decrease in sales volume of cement, resulting in a decrease in loading and unloading fees and sales and service fees during the period compared to the same period of last year.

A YOY increase of 36.5% from RMB475,378,000 to RMB648,794,000 was recorded in administrative expense, which was mainly due to the staff restructuring, with one-off termination benefits rising as compared with the same period of last year.

Finance costs decreased from RMB86,325,000 to RMB85,426,000, representing a YOY decrease of 1.0%, which was mainly due to the decline in interest rates on borrowings in the period as compared with same period of last year.

Taxation

Income tax expenses decreased from RMB33,902,000 to RMB19,815,000, representing a YOY decrease of 41.6%, which was mainly due to the decrease in taxable income in the period as compared with same period of last year.

2. RESULTS OF OPERATIONS (CONTINUED)

Loss for the period

During the Reporting Period, the Group recorded a net loss of RMB819,055,000, representing an increase in loss of RMB514,623,000 as compared to the same period of last year, which was mainly due to the YOY decrease in cement sales volume and prices, as well as a YOY increase in administrative expenses (primarily due to the increase in one-off termination benefits).

3. FINANCIAL RESOURCE AND LIQUIDITY

As of 30 June 2026, total assets decreased by 1.4% to RMB28,327,879,000 (31 December 2025: RMB28,741,818,000), while total equity decreased by 5.0% to RMB16,140,974,000 (31 December 2025: RMB16,983,966,000). As at 30 June 2026, the Group's net gearing ratio was 15.7% (31 December 2025: 14.8%), calculated based on net debt and total equity as of 30 June 2026 and 31 December 2025, respectively. The increase in net gearing ratio was mainly due to the increase in bank borrowings and the decrease in total equity for the period.

Bank balances and cash

As at 30 June 2026, the Group's bank balances and cash, restricted bank deposits and fixed bank deposits were as follows:

	30 June 2026 ***RMB'000***	31 December 2025 *RMB'000*
Bank balances and cash	**2,444,824**	2,356,613
Restricted bank deposits	**946,052**	893,088
Fixed bank deposits	**547,754**	556,025
Total	**3,938,630**	3,805,726

Bank balances and cash, restricted bank deposits and fixed bank deposits of the Group were denominated in the following currencies:

	30 June 2026 ***RMB'000***	31 December 2025 *RMB'000*
RMB	**3,536,340**	3,397,078
Hong Kong Dollar ("**HK$**")	**156,339**	162,580
United States Dollar ("**US$**")	**245,951**	246,068
Total	**3,938,630**	3,805,726

3. FINANCIAL RESOURCE AND LIQUIDITY (CONTINUED)

Bank loans and other loans

Term of borrowings	30 June 2026 RMB'000	31 December 2025 RMB'000
Short-term borrowings (including long-term borrowings with maturity within one year)	**4,878,290**	4,505,890
Long-term borrowings	**573,050**	805,170
Total	**5,451,340**	5,311,060

As at 30 June 2026, all borrowings of the Group were denominated in RMB. The Group's total borrowings were RMB5,451,340,000, representing an increase of RMB140,280,000 as compared with the end of 2025. In particular, short-term borrowings amounted to RMB4,878,290,000, accounting for 89.5% of the Group's total borrowings. As at 30 June 2026 and as of the date of this report, the Group's unused credit facilities approved by the banks amounted to RMB287,000,000, and the Group will obtain new bank loan facilities as required.

The Group adopts robust and prudent financial policies for treasury management. Treasury management, financing and investment activities are all managed and monitored by the senior management of the Company. The Group regularly monitors its current and expected liquidity needs as well as compliance with its bank loan agreements to ensure that it maintains sufficient cash reserves and funding flexibility to meet the Group's short-term and long-term liquidity needs.

The Group had net current liabilities of RMB2,595,722,000 as at 30 June 2026. Taking into account the cash and bank balances, the amount of funds that the Group expects to generate internally, the new bank loan facilities and other sources of financing to be obtained, the Board believes that the Group will be able to meet its financial obligations when they fall due in the foreseeable future.

For details in relation to the total borrowings of the Company, please refer to the relevant explanation in Note 16 to the Financial Statements.

3. FINANCIAL RESOURCE AND LIQUIDITY (CONTINUED)

Capital expenditures

During the Reporting Period, capital expenditures were RMB153,879,000, which were mainly used for funding investments in the new construction and technical transformation of mineral resource reserves, cement and clinker production lines. The capital required for the Group's investment and construction is mainly financed by working capital generated from daily operations and certain bank borrowings.

Outstanding capital commitments under the production facility construction contracts and the equipment purchase contracts not provided for in the financial statements as at 30 June 2026 were as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
Authorised and contracted for		
—plant and equipment and intangible assets	**709,773**	820,387
Authorised but not contracted for		
—plant and equipment and intangible assets	**839,172**	800,389
Total	**1,548,945**	1,620,776

As of 30 June 2026, the capital commitments authorised and contracted for by the Group amounted to RMB709,773,000, which represents a decrease of RMB110,614,000 or 13.5% as compared to the end of 2025. Capital commitments authorised but not contracted for amounted to RMB839,172,000.

3. FINANCIAL RESOURCE AND LIQUIDITY (CONTINUED)

Net cash flow analysis

	January to June 2026	January to June 2025
	RMB'000	*RMB'000*
Net cash flow generated from operating activities	**46,917**	674,814
Net cash flow used in investing activities	**(110,687)**	(295,507)
Net cash flow generated from/(used in) financing activities	**166,407**	(496,731)
Net changes in cash and cash equivalents	**102,637**	(117,424)
Balance of cash and cash equivalents at 1 January	**2,356,613**	2,179,627
Effect of foreign exchange rate changes	**(14,426)**	(3,940)
Balance of cash and cash equivalents at 30 June	**2,444,824**	2,058,263

Net cash generated from operating activities

During the Reporting Period, the Group recorded a net cash flow generated from operating activities of RMB46,917,000, representing a YOY decrease of RMB627,897,000, mainly due to a decrease in revenue, as well as an increase in amount paid of one-off termination benefits.

Net cash used in investing activities

During the Reporting Period, the Group recorded a net cash flow used in investing activities of RMB110,687,000, representing a YOY decrease of RMB184,820,000, mainly due to the decrease in capital expenditure for the construction of new cement and clinker production lines and the purchase of equipment and mineral reserves in the period as compared with the same period of last year.

Net cash generated from/(used in) financing activities

During the Reporting Period, the Group recorded a net cash flow generated from financing activities of RMB166,407,000, representing a YOY increase of RMB663,138,000, mainly due to the increase in bank borrowings in the period and the decrease in bank borrowings due to repayment in the same period of last year.

3. FINANCIAL RESOURCE AND LIQUIDITY (CONTINUED)

Material acquisition and disposal of subsidiaries and affiliated companies

The Group had no material acquisition or disposal during the Reporting Period.

Significant Investment

There were no significant investments held by the Group as at 30 June 2026.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this report, the Group does not have any solid plans for material investments or acquisition of capital assets as at 30 June 2026.

Pledge of assets

Details in relation to pledge of assets of the Group as at 30 June 2026 are set out in Note 16 to the Financial Statements.

Contingent liabilities

Details in relation to contingent liabilities of the Group as at 30 June 2026 are set out in Note 23 to the Financial Statements.

Management of foreign exchange exposure

The Group's functional currency is RMB, and during the Reporting Period, as most of the sales amounts and purchase amounts of the Group were denominated in RMB, there was no significant foreign exchange exposure.

RMB is not a freely convertible currency. Future exchange rate of RMB may change substantially as compared to current or historical exchange rates as a result of the controls imposed by the PRC government. The exchange rate may also be subject to domestic and international economic developments and political changes as well as the supply and demand of RMB. The appreciation or depreciation of RMB against foreign currencies may have an impact on the Group's operating results.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

During the Reporting Period, the Group did not employ any financial instruments for hedging purposes.

4. OUTLOOK FOR THE SECOND HALF OF THE YEAR

Operational situation analysis

(I) From the demand perspective, market demand is expected to achieve marginal improvement in the second half of the year relative to the first half. Fiscal fund disbursement remained slow in the first six months. With steady implementation of growth-stabilizing policies and the goal of securing a sound start to the 15th Five-Year Plan, fiscal investment is set to scale up in the second half of the year. Meanwhile, the demand base in the same period last year was relatively low. The year-on-year decline in cement demand is projected to narrow, and overall demand will pick up moderately versus the first half-year.

(II) From the supply perspective, most enterprises across the industry suffered extensive losses in the first half of the year. To reverse this situation in the second half, manufacturers in certain regions may strengthen industrial self-regulation, focus more on maintaining a sound industrial ecosystem, and strictly implement staggered production requirements. By actively prolonging kiln shutdown time and reducing the operating rate of clinker capacity, the industry can effectively relieve the overcapacity pressure brought by sluggish demand, thus creating favourable conditions for market balance on the supply end.

(III) When it comes to prices, the overall supply-demand fundamentals will still face downward pressure in the second half of the year. However, heavy losses sustained by the whole industry will drive most regions to introduce staged price increases so as to improve profitability.

Key Corporate Priorities

(I) **Bolster Internal Capabilities via Cost Reduction and Efficiency Improvement.** All operations will align with annual business targets. Centred on the Group-wide special campaign for cost cutting, expenditure control and expense management, the Company will streamline organizational structures and adopt modular management alongside specialized operation and maintenance. Refined end-to-end management across all links will deliver maximum cost savings. On the production front, technological energy conservation will be prioritized with comprehensive rollout of targeted cost-reduction initiatives covering raw materials, fuels, power consumption, environmental protection and manufacturing expenses. All departments will conduct precise benchmarking to fully tap cost-saving potential. Cloud warehouse development will be fully promoted. While solidly managing quality, environmental compliance, energy and carbon performance, and mining operations, the Company will maintain optimal economic operating status. In regional marketing, three major marketing campaigns will be vigorously advanced. The Company will unswervingly implement staggered production, consistently push for price stabilization and recovery, and jointly consolidate sales volume to unlock new marketing growth. Supply chain efficiency will be elevated through multiple measures including joint bulk procurement among peers, dynamic supplier screening and multimodal transport development to further underpin cost reduction. Cash flow security will be closely monitored with rigorous oversight of controllable expenses and capital expenditure. Seizing government campaigns to clear overdue payments owed to enterprises, targeted efforts will be made to settle accounts receivable and other receivables.

4. OUTLOOK FOR THE SECOND HALF OF THE YEAR (CONTINUED)

Key Corporate Priorities (Continued)

(II) **Expand Strength via Optimized Industrial Layout.** From the dimensions of resource positioning, market positioning and industrial chain matching, clustered industrial development will be actively advanced in strategic layout zones and target markets. While reinforcing core clinker and cement businesses, the Company will drive upstream and downstream industrial clustering by constructing production bases for aggregates, manufactured sand and high-performance concrete. Industrial cooperation will be expanded; focusing on improving sales terminals, ready-mix concrete business will be developed and consolidated in advantageous regions to lift terminal market share.

(III) **Enhance Vitality via Streamlining and Restructuring.** The sustainable development capacity of each affiliate will be scientifically evaluated. Loss-making subsidiaries will be governed under tailored solutions on a case-by-case basis. Market-oriented approaches will be adopted to shut down enterprises with no turnaround prospects and phase out low-efficiency capacity steadily, lifting capacity concentration and stopping recurring losses. Long-term loss-incurring entities will be categorized and disposed of to resolve operational burdens for agile development. Existing assets will be continuously optimized; idle assets will be revitalized through production transformation and upgrading, mergers and restructuring, cooperative operation, asset leasing and other channels, enabling better resource concentration and stronger core competitiveness.

(IV) **Drive Growth via Innovation Empowerment.** Guided by national special plans under the 15th Five-Year Plan, the Company firmly pursues green development. It will deepen technologies for carbon reduction, carbon sequestration and clean energy substitution, carry out energy-saving and carbon-cutting upgrades, steadily advance ultra-low emission renovation projects at relevant subsidiaries, launch construction of alternative fuel processing bases at proper timing, build and refine a carbon asset management system, and facilitate green and low-carbon transformation. Digital and intelligent technologies will accelerate industrial empowerment. Digitalization and smart technologies will be fully popularized, integrating 5G, industrial internet, artificial intelligence and other emerging technologies into lean production, management and operation to build smart factories and smart mines. A talent-driven strategy will be thoroughly executed. Personnel and organizational optimization will be comprehensively advanced to boost per capita efficiency and job-person matching, lifting input-output ratios and overall productivity.

5. EMPLOYEES AND THEIR REMUNERATION

As of 30 June 2026, the Group had a total of 9,859 employees. The Group provides retirement insurance, medical insurance and unemployment insurance and makes contributions to the housing provident scheme for its employees in the PRC in accordance with applicable laws and regulations in the PRC. The Group remunerates its employees based on their respective work performance and experience and reviews its employee remuneration policies as and when appropriate.

The Group attaches great importance to training and cultivation of technical talents. To this end, the Group organizes high-standard and high-quality technical training activities for its employees every year and provides trainings to in-service employees in a planned manner by taking into account the actual situation so as to improve their skills required for work and enhance their work performance to meet the development needs of the Group. In addition, domestic health education experts and safety training experts were invited to conduct training on health knowledge and safety management for the Group's subsidiaries through video, so as to enhance employees' safety awareness, strengthen their occupational health monitoring and protect their health and safety.

(V) Share Capital and Shareholdings of Substantial Shareholders and the Directors

1. CHANGES IN SHARE CAPITAL AND GENERAL INFORMATION ON THE LISTING OF SHARES

As of 30 June 2026, the Company's authorised share capital was US$100,000,000 divided into 10,000,000,000 Shares of par value of US$0.01 each.

During the Reporting Period, the Company has not issued new Shares.

As of 30 June 2026, the Company has issued a total of 4,353,966,228 Shares.

2. SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

(1) Shareholdings of substantial shareholders

As of 30 June 2026, the interests or short positions of persons, other than the Directors and Chief Executive of the Company, in the Shares and underlying shares of the Company, which would be required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register maintained under section 336 of the SFO, were as follows:

Name of shareholder	Number of Ordinary Shares interested[1]	Nature of interests	Percentage of Shares in issue
LI Liufa[2a]	951,462,000 (L)	Interests of corporations controlled by substantial shareholder	21.85%
LI Fengluan[2a]	951,462,000 (L)	Interests of corporations controlled by substantial shareholder	21.85%
Tianrui Group Company Limited[2a]	951,462,000 (L)	Interests of corporations controlled by substantial shareholder	21.85%
Tianrui (International) Holding Company Limited[2a]	951,462,000 (L)	Beneficial owner	21.85%
China Bohai Bank Co., Ltd. Dalian Branch[2b]	951,462,000 (L)	Security interest in shares	21.85%
China Shanshui Investment Company Limited[3]	847,908,316 (L)	Beneficial owner	19.47%
ACC[4]	428,393,000 (L)	Interests of corporations controlled by substantial shareholder	9.84%
	331,878,315 (L)	Beneficial owner	7.62%
	142,643,000 (L)	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under s.317(1)(a) and s.318 of the SFO	3.28%

2. SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

(1) Shareholdings of substantial shareholders (Continued)

Name of shareholder	Number of Ordinary Shares interested(1)	Nature of interests	Percentage of Shares in issue
Yu Yuan Investment Corporation Limited	142,643,000 (L)	Beneficial owner	3.28%
	760,271,315 (L)(5)	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under s.317(1)(a) and s.318 of the SFO	17.46%
CNBMG(6)	563,190,040 (L)	Interests of corporations controlled by substantial shareholder	12.94%
CNBM(6)	563,190,040 (L)	Interests of corporations controlled by substantial shareholder	12.94%
CNBM Holding(6)	563,190,040 (L)	Beneficial owner	12.94%
Shen Neng International SPC – Green Planet SP(7)	434,897,854(L)	Beneficial owner	9.99%
Shen Neng Investment Management Limited(7)	434,897,854(L)	Beneficial owner	9.99%

Notes:

(1) The letter "L" denotes a long position in such Shares.

(2a) LI Liufa and LI Fengluan (spouse of LI Liufa) owned 70% and 30% respectively of Tianrui Group, which owned 100% of Tianrui.

(2b) On 22 March 2016, Tianrui Group, the Company's substantial shareholder, notified the Company that it has pledged 791,000,000 shares of the Company in favour of China Bohai Bank Co., Ltd. Dalian Branch ("**Bohai Bank**") for a bank loan. In addition, according to the Form 2 filed on 8 June 2021 by Bohai Bank, on 25 April 2019, Tianrui Group has pledged an additional 160,462,000 Shares held by it in favour of Bohai Bank pursuant to a loan agreement entered into between Tianrui Group (as the borrower) and Bohai Bank (as the lender) on 7 March 2019. According to the Form 2 filed on 25 July 2022 and 27 March 2023, a loan agreement was entered into between Tianrui Group (as the borrower) and Bohai Bank (as the lender) on 24 February 2022 and 20 February 2023 respectively. Tianrui Group has pledged 951,462,000 shares held by it in favour of Bohai Bank. The aggregate of 951,462,000 Shares which were pledged to Bohai Bank as described above represent all of the Shares of the Company held by Tianrui Group.

(3) According to the Form 2 filed on 18 November 2014, ZHANG Caikui is the person in accordance with whose directions CSI or its directors are accustomed to act.

(4) The interest in 428,393,000 shares of the Company was held by several direct or indirect subsidiaries of ACC. The interest in 142,643,000 shares of the Company was held by Yu Yuan Investment Corporation Limited, which is the party to the agreement under Section 317.

(5) ACC is the party to the agreement under Section 317.

(6) CNBM was a controlled corporation of CNBMG, which owned 100% of CNBM Holding.

(7) Shen Neng International SPC – Green Planet SP is wholly owned by Shen Neng Investment Management Limited.

(8) The number of issued shares of the Company as at 30 June 2026 was 4,353,966,228.

(V) Share Capital and Shareholdings of Substantial Shareholders and the Directors (Continued)

2. SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

(1) Shareholdings of substantial shareholders (Continued)

Save as disclosed above, and so far as the Directors are aware, as at 30 June 2026, no person, other than Directors or the Chief Executive of the Company, had an interest or short position in the Shares or underlying shares of the Company which would need to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register maintained pursuant to Section 336 of the SFO.

(2) Directors' and Chief Executives' Interests in the Shares, Underlying Shares and Debentures

As of 30 June 2026, none of the Directors or the chief executives of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, which would be required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

3. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) during the Reporting Period. The Company did not have any treasury shares (as defined in the Listing Rules) as at 30 June 2026.

(V) Share Capital and Shareholdings of Substantial Shareholders and the Directors (Continued)

4. SHARE OPTION SCHEME

The Company adopted the Share Option Scheme pursuant to a Shareholders' resolution passed on 14 June 2008 (the "**Adoption Date**"). Save for the Share Option Scheme, the Company has no other share option scheme currently in force.

At the Adoption Date, a mandate limit was approved to allow the Company to grant options entitling holders to subscribe for Shares not exceeding 10% of the then issued Shares as at the date of the approval of the Share Option Scheme, which amounted to 260,336,000 options to subscribe for 260,336,000 Shares (the "**Existing Scheme Mandate Limit**"). During the period from the Adoption Date to the date of this report, no refreshment of the Existing Scheme Mandate Limit has been approved by the Shareholders.

Since the adoption of the Share Option Scheme, options to subscribe for 7,400,000 Shares were granted on 25 May 2011 (the closing price of the Shares as at the date of grant was HK$7.83 per Share) and options to subscribe for 163,700,000 Shares (not including the options to subscribe for 20,000,000 Shares and 23,600,000 Shares conditionally granted to ZHANG Bin and ZHANG Caikui (ZHANG Caikui was deemed to be a substantial Shareholder due to his interest in CSI and ZHANG Bin is his associate), respectively, subject to the approval of the Shareholders which has not yet been obtained) were granted on 27 January 2015 (the closing price of the Shares as at the date of grant was HK$3.68 per Share).

By virtue of the High Court Miscellaneous Proceedings No. 593 of 2015 ("**HCMP593/2015**"), CSI has commenced an injunction application to apply to set aside the grant of the 207,300,000 share options in early 2015. A Consent Summons with Wong & Lawyers (for CSI in its capacity as minority shareholders) and Mayer Brown (for CSI in its corporate capacity) was signed on 6 January 2016 in which the Company gave an undertaking to the High Court that it will not take steps to implement the share options offered as described in its public announcement dated 27 January 2015 until 28 days from the handing down of the judgment in relation to the substantive hearing of the Petitioner's Summons dated 17 August 2015 or until further Order of the Court.

Since no extraordinary general meeting of the Company was held for the approval of the grant of 43,600,000 options in aggregate conditionally granted to ZHANG Bin and ZHANG Caikui, such options have not been granted.

All of the options to subscribe for 7,400,000 Shares granted on 25 May 2011 were lapsed in accordance with the terms of the Share Option Scheme and therefore will not be counted for the purpose of the Existing Scheme Mandate Limit pursuant to Note 1 to Rule 17.03(3) of the Listing Rules.

The options granted on 27 January 2015 to subscribe for 163,700,000 shares have all expired in accordance with the terms of the Share Option Scheme, of which 400,000 share options lapsed during the year 2024 and 89,900,000 share options lapsed in 2025. Therefore, these lapsed options will not be counted for the purpose of the Existing Scheme Mandate Limit pursuant to Note 1 to Rule 17.03(3) of the Listing Rules.

The Company no longer has outstanding share options under the Share Option Scheme as at 30 June 2026.

4. SHARE OPTION SCHEME (CONTINUED)

Summary of the principal terms of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive for certain eligible participants to work with commitment towards enhancing the value of the Company and the Shares for the benefit of the Shareholders, and to retain and attract talents and working partners whose contributions are or may be beneficial to the growth and development of the Group.

Subject to the original terms of the Share Option Scheme, the Board may at its discretion grant options to (i) any executive director, or employee (whether full time or part time) of the Company, any member of the Group or any entity in which any member of the Group holds an equity interest ("**Invested Entity**"); (ii) any non-executive director (including independent non-executive director) of the Company, any member of the Group or any Invested Entity; (iii) any supplier of goods or services to the Company, any member of the Group or any Invested Entity; (iv) any customer of the Company, any member of the Group or any Invested Entity; and (v) any such person (including but not limited to consultant, adviser, contractor, business partner or service provider of the Company or any member of the Group or any Invested Entity) who in the absolute discretion of the Board has contributed or will contribute to the Group.

4. SHARE OPTION SCHEME (CONTINUED)

Summary of the principal terms of the Share Option Scheme (Continued)

In accordance with the Listing Rules, with effect from 1 January 2023, eligible participants shall only include the following persons:

1. directors and employees of the Company and its subsidiaries;

2. directors and employees of the Company's holding company, fellow subsidiaries or associated companies; and

3. persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, excluding placement agents, financial advisers or professional service providers such as auditors or valuers (collectively, the "**Eligible Participants**").

Unless approved by the Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any grantee if the acceptance of those options would result in the total number of shares issued and to be issued to that grantee on exercise of his options during any 12-month period exceeding 1% of the total Shares then in issue.

The options granted by the Board on 25 May 2011 had no vesting period, were valid for ten years from 25 May 2011, and have lapsed in accordance with the terms of the Share Option Scheme. The vesting period of the options granted by the Board on 27 January 2015 is 6 months from the date of grant, and the validity of which shall be ten years from 27 January 2015.

The price at which the Shares may be subscribed upon exercise of an option granted shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of grant (and which must be a business day); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

Where the Company receives, on or before the latest day for acceptance, a copy of the letter containing acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 (as consideration for the grant thereof), the option shall be deemed to have been granted and accepted by the grantee (subject to certain restrictions of the Share option Scheme). The remittance is not, in any circumstance, refundable. Once accepted, the option is granted as from the date on which it was offered to the relevant grantee.

The Share Option Scheme is valid for ten years from 4 July 2008 (i.e. the effective date of the Share Option Scheme) and has expired on 4 July 2018, after which no further options will be granted but the provisions of the Share Option Scheme will remain in full force and effect in all other respects.

5. PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the Cayman Islands, the Company is not required to offer to its existing shareholders the pre-emptive right to acquire new shares in proportion to their shareholdings.

1. MATERIAL LITIGATION IN THE CAYMAN ISLANDS

Cause Nos.: FSD 161 of 2018 and FSD 93 of 2019

The Company is facing a winding-up petition (the "**Cayman Petition**") before the Grand Court of the Cayman Islands (the "**Grand Court**"). The Cayman Petition was filed by one of the shareholders of the Company, Tianrui. The Company has appointed legal counsel in relation to the Cayman Petition.

The Company was served on 4 June 2019 with a Writ of Summons issued on 27 May 2019 in the Grand Court (the "**Cayman Writ**"). The Cayman Writ was also issued by Tianrui, seeking (i) orders setting aside the Company's issue of certain convertible bonds, issued on or about 8 August 2018 and 3 September 2018, the subsequent conversion of the bonds on 30 October 2018 and/or the allotment of the Company's shares to the holders of such convertible bonds; and/or (ii) declarations setting aside the issue and subsequent conversion of the bonds. The orders sought by way of the Cayman Writ have since been amended (see below). The Company considers that there is no reasonable basis for the orders and/or declarations sought and will vigorously defend itself against the Cayman Writ and Tianrui's claim.

On 1 July 2022, the Cayman Islands Court of Appeal delivered its judgment ordering that the Cayman Writ be struck out as defective. The Certificate of the Order of the Court of Appeal was issued on 14 September 2022. However, the Court of Appeal did leave it open to Tianrui to reconstitute the Cayman Writ as a derivative claim.

On 11 October 2022, the Court of Appeal granted Tianrui leave to appeal to the Privy Council against its decision. On 23 December 2022, Tianrui filed a notice of appeal to the Privy Council against the decision of the Court of Appeal. The Privy Council handed down its judgment on 14 November 2024 (the "**Privy Council Judgment**") allowing Tianrui's appeal. The effect of the Privy Council Judgment is merely upholding that Tianrui has the standing to proceed with its claim by the Cayman Writ as a shareholder personally. However, the Privy Council did not make any findings as to the factual allegations and merits of Tianrui's claim, which are matters for the Grand Court to decide at trial.

On 17 December 2020, the Grand Court heard a court summons for directions ("**Summons**") taken out by Tianrui on 26 August 2020 in connection with the Cayman Petition. At the hearing of the Summons, Tianrui sought leave to re-amend the Cayman Petition, notably in order to join China National Building Materials Company Limited ("**CNBM**") and Asia Cement Corporation ("**ACC**") as respondents to the Cayman Petition. CNBM and ACC are currently shareholders of the Company.

In its judgment dated 27 January 2021, the Grand Court ordered that CNBM and ACC be joined as respondents to the Cayman Petition, and that the Cayman Petition be served on CNBM and ACC.

1. MATERIAL LITIGATION IN THE CAYMAN ISLANDS (CONTINUED)

Cause Nos.: FSD 161 of 2018 and FSD 93 of 2019 (Continued)

On 19 March 2021, the Cayman Petition was served on CNBM and ACC. Thereafter, at a further hearing of the Summons on 16 July 2021, the Grand Court ordered that the Cayman Petition be treated as an inter-party proceeding between Tianrui, CNBM and ACC, save that the Company may also participate for the purpose of discovery and to be heard regarding the appropriate remedy should the Cayman Petition be granted. At the hearing, Tianrui conceded that the only relief it was seeking in the winding up proceedings was the liquidation of the Company and was ordered to amend its Cayman Petition accordingly. The Grand Court also granted leave to Tianrui to amend the Cayman Writ to confine the relief it is seeking to declarations that (i) the exercise by the Company's directors of the power to issue certain convertible bonds on or about 8 August 2018 and/or on about 3 September 2018 was not a valid exercise of the said power; (ii) the exercise by the directors on 30 October 2018 of the power to convert the aforesaid bonds and the power to issue new shares was not a valid exercise of the said powers; and (iii) the exercise by the directors of the power to issue all other shares and securities in the Company after 1 August 2018 was not a valid exercise of the said power.

The hearing took place on 23 May 2022 following which the Grand Court settled the list of issues between the parties to the Cayman Petition for the purposes of discovery. Parties attended a case management hearing on 22 November 2022 and made further written submissions on 3 February 2023 to settle outstanding issues in relation to discovery. The Grand Court delivered rulings on 17 October 2023 and 26 October 2023, and a judgment dated 30 October 2023, regarding the scope of discovery. The Grand Court also made an order dated 7 February 2022 containing directions for discovery, and an order dated 9 April 2024 in respect of the search parameters for discovery and costs of discovery.

On 28 November 2022, the Company applied for a validation order to make payment of the final dividend as resolved at the Annual General Meeting of the Company held on 27 May 2022, and a variation of a prior validation order dated 11 October 2018 ("**Validation Application**"). Tianrui and the Company attended a hearing before the Grand Court on 24 February 2023 in respect of this application. Subsequent to the hearing before the Grand Court on 24 February 2023, the Grand Court thoroughly considered factors such as the equal treatment of the Shareholders, the Listing Rules, and the desire not to complicate the course of any hypothetical winding up. The Grand Court handed down its judgment on the Validation Application and dismissed the Validation Application on 31 March 2023. As a result of the judgment, the final dividend for the year ended 31 December 2021 will not be payable to the Shareholders. On 26 February 2025, the Grand Court delivered its ruling on the costs of the Validation Application.

1. MATERIAL LITIGATION IN THE CAYMAN ISLANDS (CONTINUED)

Cause Nos.: FSD 161 of 2018 and FSD 93 of 2019 (Continued)

On 11 December 2025, the Grand Court delivered a decision among others dismissing Tianrui's application for the Cayman Writ and the Cayman Petition to be heard together.

On 15 May 2026, Tianrui took out summonses (1) against the Company, ACC and CNBM for specific discovery of documents (the "**Specific Discovery Application**"), and for leave to amend Tianrui's Re-Re-Re-Amended Winding Up Petition (the "**Amendment Application**"), and (2) against certain entities which are non-parties in the Cayman Petition for discovery of documents (the "**Non-Party Discovery Application**").

Further, on 12 June 2026, Tianrui took summonses seeking inter alia further directions in the Cayman Writ including an order that the trial of the Cayman Writ be listed together with the Cayman Petition (the "**Joint Trial Application**").

The above said summonses issued on 15 May 2026 and 12 June 2026 were heard at the Case Management Conference of the Cayman Petition on 8 July 2026. On 29 July 2026, the Grant Court announced decisions that:

(a) the Amendment Application be dismissed;

(b) the Non-Party Discovery Application be granted; and

(c) the Joint Trial Application be dismissed.

As of the reporting date, the Grand Court has yet to make its decision on the Specific Discovery.

The trial of the Cayman Petition has been fixed for 4 weeks from 12 October 2026. A Pre-Trial Review is to be fixed for the Cayman Petition before the commencement of the trial.

As to the Cayman Writ, in light of the Privy Council Judgment and the Grand Court's dismissal of Tianrui's Joint Trial Application, the parties shall proceed with the Cayman Writ separately, and it will take some time before the matter could proceed to trial.

For further details, please refer to the announcements published by the Company on 4 September 2018, 20 September 2018, 12 October 2018, 16 October 2018, 23 October 2018, 29 October 2018, 14 November 2018, 13 December 2018, 18 January 2019, 22 January 2019, 15 February 2019, 21 March 2019, 1 April 2019, 17 April 2019, 5 June 2019, 17 September 2019, 19 February 2020, 7 April 2020, 24 March 2021, 21 March 2022, 5 August 2022, 27 February 2023, 15 March 2023, 3 April 2023 and 15 November 2024.

2. MATERIAL LITIGATION IN HONG KONG

HCA 2880 of 2015 and CACV 91 of 2020

On 4 December 2015, a Writ of Summons (the "**Writ**") was issued by the Company against former Directors of the Company, namely ZHANG Cai Kui and ZHANG Bin (together, the "**Zhangs**") and LI Cheung Hung. On 17 December 2015, China Shanshui (HK) and Pioneer Cement were added as Plaintiffs and an additional of 5 former Directors, namely CHANG Zhangli, WU Ling-ling (also known as Doris WU), LEE Kuan-chun (also known as Champion LEE), ZENG Xuemin and SHEN Bing were added as Defendants in the Writ.

The Plaintiffs claimed against the Defendant Directors for (inter alia) (1) various injunctive relief, including restraining them from acting on the allegedly unlawfully altered articles of association of Shandong Shanshui, an order for identifying the current whereabouts of or return the books, records, accounts or computer data or other documents etc. of the Group, and (2) damages and/or equitable compensation as a result of the alleged misconduct of the former Directors.

On 24 December 2015, the Company obtained interlocutory injunction orders (the "**December Injunction Orders**") against ZHANG Caikui, ZHANG Bin, LI Cheung Hung, CHANG Zhangli and WU Ling-ling compelling them to (inter alia) disclose and deliver the Group's Records to the Company. On 8 January 2016, the December Injunction Orders (as varied) continued and the Company obtained further interlocutory injunction orders (the "**January Injunction Orders**") against the Zhangs to (inter alia) restrain them from acting upon or exercising any power or entitlement pursuant to the unlawfully altered articles of association of Shandong Shanshui and execute amendments to the said unlawfully altered articles of association of Shandong Shanshui, to invalidate or reverse the unlawful amendments. The January Injunction Orders remain in effect as of the date of this report.

On 7 April 2016, CNBM and ACC were joined as the Defendants to the Action, on the basis of a claim of conspiracy.

2. MATERIAL LITIGATION IN HONG KONG (CONTINUED)

HCA 2880 of 2015 and CACV 91 of 2020 (Continued)

The Company also on 4 November 2016 obtained a worldwide injunction against the Zhangs (the "**Worldwide Mareva Injunction**") and issued a Summons on 7 November 2016 (the "**Plaintiffs' Summons**").

On 18 November 2016, the Worldwide Mareva Injunction was varied and directions were given by the High Court to the parties to file affidavit evidence for the disposal of the Plaintiffs' Summons. After the substantive hearing on 7 June 2017, the High Court discharged the Worldwide Mareva Injunction and granted a fresh domestic Mareva injunction order against the Zhangs on terms substantially the same as the Worldwide Mareva Injunction (the "**Domestic Mareva Injunction**").

On 29 May 2017, Shandong Shanshui was joined as the 4th Plaintiff to the Action to introduce a derivative claim against the Zhangs and LI Cheung Hung and further amendments were made to the Amended Statement of Claim.

Following the amendments to the Amended Statement of Claim, the parties filed a second round of pleadings (Re-Amended Defence or Amended Defence followed by the Amended Reply) except for the Zhangs (who only filed the acknowledgment of service indicating an intention to defend on 13 June 2017 and their defence on 18 September 2017).

All parties filed and exchanged their List of Documents and the Company has filed a supplemental list of documents on 29 September 2017. The parties have also exchanged witness statements.

The first case management conference took place on 19 April 2018 and all of the parties agreed for the action to be referred to a Listing Judge for the assignment of a Trial Judge. On 15 April 2019, the parties sent a joint letter to the Listing Officer, Civil to formally apply to have the action assigned to a Trial Judge. On 18 April 2019, the Honourable Mr. Justice Coleman of the Court of First Instance of the High Court was assigned as the Trial Judge of the action.

At the subsequent case management conference held on 17 July 2019, leave was granted to the parties to set down the action for trial before the Honourable Mr. Justice Coleman of the Court of First Instance of the High Court with 41 days reserved on 19 to 23 April 2021, 26 to 30 April 2021, 3 to 7 May 2021, 10 to 14 May 2021, 17 and 18 May 2021, 24 to 28 May 2021, 31 May 2021, 1 to 4 June 2021, 7 to 11 June 2021 and 15 to 18 June 2021. A further case management conference was held on 5 May 2020.

On 11 March 2020, an order was made by the court to (inter alia) strike out certain paragraphs in the Company's pleadings as against the Zhangs in relation to the Company's claim concerning Qilu Property Co. Ltd. and to reduce the restrained sum of the Domestic Mareva Injunction to HK$24 million. On 8 April 2020, the Company lodged an appeal against the order to the Court of Appeal under CACV 91/2020. No hearing date has been fixed for the hearing of the appeal.

2. MATERIAL LITIGATION IN HONG KONG (CONTINUED)

HCA 2880 of 2015 and CACV 91 of 2020 (Continued)

On 11 June 2020, leave was granted by the court to (inter alia) the parties to adduce expert evidence on various questions of Mainland Chinese law, and to the Zhangs to amend their Defence and to the Company to amend its Reply to the Amended Defence of the Zhangs. The Zhangs filed the Amended Defence on 12 June 2020 and their Expert Report on Mainland Chinese law on 30 July 2020. The Company filed its Amended Reply to the Amended Defence of the Zhangs on 3 September 2020.

On 11 January 2021, an order was made by the court that (inter alia) leave be granted to the Company to amend the Re-Amended Statement of Claim and the restrained sum of the Domestic Mareva Injunction be increased from HK$24 million to HK$130 million. The Re-Re-Amended Statement of Claim was filed by the Company on 20 January 2021. The Zhangs filed their Re-Amended Defence on 4 March 2021. The Company filed its Re-Amended Reply to the Re-Amended Defence of the Zhangs on 1 April 2021.

The 1st Pre-Trial Review was held on 11 November 2020 before the Honourable Mr. Justice Coleman of the Court of First Instance of the High Court.

The 2nd Pre-Trial Review was held on 25 February 2021 before the Honourable Mr. Justice Coleman of the Court of First Instance of the High Court. In the 2nd Pre-Trial Review, an order was made by the court that (inter alia) two further days (namely 20 and 21 May 2021) be reserved for the trial.

On 14 April 2021, an Order was made by the court that leave be granted to the Zhangs to amend its Re – Amended Defence. The Zhangs filed their Re-Re-Amended Defence on 15 April 2021.

There are currently two main outstanding interlocutory applications in this action:

(1) The Company has issued a Summons on 27 March 2018 to (inter alia) appoint receivership over the 1st Defendant's shares in China Shanshui Investment Company (the "**Receivership Summons**"). Pursuant to the Order of Deputy High Court Judge Keith Yeung SC dated 3 May 2018, the hearing of the Receivership Summons is adjourned to a date to be fixed. No hearing date has been fixed yet.

(2) The Company has, pursuant to the Order of the Honourable Madam Justice Au-Yeung dated 13 July 2018, issued a Summons on 20 July 2018 for the continuation of the December Injunction Orders and the January Injunction Orders against the 2nd Defendant (the "**Continuation Summons**"). The Company filed their affirmation in support in October 2018 and the 2nd Defendant has yet to file his affirmation in opposition. The hearing of the Continuation Summons is adjourned to a date to be fixed with one day reserved. No hearing date has been fixed yet.

2. MATERIAL LITIGATION IN HONG KONG (CONTINUED)

HCA 2880 of 2015 and CACV 91 of 2020 (Continued)

The trial took place on 19 to 23 and 26 to 30 April 2021, 3 to 4, 6 to 7, 10 to 14, 17 to 18, 21, 24 to 26, 28 and 31 May 2021, 1 to 4, 7 and 15 to 17 June 2021 before the Honourable Mr. Justice Coleman of the Court of First Instance of the High Court.

On 12 May 2025, the Honourable Mr. Justice Coleman handed down his judgment by which he dismissed all the Company's claims under the action. He also directed that, subject to any submissions by the parties, the question of costs of the action be dealt with by way of paper submissions. Subsequently, the parties filed their written submissions on costs. As of the reporting date, the Honourable Mr. Justice Coleman has yet to hand down his decision on costs of the action.

On 7 November 2025, the Company took out an application for, inter alia, an order that Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai ("**the Non-Parties**") do personally bear the costs of, or alternatively, be jointly and severally liable together with the Plaintiffs for (or do contribute in such proportion as the Court considers appropriate to) the Defendants' costs in the action up to 19 March 2018 (inclusive) ("**the Non-Parties Costs Application**"). Pursuant to the Order of the Honourable Mr. Justice Coleman dated 12 January 2026, the Non-Parties were joined as the 11th and 12th Defendants to the action for the purposes of costs only, and the Non-Parties Costs Application was adjourned for substantive argument with two days reserved pending the filing and service of further evidence.

2. MATERIAL LITIGATION IN HONG KONG (CONTINUED)

HCA 548 of 2019

On 29 March 2019, the Company announced that the Company together with its subsidiaries, China Shanshui Cement Group (Hong Kong) Company Limited, China Pioneer Cement (Hong Kong) Company Limited, and Shandong Shanshui Cement Group Company Limited (collectively, the "**Plaintiffs**") had commenced an action in the High Court of Hong Kong (the "**Hong Kong Court**"), against Tianrui (International) Holding Company Limited, Tianrui Group Company Limited, Stephen LIU Yiu Keung, David YEN Ching Wai, Godwin HWA Guo Wai, CHONG Cha Hwa, LI Heping, LI Liufa, CHEUNG Yuk Ming, NG Qing Hai, LI Zhi Qiang, HO Man Kay, Angela, LAW Pui Cheung, WONG Chi Keung, CHING Siu Ming, LO Chung Hing, TSANG Wing Tai and Ernst & Young Transactions Limited (collectively, the "**Defendants**") in connection with:

(a) alleged unlawful means conspiracy, by acting in combination and in concert with one another with respect to breaches of fiduciary and other duties, dishonest assistance and/or criminal intimidation and violence, from around 2015 to 2018, with the intention of injuring the Plaintiffs in order to acquire control of the Plaintiffs, and illegitimately maximise economic benefit therefrom for the benefit of the Defendants and at the expense of the Plaintiffs; and

(b) various breaches of duties by the Defendants who are former directors and/or officers of the Company.

On 14 August 2019, three of the Defendants (Tianrui, Tianrui Group and LI Liufa) filed an application with the Hong Kong Court to (i) set aside the service of the Writ of Summons on Tianrui, and/or (ii) stay this proceeding pending the determination of the winding-up petition issued by Tianrui against the Company in the Cayman Islands in FSD161/2018. This application was dismissed by the Hong Kong Court on 7 December 2020.

On 2 September 2025, DHCJ Andrew Li handed down decision among others allowing the Plaintiffs' application for an order that HCA 1013 of 2023 (see below) and this action be tried together at the same time or one after another before the same judge.

On 1 April 2026, the Company applied for the action in HCA 548 of 2019 and HCA 1013 of 2023 be assigned to the same Trial Judge. On 4 May 2026, the Court allowed the application for assignment of the two actions to the same Trial Judge. Further on 8 May 2026, the Court made order that the Honourable Mr. Justice Eugene Fung is assigned as the Trial Judge of the two actions.

For further details, please refer to the announcements published by the Company on 29 March 2019 and 4 September 2025 and the subsequent Interim Reports and Annual Reports.

2. MATERIAL LITIGATION IN HONG KONG (CONTINUED)

HCA 1013 of 2023

On 18 July 2023, the Company announced that the Company and its subsidiaries, namely China Shanshui Cement Group (Hong Kong) Company Limited ("**CSC HK**") and China Pioneer Cement (Hong Kong) Company Limited ("**Pioneer**"), were served with a writ of summons dated 28 June 2023 under the action number HCA 1013 of 2023 (the "**Writ of Summons**") issued by Tianrui Group Company Limited ("**Tianrui Group**") in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region. Subsequently, the Writ of Summons was also served on Shandong Shanshui Cement Group Company Limited ("**Shandong Shanshui**"), another wholly-owned subsidiary of the Company.

In the Writ of Summons, Tianrui Group alleges that it extended loans to the Company, CSC HK, Pioneer and Shandong Shanshui (collectively, "**CSC Group**") with the alleged outstanding amount (the "**Alleged Loans**") as described in the announcement published by the Company on 18 July 2023, and claims for repayment of the Alleged Loans.

In its Defence and Counterclaim filed on 3 January 2024, CSC Group denies on substantial grounds that Tianrui Group is entitled to claim for repayment of the Alleged Loans, and counterclaims against Tianrui Group for (and is therefore in any event entitled to set off the Alleged Loans against) damages and/or equitable compensation as a result of the unlawful means conspiracy committed by Tianrui Group and other parties with the intention of injuring CSC Group and its subsidiaries during the period from 2015 to 2018. CSC Group's counterclaim in this action is substantially based on its claim against Tianrui Group and other parties in HCA 548 of 2019. Accordingly, CSC Group has made an application to the Court on 25 April 2024 for consolidation of this action with HCA 548 of 2019, and/or for the two actions to be heard together and/or one after the other before the same judge (the "**1013 Hearing Together Summons**"). All parties in HCA 548 of 2019 are neutral to the Hearing Together Summons, except Tianrui Group, Tianrui (International) Holding Company Limited, Li Liufa and Ho Man Kay, Angela.

Meanwhile, on 28 February 2024, Tianrui Group also made an application to the Court to strike out CSC Group's counterclaim in this action allegedly, inter alia, on the ground that CSC Group's counterclaim in this action and its claim in HCA 548/2019 are duplicated (the "**1013 Strike-Out Summons**").

On 2 September 2025, DHCJ Andrew Li handed down decision dismissing the 1013 Strike-Out Summons, and allowing the 1013 Hearing Together Summons.

As mentioned above, on 8 May 2026, the Honourable Mr. Justice Eugene Fung is assigned as the Trial Judge of HCA 1013 of 2023, together with HCA 548 of 2019.

3. PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules at the date of this report.

4. CONNECTED TRANSACTIONS

Save as disclosed in this section, all the related party transactions set out in Note 24 to the financial statements do not constitute connected transactions under the Listing Rules. The Company has complied with the relevant requirements under Chapter 14A of the Listing Rules as applicable to the Company.

Continuing Connected Transactions

The connected transactions entered into between the Company and CNBMG, one of the substantial shareholders of the Company, as set out in this section below constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules as of 30 June 2026, the summary of which is as follows:

On 25 April 2025, the Group entered into the following agreements with CNBM, Shandong Quanxing Jingshi Cement Co., Ltd. ("**Shandong Quanxing**"), an affiliate of CNBM and/or Shandong Donghua, an affiliate of CNBMG, to renew the 2024 Framework Agreements and the annual caps (collectively, the "**2025 Framework Agreements**"):

(a) Mine Development Services Framework Agreement;

The Company and CNBMG entered into the Mine Development Services Framework Agreement on 25 April 2025. The nature of the services under the Mine Development Services Framework Agreement is the provision of mine development, maintenance and related engineering services by the CNBMG Group to the China Shanshui Group. The term of the Mine Development Services Framework Agreement is from 1 June 2025 to 31 May 2026 (both days inclusive).

(b) Cement Production Equipment and Supplies Framework Agreement;

The Company and CNBMG entered into the Cement Production Equipment and Supplies Framework Agreement on 25 April 2025. The nature of the services under the Cement Production Equipment and Supplies Framework Agreement is the purchase of cement production equipment and supplies by the China Shanshui Group from the CNBMG Group. The term of the Cement Production Equipment and Supplies Framework Agreement is from 1 June 2025 to 31 May 2026 (both days inclusive).

4. CONNECTED TRANSACTIONS (CONTINUED)

Continuing Connected Transactions (Continued)

(c) Engineering and Technical Services Framework Agreement; and

The Company and CNBMG entered into the Engineering and Technical Services Framework Agreement on 25 April 2025. The nature of the services under the Engineering and Technical Services Framework Agreement is the provision of engineering services (including design, construction and technical upgrade services) and technical services (including inspection and product specification comparison services) by the CNBMG Group to the China Shanshui Group. The term of the Engineering and Technical Services Framework Agreement is from 1 June 2025 to 31 May 2026 (both days inclusive).

(d) Clinker and Cement Transactions Framework Agreements.

The Company and CNBMG entered into a clinker and cement transaction framework agreement on 25 April 2025 (the "**CNBMG Clinker and Cement Transactions Framework Agreement**"). The nature of the services under the CNBMG Clinker and Cement Transactions Framework Agreement is the sale and purchase of clinker and cement (including aggregates and commercial concrete) between the China Shanshui Group and the CNBMG Group. The term of the CNBMG Clinker and Cement Transactions Framework Agreement is from 1 June 2025 to 31 May 2026 (both days inclusive).

The Company and Shandong Quanxing entered into a clinker and cement transaction framework agreement on 25 April 2025 (the "**Shandong Quanxing Clinker and Cement Transactions Framework Agreement**"). The nature of the services under the Shandong Quanxing Clinker and Cement Transactions Framework Agreement is the sale and purchase of clinker and cement (including aggregates and commercial concrete) between the China Shanshui Group and Shandong Quanxing's subsidiaries, Shandong Quanxing Cement Co., Ltd. and Shandong Shenfeng Cement Co., Ltd. The term of the Shandong Quanxing Clinker and Cement Transactions Framework Agreement is from 1 June 2025 to 31 May 2026 (both days inclusive).

4. CONNECTED TRANSACTIONS (CONTINUED)

Continuing Connected Transactions (Continued)

(d) Clinker and Cement Transactions Framework Agreements. (Continued)

The Company and Shandong Donghua entered into a clinker and cement transactions framework agreement on 25 April 2025 (the "**Shandong Donghua Clinker and Cement Transactions Framework Agreement**"). The nature of the services under the Shandong Donghua Clinker and Cement Transactions Framework Agreement is the sale and purchase of clinker and cement (including aggregates and commercial concrete) between the China Shanshui Group and the branches and subsidiaries of Shandong Donghua (namely Jinan Wanhua Cement Co., Ltd., Zibo Wanhua Branch of Shandong Donghua Technology Co., Ltd., and Shandong Donghua Technology Development Co., Ltd.). The term of the Shandong Donghua Clinker and Cement Transactions Framework Agreement is from 1 June 2025 to 31 May 2026 (both days inclusive).

Please refer to the announcement dated 25 April 2025, the circular dated 25 April 2025 and the supplemental announcement dated 21 May 2025 published by the Company for details.

The transactions between Company's group companies and CNBMG's group companies or affiliates under the 2025 Framework Agreements did not exceed the annual caps for the five months ended 31 May 2026.

As the 2025 Framework Agreements expired on 31 May 2026 and it was expected that the transactions under the 2025 Framework Agreements would continue on a recurring basis, on 30 April 2026, the Group entered into the following agreements with CNBMG, Shandong Quanxing, and/or Shandong Donghua, to renew the 2025 Framework Agreements and the annual caps (collectively, the "**2026 Framework Agreements**"):

(a) Mine Development Services Framework Agreement;

The Company and CNBMG entered into the Mine Development Services Framework Agreement on 30 April 2026. The nature of the services under the Mine Development Services Framework Agreement is the provision of mine development, maintenance and related engineering services by the CNBMG Group to the China Shanshui Group. The term of the Mine Development Services Framework Agreement is from 1 June 2026 to 31 May 2027 (both days inclusive).

(b) Cement Production Equipment and Supplies Framework Agreement;

The Company and CNBMG entered into the Cement Production Equipment and Supplies Framework Agreement on 30 April 2026. The nature of the services under the Cement Production Equipment and Supplies Framework Agreement is the purchase of cement production equipment and supplies by the China Shanshui Group from the CNBMG Group. The term of the Cement Production Equipment and Supplies Framework Agreement is from 1 June 2026 to 31 May 2027 (both days inclusive).

4. CONNECTED TRANSACTIONS (CONTINUED)

Continuing Connected Transactions (Continued)

(c) Engineering and Technical Services Framework Agreement; and

The Company and CNBMG entered into the Engineering and Technical Services Framework Agreement on 30 April 2026. The nature of the services under the Engineering and Technical Services Framework Agreement is the provision of engineering services (including design, construction and technical upgrade services) and technical services (including inspection and product specification comparison services) by the CNBMG Group to the China Shanshui Group. The term of the Engineering and Technical Services Framework Agreement is from 1 June 2026 to 31 May 2027 (both days inclusive).

(d) Clinker and Cement Transactions Framework Agreements.

The Company and CNBMG entered into a clinker and cement transaction framework agreement on 30 April 2026 (the "**CNBMG Clinker and Cement Transactions Framework Agreement**"). The nature of the services under the CNBMG Clinker and Cement Transactions Framework Agreement is the sale and purchase of clinker and cement (including aggregates and commercial concrete) between the China Shanshui Group and the CNBMG Group. The term of the CNBMG Clinker and Cement Transactions Framework Agreement is from 1 June 2026 to 31 May 2027 (both days inclusive).

The Company and Shandong Quanxing entered into a clinker and cement transaction framework agreement on 30 April 2026 (the "**Shandong Quanxing Clinker and Cement Transactions Framework Agreement**"). The nature of the services under the Shandong Quanxing Clinker and Cement Transactions Framework Agreement is the sale and purchase of clinker and cement (including aggregates and commercial concrete) between the China Shanshui Group and Shandong Quanxing's subsidiaries, Shandong Quanxing Cement Co., Ltd. and Shandong Shenfeng Cement Co., Ltd. The term of the Shandong Quanxing Clinker and Cement Transactions Framework Agreement is from 1 June 2026 to 31 May 2027 (both days inclusive).

The Company and Shandong Donghua entered into a clinker and cement transactions framework agreement on 30 April 2026 (the "**Shandong Donghua Clinker and Cement Transactions Framework Agreement**"). The nature of the services under the Shandong Donghua Clinker and Cement Transactions Framework Agreement is the sale and purchase of clinker and cement (including aggregates and commercial concrete) between the China Shanshui Group and the branches and subsidiaries of Shandong Donghua (namely Jinan Wanhua Cement Co., Ltd., Zibo Wanhua Branch of Shandong Donghua Technology Co., Ltd., and Shandong Donghua Technology Development Co., Ltd.). The term of the Shandong Donghua Clinker and Cement Transactions Framework Agreement is from 1 June 2026 to 31 May 2027 (both days inclusive).

Please refer to the announcement dated 30 April 2026 and the circular dated 30 April 2026 published by the Company for details.

4. CONNECTED TRANSACTIONS (CONTINUED)

Connected Person's Interest in the Continuing Connected Transactions

As at 30 June 2026, CNBMG is a substantial shareholder holding approximately 12.94% of the issued Shares and hence a connected person of the Company under Chapter 14A of the Listing Rules. In addition, Shandong Quanxing and Shandong Donghua (indirectly held as to 49% and 42.26% by CNBMG, respectively) are each a 30%-controlled company of CNBMG and hence connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the above agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. CNBMG, Shandong Quanxing and Shandong Donghua are considered to have a material interest in the above continuing connected transactions.

Transaction amounts and annual caps in the Continuing Connected Transactions

The amounts and annual caps of the transactions between Company's group companies and CNBMG's group companies or affiliates under the 2025 Framework Agreements and the 2026 Framework Agreements are described as follows.

(Unit: RMB'000)

Type	Transaction amounts during the five months ended 31 May 2026	Annual caps for the five months ended 31 May 2026 under the 2025 Framework Agreements
Mine Development Services	176,070	272,786
Cement Production Equipment and Supplies	2,357	6,400
Engineering and Technical Services	2,818	99,236
Clinker and Cement Transactions	–	–
– Procurement of the Group	8,936	50,620
– Sales of the Group	48,379	193,370

4. CONNECTED TRANSACTIONS (CONTINUED)

Transaction amounts and annual caps in the Continuing Connected Transactions (Continued)

Type	Transaction amounts from 1 June 2026 up to 30 June 2026	Annual caps for the seven months from 1 June 2026 to 31 December 2026 under the 2026 Framework Agreements
Mine Development Services	50,750	387,802
Cement Production Equipment and Supplies	258	8,100
Engineering and Technical Services	2,735	236,653
Clinker and Cement Transactions	–	–
– Procurement of the Group	7,559	34,300
– Sales of the Group	7,153	117,460

Connected Transactions Exempted from Reporting, Announcement and Independent Shareholders' Approval Requirements

On 28 December 2016, the Company entered into a supplementary loan agreement with Tianrui Group, one of the substantial shareholders of the Company, pursuant to which Tianrui Group has granted an unsecured loan to the Company to satisfy senior notes due in 2020 issued by the Company. Pursuant to the supplementary loan agreement, inter alia:

(1) Tianrui Group undertakes to settle the loan facility and the interest thereof pursuant to the facility agreement;

(2) Tianrui Group undertakes that it will not request the repayment of the unsecured loan by the Company, in full or in part, prior to the settlement of the loan facility and the interest thereof by Tianrui Group; and

(3) In the event that there is any default in payment of the loan facility and the interest thereof, the Company agrees to settle such amount under the corporate guarantee and Tianrui Group undertakes to waive the payment obligation of the Company in full under the unsecured loan.

4. CONNECTED TRANSACTIONS (CONTINUED)

Connected Transactions Exempted from Reporting, Announcement and Independent Shareholders' Approval Requirements (Continued)

As of 30 June 2026, the Group borrowed RMB1.635 billion in aggregate on an interest-free basis from Tianrui Group which was mainly used to settle certain debts, including:

(1) Interest from 7.50% senior notes due in 2020 amounting to US$89.91 million.

(2) Principal amount of and interest from any and all outstanding 8.50% senior notes due 2016 amounting to US$31.345 million.

(3) Purchase price of US$73.473 million paid in cash for purchasing 7.50% senior notes due in 2020 issued overseas, representing approximately 15% of the total amount of notes (US$484.971 million).

(4) Interest from ultra short term debenture amounting to RMB91.22 million.

(5) A borrowing amounting to RMB30.42 million for settling litigation costs.

As of 30 June 2026, outstanding borrowing of the Company from Tianrui Group was RMB1,602 million.

As the financial assistance received by the Group from Tianrui Group is on normal commercial terms or better and is not secured by the assets of the Group, this continuing connected transaction is fully exempt under Rule 14A.90 of the Listing Rules.

(VII) Interim Financial Statements (Unaudited)
Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2026 – Unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
Revenue	3, 4	**4,074,124**	5,553,891
Cost of sales		**(3,607,070)**	(4,757,294)
Gross profit		**467,054**	796,597
Other income	5	**55,303**	68,540
Reversal of impairment losses on trade receivables, net		**15,540**	18,990
Impairment losses on other receivables, net		**(39,662)**	(29,620)
Selling and marketing expenses		**(98,051)**	(112,724)
Administrative expenses		**(648,794)**	(475,378)
Other net expenses, gains and losses	6	**9,951**	3,621
Expenses incurred during off-peak suspension		**(462,818)**	(445,421)
Loss from operations		**(701,477)**	(175,395)
Finance costs	7(a)	**(85,426)**	(86,325)
Share of results of associates		**(12,337)**	(8,810)
Loss before taxation		**(799,240)**	(270,530)
Income tax expense	8	**(19,815)**	(33,902)
Loss for the period		**(819,055)**	(304,432)
Attributable to:			
Equity shareholders of the Company		**(725,776)**	(250,247)
Non-controlling interests		**(93,279)**	(54,185)
Loss for the period		**(819,055)**	(304,432)
Loss per share	10		
Basic *(RMB)*		**(0.17)**	(0.06)
Diluted *(RMB)*		**N/A**	(0.06)

The notes on pages 49 to 78 form part of these condensed consolidated financial statements.

(VII) Interim Financial Statements (Unaudited)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026 – Unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Loss for the period	**(819,055)**	(304,432)
Other comprehensive expense for the period		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation from functional currency to presentation currency	**(23,937)**	(3,159)
Total comprehensive expense for the period	**(842,992)**	(307,591)
Attributable to:		
Equity shareholders of the Company	**(749,713)**	(253,406)
Non-controlling interests	**(93,279)**	(54,185)
Total comprehensive expense for the period	**(842,992)**	(307,591)

The notes on pages 49 to 78 form part of these condensed consolidated financial statements.

(VII) Interim Financial Statements (Unaudited)
Condensed Consolidated Statement of Financial Position

At 30 June 2026 – Unaudited
(Expressed in Renminbi)

	Notes	**At 30 June 2026 RMB'000**	At 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment	11	**14,958,191**	15,335,905
Right-of-use assets	11	**2,297,700**	2,345,306
Investment properties		**36,885**	37,690
Intangible assets	11	**1,760,552**	1,801,232
Goodwill		**14,224**	14,224
Other financial assets		**17,308**	19,195
Interests in associates		**382,857**	395,194
Deferred tax assets		**240,618**	235,586
Other long-term assets		**860,076**	894,157
		20,568,411	21,078,489
Current assets			
Inventories	12	**1,753,641**	1,796,870
Trade and bills receivables	13	**1,117,076**	1,087,542
Prepayments and other receivables	14	**917,143**	880,277
Tax recoverable		**32,978**	92,914
Restricted bank deposits	15	**946,052**	893,088
Fixed bank deposits		**547,754**	556,025
Bank balances and cash		**2,444,824**	2,356,613
		7,759,468	7,663,329
Current liabilities			
Bank loans – amount due within one year	16	**4,878,290**	4,505,890
Trade payables	17	**3,030,266**	2,729,961
Other payables and accrued expenses	18	**1,757,059**	1,799,671
Contract liabilities		**429,017**	317,900
Taxation payable		**238,498**	320,550
Lease liabilities		**22,060**	16,667
		10,355,190	9,690,639
Net current liabilities		**(2,595,722)**	(2,027,310)
Total assets less current liabilities		**17,972,689**	19,051,179

(VII) Interim Financial Statements (Unaudited)

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2026 – Unaudited
(Expressed in Renminbi)

	Notes	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current liabilities			
Bank loans – amount due after one year	16	**573,050**	805,170
Long-term payables		**549,334**	543,574
Defined benefit obligations	19	**193,200**	193,200
Deferred income		**343,071**	347,013
Lease liabilities		**144,521**	154,039
Deferred tax liabilities		**28,539**	24,217
		1,831,715	2,067,213
Net assets		**16,140,974**	16,983,966
Capital and reserves			
Share capital	20	**295,671**	295,671
Share premium		**8,235,037**	8,235,037
Share capital and share premium		**8,530,708**	8,530,708
Other reserves		**7,902,586**	8,652,299
Total equity attributable to equity shareholders of the Company		**16,433,294**	17,183,007
Non-controlling interests		**(292,320)**	(199,041)
Total equity		**16,140,974**	16,983,966

The notes on pages 49 to 78 form part of these condensed consolidated financial statements.

(VII) Interim Financial Statements (Unaudited)
Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026 – Unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								
	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Other reserves RMB'000	Exchange reserves RMB'000	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	295,671	8,235,037	2,345,933	218,074	(353,244)	7,434,176	18,175,647	16,559	18,192,206
Loss for the period	–	–	–	–	–	(250,247)	(250,247)	(54,185)	(304,432)
Other comprehensive expense for the period	–	–	–	–	(3,159)	–	(3,159)	–	(3,159)
Total comprehensive expense for the period	–	–	–	–	(3,159)	(250,247)	(253,406)	(54,185)	(307,591)
Transfer between reserves	–	–	(6,066)	–	–	6,066	–	–	–
Appropriation to maintenance and production funds	–	–	80,317	–	–	(80,317)	–	–	–
Utilisation of maintenance and production funds	–	–	(61,319)	–	–	61,319	–	–	–
Distribution to non-controlling interests	–	–	–	–	–	–	–	(2,092)	(2,092)
At 30 June 2025	295,671	8,235,037	2,358,865	218,074	(356,403)	7,170,997	17,922,241	(39,718)	17,882,523
At 1 January 2026	**295,671**	**8,235,037**	**2,363,008**	**144,651**	**(370,287)**	**6,514,927**	**17,183,007**	**(199,041)**	**16,983,966**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(725,776)**	**(725,776)**	**(93,279)**	**(819,055)**
Other comprehensive expense for the period	**–**	**–**	**–**	**–**	**(23,937)**	**–**	**(23,937)**	**–**	**(23,937)**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**(23,937)**	**(725,776)**	**(749,713)**	**(93,279)**	**(842,992)**
Transfer between reserves	**–**	**–**	**(5,925)**	**–**	**–**	**5,925**	**–**	**–**	**–**
Appropriation to maintenance and production funds	**–**	**–**	**78,152**	**–**	**–**	**(78,152)**	**–**	**–**	**–**
Utilisation of maintenance and production funds	**–**	**–**	**(37,301)**	**–**	**–**	**37,301**	**–**	**–**	**–**
At 30 June 2026	**295,671**	**8,235,037**	**2,397,934**	**144,651**	**(394,224)**	**5,754,225**	**16,433,294**	**(292,320)**	**16,140,974**

The notes on pages 49 to 78 form part of these condensed consolidated financial statements.

(VII) Interim Financial Statements (Unaudited)
Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026 – Unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Operating activities			
Cash generated from operations		**161,720**	835,818
Interest paid		**(72,162)**	(70,634)
Income tax paid		**(42,641)**	(90,370)
Net cash generated from operating activities		**46,917**	674,814
Investing activities			
Payments for purchase of long-term assets		**(118,331)**	(293,329)
Payments for deposit for purchase of fixed assets		**(35,548)**	(22,017)
Proceeds from disposal of property, plant and equipment		**16,627**	16,244
Withdrawal of fixed bank deposits		**556,025**	515,652
Placement of fixed bank deposits		**(547,754)**	(560,356)
Dividend received from an associate		**–**	30,600
Others		**18,294**	17,699
Net cash used in investing activities		**(110,687)**	(295,507)
Financing activities			
Proceeds from new loans and borrowings		**3,327,000**	2,372,000
Repayment of loans and borrowings		**(3,150,228)**	(2,854,500)
Repayment of lease liabilities		**(12,775)**	(12,139)
Others		**2,410**	(2,092)
Net cash generated from/(used in) financing activities		**166,407**	(496,731)
Net increase/(decrease) in cash and cash equivalents		**102,637**	(117,424)
Cash and cash equivalents at 1 January		**2,356,613**	2,179,627
Effect of foreign exchange rate changes		**(14,426)**	(3,940)
Cash and cash equivalents at 30 June, representing bank balances and cash		**2,444,824**	2,058,263

The notes on pages 49 to 78 form part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2026 - Unaudited

1 BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") "Interim Financial Reporting", issued by the International Accounting Standards Board ("**IASB**") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 30 June 2026 and subsequently thereto up to the date when the condensed consolidated financial statements are authorised for issue. In order to mitigate the liquidity pressure, to improve its financial position, and to sustain the Group as a going concern, certain plans and measures have been and will be taken by the Group which include, but are not limited to, the following:

i. For borrowings of the Group, the management will actively negotiate with the banks before they fall due to secure their renewals. The directors do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group's request. The directors have evaluated the relevant facts and circumstances available to them and the historical experience and are of the opinion that the Group would be able to renew such borrowings upon maturity;

ii. The Group is implementing cost control measures on costs of sales and administrative expenses and other comprehensive policies so as to increase net operating cash inflows in coming years; and

iii. The Group has appointed external lawyers and/or assigned internal lawyers to handle the outstanding litigations, and to mitigate the risk exposure from any legal claims. In respect of some of the litigations, the directors of the Company are of the opinion that the Group has valid grounds to defend against the claims.

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

2 PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of amendments to IFRS Accounting Standards

In the Reporting Period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards - Volume 11

The application of the amendments to IFRS Accounting Standards in the Reporting Period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

Disaggregation of revenue from contracts with customers is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Revenue recognised under IFRS 15		
Sales of cement	**3,440,358**	4,690,751
Sales of clinker	**129,323**	445,469
Sales of concrete	**236,710**	187,322
Sales of other products	**264,393**	230,349
	4,070,784	5,553,891
Revenue recognised under other accounting standard		
Rental income	**3,340**	–
	4,074,124	5,553,891

The Group's revenues for the six months ended 30 June 2026 and 2025 were generated in the People's Republic of China (the "**PRC**"). Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b).

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

As the Group mainly operates manufacturing and sale of cement, clinker, concrete and cement-related products in the PRC, which is considered as a single business, the Group's risk and rates of return are affected predominantly by differences in the areas in which it operates.

The Group manages its businesses by geographical areas. Based on the manner in which information is reported internally to the Executive Directors of the Company, being the Group's chief operating decision maker ("**CODM**"), for the purposes of resource allocation and performance assessment, the Group has identified and presented the following four reportable segments based on the region in which the Group's business operates.

- Shandong Province – subsidiaries operating and located in the Shandong Province of the PRC, engage in the manufacture and sale of cement, clinker, concrete and other products.

- Northeastern China – subsidiaries operating and located in the Liaoning Province and Inner Mongolia Autonomous Region of the PRC, engage in the manufacture and sale of cement, clinker and other products.

- Shanxi Province – subsidiaries operating and located in the Shanxi Province and Shaanxi Province of the PRC, engage in the manufacture and sale of cement, clinker, concrete and other products.

- Xinjiang Region – subsidiaries operating and located in the Kashi area of Xinjiang Uygur Autonomous Region of the PRC, engage in the manufacture and sale of cement, clinker, concrete and other products.

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

– Segment assets include all tangible and intangible assets and current assets, with the exception of interests in associates, deferred tax assets and other corporate assets. Segment liabilities include trade payables, other payables and accrued expenses, contract liabilities, bank loans managed directly by the segments and lease liabilities.

– Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

– Segment results represent profits/(losses) earned/(incurred) by each segment without allocation of share of results of associates, (loss)/gain on fair value changes of financial assets at fair value through profit or loss ("**FVTPL**"), unallocated other income, head office administrative expenses and finance costs in relation to the unallocated bank loans. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2026 and 2025 is set out below:

	2026					2025				
	Shandong Province *RMB'000*	Northeastern China *RMB'000*	Shanxi Province *RMB'000*	Xinjiang Region *RMB'000*	Total *RMB'000*	Shandong Province *RMB'000*	Northeastern China *RMB'000*	Shanxi Province *RMB'000*	Xinjiang Region *RMB'000*	Total *RMB'000*
For the six months ended 30 June										
Revenue recognised under IFRS 15										
Disaggregated by timing of revenue										
Point in time	2,552,584	863,471	527,143	123,434	4,066,632	3,408,172	1,390,470	606,272	144,139	5,549,053
Over time	2,697	87	1,236	132	4,152	3,034	220	1,440	144	4,838
	2,555,281	863,558	528,379	123,566	4,070,784	3,411,206	1,390,690	607,712	144,283	5,553,891
Revenue recognised under other accounting standard										
Rental income	3,339	1	–	–	3,340	–	–	–	–	–
Revenue from external customers	2,558,620	863,559	528,379	123,566	4,074,124	3,411,206	1,390,690	607,712	144,283	5,553,891
Inter-segment revenue *(note)*	389,647	1,418	88	–	391,153	195,322	661	2,924	–	198,907
Reportable segment revenue	2,948,267	864,977	528,467	123,566	4,465,277	3,606,528	1,391,351	610,636	144,283	5,752,798

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

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

	2026					2025				
	Shandong Province	Northeastern China	Shanxi Province	Xinjiang Region	Total	Shandong Province	Northeastern China	Shanxi Province	Xinjiang Region	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment (loss)/profit (adjusted (loss)/profit before taxation)	(343,393)	(175,339)	(156,835)	18,935	(656,632)	23,683	(23,938)	(98,009)	24,013	(74,251)
As at 30 June/31 December										
Reportable segment assets	13,665,334	6,719,382	4,597,165	708,618	25,690,499	14,172,159	6,949,071	4,754,322	686,819	26,562,371
Reportable segment liabilities	6,835,459	1,347,189	678,303	81,042	8,941,993	6,625,472	1,297,642	634,771	55,928	8,613,813

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026 - Unaudited

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Reconciliations of reportable segment loss

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Loss		
Reportable segment loss	**(656,632)**	(74,251)
Elimination of inter-segment profit	**(41,910)**	(91,060)
Reportable segment loss derived from the Group's external customers	**(698,542)**	(165,311)
Share of results of associates	**(12,337)**	(8,810)
(Loss)/gain on fair value changes of financial assets at FVTPL	**(1,887)**	289
Unallocated other income	**11,161**	12,763
Unallocated finance costs	**(35,075)**	(50,022)
Unallocated head office administrative expenses *(note)*	**(62,560)**	(59,439)
Consolidated loss before taxation	**(799,240)**	(270,530)

Note: Unallocated head office administrative expenses included depreciation and amortisation for the period, net reversal of impairment losses on trade receivables, net impairment losses on other receivables and other administrative expenses attributable to headquarters of the Group.

4 SEASONALITY OF OPERATIONS

The Group generally experiences higher cement demand in the second half of the year compared to the first half of the year due to construction season starting in the second quarter of each year. As a result, the Group typically reports lower revenue and results in the first half of the year.

5 OTHER INCOME

	Notes	Six months ended 30 June **2026** ***RMB'000***	 2025 *RMB'000*
Interest income		**18,294**	17,699
Government grants	*(i)*	**12,356**	38,970
Amortisation of deferred income		**8,497**	10,382
Reversal of payables	*(ii)*	**11,421**	–
Others		**4,735**	1,489
		55,303	68,540

Notes:

(i) Government grants mainly represented tax refunds, operating subsidies and energy reduction incentives from local governments received by the Group during the Reporting Period. No special conditions need to be fulfilled for receiving such government grants.

(ii) The Group recognised a gain of RMB11,421,000 for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB nil) arising from the reversal of trade and other payables following the deregistration of certain creditors in the PRC. The payables were reversed as the directors consider that the Group no longer has a present obligation in respect of the payment of these balances.

6 OTHER NET EXPENSES, GAINS AND LOSSES

	Six months ended 30 June **2026** ***RMB'000***	 2025 *RMB'000*
Net foreign exchange gain	**36,302**	4,613
Net gain/(loss) from disposal of property, plant and equipment	**6,871**	(3,202)
Donations	**(1,726)**	(1,120)
(Loss)/gain on fair value changes of financial assets at FVTPL	**(1,887)**	289
Others	**(29,609)**	3,041
	9,951	3,621

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026 - Unaudited

7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest on bank loans	**68,289**	67,052
Interest on lease liabilities	**8,099**	7,077
Less: capitalised interest expenses(*)	**(9,203)**	(10,873)
Net interest expenses	**67,185**	63,256
Bank charges	**8,068**	10,933
Unwinding of discount	**10,173**	12,136
	85,426	86,325

* The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation related to construction of plant was 3.48% for the six months ended 30 June 2026 (six months ended 30 June 2025: 3.72%).

(b) Other items

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**486,058**	547,176
Depreciation of right-of-use assets	**46,841**	57,071
Depreciation of investment properties	**805**	–
Amortisation of intangible assets	**101,167**	121,315
Total depreciation and amortisation	**634,871**	725,562

8 INCOME TAX EXPENSE

Taxation in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
The charge comprises:		
PRC Enterprise Income Tax ("EIT"):		
Current tax	**26,669**	61,865
(Over)/under provision in respect of prior years	**(6,144)**	1,695
	20,525	63,560
Deferred tax:		
Current year	**(710)**	(29,658)
	19,815	33,902

Notes:

(i) The Group's PRC subsidiaries are subject to PRC EIT at the statutory rate of 25% (six months ended 30 June 2025: 25%) unless otherwise specified.

A concession rate of 15% is granted by the local tax authorities in the western region expiring in 2030. According to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (Notice of the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission No. 23 [2020]) issued on 23 April 2020, companies located in the western region of the PRC and engaged in a business encouraged by the PRC government are entitled to the preferential EIT rate of 15% from 1 January 2021 to 31 December 2030 if the operating revenue of the encouraged business in a year accounted for more than 60% of the total revenue in that year. Subsidiaries, which are located in the western region and are engaged in the encouraged business, are entitled to enjoy the preferential EIT rate of 15% in the respective years.

A concession rate of 20% is granted to the small and micro enterprises.

(ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in those jurisdictions.

The Company and its subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (six months ended 30 June 2025: 16.5%). No provision for Hong Kong Profits Tax has been made as the Company and the subsidiaries incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for both periods.

9 DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

10 LOSS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Loss figures are calculated as follows:		
Loss for the period attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(725,776)**	(250,247)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,353,966,228**	4,353,966,228
Effect of dilutive potential ordinary shares:		
Share options	**N/A**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**4,353,966,228**	4,353,966,228

No diluted loss per share for the period ended 30 June 2026 was presented as there were no potential ordinary shares in issue for the current period.

The computation of diluted loss per share does not assume the exercise of the share options granted by the Company in 2015 because the exercise price of these share options was higher than the average market price of the shares for the period ended 30 June 2025. Such share options lapsed on 27 January 2025. Accordingly, the Company has no outstanding share options as at 30 June 2026 and 30 June 2025.

11 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

(a) During the six months ended 30 June 2026, the additions of property, plant and equipment, right-of-use assets and intangible assets of the Group amounted to RMB118,100,000 (six months ended 30 June 2025: RMB240,697,000), RMB966,000 (six months ended 30 June 2025: RMB104,653,000) and RMB60,487,000 (six months ended 30 June 2025: RMB35,894,000), respectively. Items of property, plant and equipment with net book value totalling RMB9,756,000 were disposed of during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB13,042,000), resulting in a gain on disposal of RMB6,871,000 (six months ended 30 June 2025: loss on disposal of RMB3,202,000).

12 INVENTORIES

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Raw materials	**602,304**	538,579
Semi-finished goods	**483,921**	530,777
Finished goods	**435,070**	459,160
Spare parts	**232,346**	268,354
	1,753,641	1,796,870

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026 - Unaudited

13 TRADE AND BILLS RECEIVABLES

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Bills receivables	**380,543**	279,054
Trade receivables	**971,761**	1,059,257
Less: allowance for credit losses	**(235,228)**	(250,769)
	1,117,076	1,087,542

As of the end of the Reporting Period, the ageing analysis of trade and bills receivables, based on the invoice date and net of allowance for credit losses, is as follows:

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Within 3 months	**376,858**	251,840
3 to 6 months	**71,046**	91,862
6 to 12 months	**114,837**	136,722
Over 12 months	**554,335**	607,118
	1,117,076	1,087,542

All of the trade and bills receivables (net of allowance for credit losses) are expected to be recovered within one year from the end of the Reporting Period.

Generally, the Group requires full payment upon delivery of goods for sales of cement, clinker and aerated bricks. Credit sales with general credit period of 30 to 60 days are granted to selected customers with good credit histories and significant transaction amount. Settlement with bills receivables with maturity within three to six months is also acceptable. For sales of concrete, the Group allows a credit period ranging from 90 days to 180 days.

14 PREPAYMENTS AND OTHER RECEIVABLES

	Note	**At 30 June 2026 RMB'000**	At 31 December 2025 RMB'000
Deposits		**56,837**	38,570
Prepayments for raw materials		**160,960**	110,086
Prepayments for utilities		**50,212**	50,018
VAT recoverable		**275,980**	297,123
Amounts due from related parties	24(b)	**40,298**	21,023
Amounts due from third parties		**289,715**	314,055
Others		**43,141**	49,402
		917,143	880,277

15 RESTRICTED BANK DEPOSITS

Restricted bank deposits as at 30 June 2026 include RMB940,310,000 (31 December 2025: RMB890,228,000) of cash deposits pledged to banks to secure banking facilities granted to the Group and for the performance guarantee in relation to certain contracts of sales or purchases of cement, and RMB5,742,000 (31 December 2025: RMB2,860,000) of bank balances which have been frozen by the PRC Court pending the outcome of the legal proceedings initiated by the Group's creditors relating to certain purchase contracts.

16 BANK LOANS

The analysis of the carrying amount of interest-bearing bank loans is as follows:

	Notes	**At 30 June 2026** **RMB'000**	At 31 December 2025 *RMB'000*
Bank loans		**4,873,840**	4,798,560
Bank loans under supplier finance arrangements	(i)	**577,500**	512,500
		5,451,340	5,311,060
Bank loans – Secured	(ii)	**1,003,490**	1,074,210
Bank loans – Unsecured		**4,447,850**	4,236,850
		5,451,340	5,311,060

Notes:

(i) The Group has entered into certain supplier finance arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers of raw materials. Under these arrangements, the banks advanced funds to the Group for the settlement to suppliers on the original due dates of the invoices. The Group then settles with the banks between 10 and 360 days (31 December 2025: 10 and 360 days) after the loans are granted by the banks with interest rates ranging from 2.55% to 3.79% per annum (31 December 2025: 2.36% to 3.79% per annum). These arrangements provide the Group with extended payment terms, compared to the original due dates of the respective invoices. The interest rates are consistent with the Group's short-term borrowing rates.

(ii) These bank loans were secured by certain land lease prepayments with an aggregate carrying amount of RMB126,998,000 (31 December 2025: RMB128,397,000), plants and buildings with an aggregate carrying amount of RMB261,433,000 (31 December 2025: RMB264,884,000) and pledged bank deposits of RMB704,230,000 (31 December 2025: RMB820,500,000).

As at 30 June 2026, there are no defaults on bank loan repayments.

Bank loans due for repayment based on the scheduled repayment terms set out in the loan agreements are as follows:

	At 30 June 2026 **RMB'000**	At 31 December 2025 *RMB'000*
Within one year	**4,878,290**	4,505,890
After one year but within two years	**337,850**	649,170
After two years but within five years	**235,200**	156,000
	5,451,340	5,311,060

17 TRADE PAYABLES

As at the end of the Reporting Period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 3 months	**1,563,303**	1,628,355
3 to 6 months	**360,502**	379,156
6 to 12 months	**466,159**	194,438
Over 12 months	**640,302**	528,012
	3,030,266	2,729,961

As at 30 June 2026 and 31 December 2025, the average credit period for trade purchases is 30 to 180 days.

As at 30 June 2026, certain suppliers and third parties have initiated lawsuits against the Group to demand immediate settlement of trade payables with a carrying amount of RMB3,990,000 (31 December 2025: RMB592,000) plus interest for late payment, if any.

The management is continuing to negotiate with the suppliers to settle these amounts out of court. No adjustments have been made to these condensed consolidated financial statements to accrue for any potential interest or other penalties that may arise through the Courts if the negotiations are not successful, as the directors of the Company consider that the eventual outcome of these litigations cannot presently be determined.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026 - Unaudited

18 OTHER PAYABLES AND ACCRUED EXPENSES

	Notes	**At 30 June 2026 *RMB'000***	At 31 December 2025 *RMB'000*
Accrued payroll and welfare		**145,393**	175,832
Taxes payable other than income tax payable		**117,546**	98,267
Staff compensation and termination provisions		**50,436**	50,228
Amounts due to related parties	24(b)	**883,896**	909,774
Payables to former shareholders of acquired subsidiaries		**9,800**	19,292
Acquisition consideration payables		**26,937**	26,937
Payables for acquisition of property, plant and equipment		**27,555**	26,979
Payables for mining rights	(ii)	**22,604**	42,432
Dividend payable to non-controlling interest		**48,280**	50,690
Accrued expenses and other payables	(i)	**424,612**	399,240
		1,757,059	1,799,671

Notes:

(i) The amount mainly represents payable for contract guarantee deposits from suppliers of RMB143,488,000 (31 December 2025: RMB126,438,000), payables for equipment maintenance of RMB48,703,000 (31 December 2025: RMB92,866,000) and interest payables of RMB1,350,000 (31 December 2025: RMB5,224,000).

As at 30 June 2026, certain suppliers and third parties have lawsuits against the Group to demand immediate settlement of other payables with carrying amount of RMB7,112,000 (31 December 2025: RMB2,934,000) plus interest for late payment, if any.

(ii) Included in the amount is the current portion of long-term payables for mining rights amounting to RMB22,604,000 (31 December 2025: RMB42,432,000). According to the announcement on Collection and Management of the Revenue from the Transfer of Mining Rights in PRC, "礦業權出讓收益征收辦法" (the "**Announcement**"), an entity is required to pay to the local government a transfer fee when acquiring the exploration right or mining right. The balance represented the amounts payable to the government in respect of such Announcement with repayments payable from 2026 to 2040 using a discount rate of 3.90% per annum.

19 DEFINED BENEFIT OBLIGATIONS

The balance represents the provision for the post-employment benefits according to the non-cancellable staff relocation plans agreed in respect of Shandong Shanshui, Weifang Shanshui Cement Co., Ltd., Liaoyang Qianshan Cement Co., Ltd. (excluding the compensation stated in note 18) and Liaoning Gongyuan. The Group's obligations in respect of the defined benefit obligations at the end of the Reporting Period were reviewed by Willis Towers Watson, a qualified independent actuary and a member of the Society of Actuaries and the China Association of Actuaries, using the projected unit credit actuarial cost method.

The Group operates an unfunded defined benefit plan for qualifying former employees. The Group paid supplemental pension subsidies or pension contributions to its employees in the PRC who retired prior to 31 December 2005. In addition, the Group is committed to make periodic benefits payments to certain former employees who were terminated or early retired in accordance with various rationalisation programmes adopted by the Group prior to 31 December 2005.

During the year ended 31 December 2025, the Group introduced a new unfunded defined benefit plan for certain eligible former employees in the PRC. Under this plan, the Group pays a basic monthly benefit calculated at 70% of the then effective minimum monthly wage standard promulgated by the municipal authorities. The Group will cease to pay the supplemental pension subsidies and other post-employment medical benefits to its retired employees and early retired employees in the PRC who leave the Group after 31 December 2026.

The plan is administered by the Group and contributed by the Group in accordance with an independent actuary's recommendation based on annual actuarial valuations. Under the plan, the employees are entitled to retirement benefits varying between 45% and 85% of final salary on attainment of a retirement age of 50-60.

The defined benefit plan exposes the Group to actuarial risks, such as interest rate risk, longevity risk and salary risk.

Interest rate risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.

The Group's obligations in respect of the defined benefit obligations are recognised as non-current liabilities and the Group has not allocated any assets to satisfy such obligations.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026 - Unaudited

20 SHARE CAPITAL

	30 June 2026 and 31 December 2025	
	Number of shares	**RMB equivalent** *RMB'000*
Ordinary shares of the Company of USD0.01 each		
Authorised:		
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	10,000,000,000	701,472
Issued and fully paid:		
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	4,353,966,228	295,671

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines the fair value of various financial assets and liabilities.

(i) Fair value measurement and valuation process

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The management of the Group will determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, 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 of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 30/06/2026 *RMB'000*	Fair value as at 31/12/2025 *RMB'000*	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to the fair value
1 Equity securities listed in the PRC classified as financial assets at FVTPL	8,250	9,302	Level 1	Quoted bid prices in an active market	N/A	N/A
2 Equity investments in PRC non-listed companies classified as financial assets at FVTPL	9,058	9,893	Level 3	Guideline public company method	Discount for lack of marketability 15% (31 December 2025: 15%)	The higher the discount for lack of marketability, the lower the fair value.

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Reconciliation of level 3 fair value measurements

	Unlisted equity securities *RMB'000*
At 1 January 2025 (audited)	10,082
Fair value loss (included in profit or loss)	(6)
At 30 June 2025 (unaudited)	10,076
At 1 January 2026 (audited)	**9,893**
Fair value loss (included in profit or loss)	**(835)**
At 30 June 2026 (unaudited)	**9,058**

(iv) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their corresponding fair value.

22 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2026 not provided for in the condensed consolidated financial statements were as follows:

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Capital expenditure in respect of the acquisitions of property, plant and equipment authorised and contracted for but not provided for in the condensed consolidated financial statements	**709,773**	820,387

23 CONTINGENT LIABILITIES AND OTHER EVENTS

(a) Litigation contingencies

As at 30 June 2026, several litigation claims had been initiated by certain suppliers against the Group to demand immediate repayment of the outstanding balance in relation to certain sales contract of cement and other products with an aggregate amount of RMB28,530,000 (31 December 2025: RMB23,791,000), which claims have not yet been concluded. No provision for these litigation claims was made in these condensed consolidated financial statements during the six months ended 30 June 2026 as in the opinion of the directors of the Company, the possibility of an outflow of economic resources cannot be reliably determined.

(b) Litigation in the Cayman Islands

The Company is facing a winding-up petition (the "**Cayman Petition**") before the Grand Court of the Cayman Islands (the "**Grand Court**"). The Cayman Petition was filed by one of the shareholders of the Company, Tianrui (International) Holding Company Limited ("**Tianrui**"). The Company has appointed legal counsel in relation to the Cayman Petition.

(i) The Company was served on 4 June 2019 with a Writ of Summons issued on 27 May 2019 in the Grand Court (the "**Cayman Writ**"). The Cayman Writ was also issued by Tianrui, seeking (i) orders setting aside the Company's issue of certain convertible bonds, issued on or about 8 August 2018 and 3 September 2018, the subsequent conversion of the bonds on 30 October 2018 and/or the allotment of the Company's shares to the holders of such convertible bonds; and/or (ii) declarations setting aside the issue and subsequent conversion of the bonds. The orders sought by way of the Cayman Writ have since been amended (see below). The Company considers that there is no reasonable basis for the orders and/or declarations sought and will vigorously defend itself against the Cayman Writ and Tianrui's claim.

On 1 July 2022, the Cayman Islands Court of Appeal delivered its judgment ordering that the Cayman Writ be struck out as defective. The Certificate of the Order of the Court of Appeal was issued on 14 September 2022. However, the Court of Appeal did leave it open to Tianrui to reconstitute the Cayman Writ as a derivative claim.

On 11 October 2022, the Court of Appeal granted Tianrui leave to appeal to the Privy Council against its decision. On 23 December 2022, Tianrui filed a notice of appeal to the Privy Council against the decision of the Court of Appeal. The Privy Council handed down its judgment on 14 November 2024 (the "**Privy Council Judgment**") allowing Tianrui's appeal. The effect of the Privy Council Judgment is merely upholding that Tianrui has the standing to proceed with its claim by the Cayman Writ as a shareholder personally. However, the Privy Council did not make any findings as to the factual allegations and merits of Tianrui's claim, which are matters for the Grand Court to decide at trial.

23 CONTINGENT LIABILITIES AND OTHER EVENTS (CONTINUED)

(b) Litigation in the Cayman Islands (Continued)

(ii) On 17 December 2020, the Grand Court heard a court summons for directions ("**Summons**") taken out by Tianrui on 26 August 2020 in connection with the Cayman Petition. At the hearing of the Summons, Tianrui sought leave to re-amend the Cayman Petition, notably in order to join China National Building Material Company Limited ("**CNBM**") and Asia Cement Corporation ("**ACC**") as respondents to the Cayman Petition. CNBM and ACC are currently shareholders of the Company.

In its judgment dated 27 January 2021, the Grand Court ordered that CNBM and ACC be joined as respondents to the Cayman Petition, and that the Cayman Petition be served on CNBM and ACC.

On 19 March 2021, the Cayman Petition was served on CNBM and ACC. Thereafter, at a further hearing of the Summons on 16 July 2021, the Grand Court ordered that the Cayman Petition be treated as an inter-party proceeding between Tianrui, CNBM and ACC, save that the Company may also participate for the purpose of discovery and to be heard regarding the appropriate remedy should the Cayman Petition be granted. At the hearing, Tianrui conceded that the only relief it was seeking in the winding-up proceedings was the liquidation of the Company and was ordered to amend its Cayman Petition accordingly. The Grand Court also granted leave to Tianrui to amend the Cayman Writ to confine the relief it is seeking to declarations that (i) the exercise by the Company's directors of the power to issue certain convertible bonds on or about 8 August and/or on about 3 September 2018 was not a valid exercise of the said power; (ii) the exercise by the directors on 30 October 2018 of the power to convert the aforesaid bonds and the power to issue new shares was not a valid exercise of the said powers; and (iii) the exercise by the directors of the power to issue all other shares and securities in the Company after 1 August 2018 was not valid exercise of the said power.

The hearing took place on 23 May 2022 following which the Grand Court settled the list of issues between the parties to the Cayman Petition for the purposes of discovery. Parties attended a case management hearing on 22 November 2022 and made further written submissions on 3 February 2023 to settle outstanding issues in relation to discovery. The Grand Court delivered rulings on 17 October 2023 and 26 October 2023, and a judgment dated 30 October 2023, regarding the scope of discovery. The Grand Court also made an order dated 7 February 2022 containing directions for discovery, and an order dated 9 April 2024 in respect of the search parameters for discovery and costs of discovery.

On 11 December 2025, the Grand Court delivered a decision among others dismissing Tianrui's application for the Cayman Writ and the Cayman Petition to be heard together.

23 CONTINGENT LIABILITIES AND OTHER EVENTS (CONTINUED)

(b) Litigation in the Cayman Islands (Continued)

(ii) (Continued)

On 15 May 2026, Tianrui took out summonses (1) against the Company, ACC and CNBM for specific discovery of documents (the "**Specific Discovery Application**"), and for leave to amend Tianrui's Re-Re-Re-Amended Winding Up Petition (the "**Amendment Application**"), and (2) against certain entities which are non-parties in the Cayman Petition for discovery of documents (the "**Non-Party Discovery Application**").

Further, on 12 June 2026, Tianrui took summonses seeking inter alia further directions in the Cayman Writ including an order that the trial of the Cayman Writ be listed together with the Cayman Petition (the "**Joint Trial Application**").

The above said summonses issued on 15 May 2026 and 12 June 2026 were heard at the Case Management Conference of the Cayman Petition on 8 July 2026. On 29 July 2026, the Grant Court announced decisions that:

(a) the Amendment Application be dismissed;

(b) the Non-Party Discovery Application be granted; and

(c) the Joint Trial Application be dismissed.

As of the reporting date, the Grand Court has yet to make its decision on the Specific Discovery.

The trial of the Cayman Petition has been fixed for 4 weeks from 12 October 2026. A Pre-Trial Review is to be fixed for the Cayman Petition before the commencement of the trial.

As to the Cayman Writ, in light of the Privy Council Judgment and the Grand Court's dismissal of Tianrui's Joint Trial Application, the parties shall proceed with the Cayman Writ separately, and it will take some time before the matter could proceed to trial.

23 CONTINGENT LIABILITIES AND OTHER EVENTS (CONTINUED)

(c) Litigation in Hong Kong

On 18 July 2023, the Company announced that the Company and its subsidiaries, namely China Shanshui Cement Group (Hong Kong) Company Limited ("**CSC HK**") and China Pioneer Cement (Hong Kong) Company Limited ("**Pioneer**"), were served with a writ of summons dated 28 June 2023 under the action number HCA 1013 of 2023 (the "**Writ of Summons**") issued by Tianrui Group Company Limited ("**Tianrui Group**") in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region. Subsequently, the Writ of Summons was also served on Shandong Shanshui Cement Group Company Limited ("**Shandong Shanshui**"), another wholly-owned subsidiary of the Company.

In the Writ of Summons, Tianrui Group alleges that it extended loans to the Company, CSC HK, Pioneer and Shandong Shanshui (collectively, "**CSC Group**") with the alleged outstanding amount (the "**Alleged Loans**") as described in the announcement published by the Company on 18 July 2023, and claims for repayment of the Alleged Loans.

In its Defence and Counterclaim filed on 3 January 2024, CSC Group denies on substantial grounds that Tianrui Group is entitled to claim for repayment of the Alleged Loans, and counterclaims against Tianrui Group for (and is therefore in any event entitled to set off the Alleged Loans against) damages and/or equitable compensation as a result of the unlawful means conspiracy committed by Tianrui Group and other parties with the intention of injuring CSC Group and its subsidiaries during the period from 2015 to 2018. CSC Group's counterclaim in this action is substantially based on its claim against Tianrui Group and other parties in HCA 548 of 2019. Accordingly, CSC Group has made an application to the Court on 25 April 2024 for consolidation of this action with HCA 548 of 2019, and/or for the two actions to be heard together and/or one after the other before the same judge (the "**1013 Hearing Together Summons**"). All parties in HCA 548 of 2019 are neutral to the 1013 Hearing Together Summons, except Tianrui Group, Tianrui, Li Liufa and Ho Man Kay, Angela.

Meanwhile, on 28 February 2024, Tianrui Group also made an application to the Court to strike out CSC Group's counterclaim in this action allegedly, inter alia, on the ground that CSC Group's counterclaim in this action and its claim in HCA 548 of 2019 are duplicated (the "**1013 Strike-Out Summons**").

On 2 September 2025, DHCJ Andrew Li handed down a decision dismissing the 1013 Strike-Out Summons, and allowing the 1013 Hearing Together Summons.

On 1 April 2026, the Company applied for the action in HCA 548 of 2019 and HCA 1013 of 2023 be assigned to the same Trial Judge. On 4 May 2026, the Court allowed the application for assignment of the two actions to the same Trial Judge. Further on 8 May 2026, the Court made order that the Honourable Mr. Justice Eugene Fung is assigned as the Trial Judge of the two actions.

Other than the disclosures above, as at 30 June 2026, so far as the directors were aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 30 June 2026, the Group was the defendant of certain non-material litigations, a party to certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these litigations or other legal proceedings cannot be ascertained at present, but the Directors believe that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position of the Group.

24 RELATED PARTY TRANSACTIONS

(a) Significant transactions with related parties

Apart from the transactions and the balances with related parties disclosed elsewhere in these condensed consolidated financial statements, the Group also entered into the following significant transactions with related parties during the Reporting Period:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Sales		
Associates of the Group	**4,000**	–
Fellow subsidiary of a major shareholder* of the Company	**22,553**	44,385
Subsidiaries of a major shareholder* of the Company	**32,852**	3,966
Associate of a major shareholder* of the Company	**127**	7,194
	59,532	55,545
Purchase		
Associates of the Group	**1,773**	2,459
Fellow subsidiary of a major shareholder* of the Company	**545**	61
Subsidiaries of a major shareholder* of the Company	**18,276**	4,243
Associate of a major shareholder* of the Company	**289**	692
	20,883	7,455
Mining service fee		
Subsidiaries of a major shareholder* of the Company	**226,820**	246,279
	226,820	246,279
Engineering service fee		
Fellow subsidiary of a major shareholder* of the Company	**700**	785
Subsidiaries of a major shareholder* of the Company	**4,852**	114,406
Associate of a major shareholder* of the Company	**–**	173
	5,552	115,364
Transportation fee		
Associates of the Group	**4,594**	44,496

The directors of the Company are of the opinion that these transactions were carried out on normal commercial terms and in the ordinary course of business of the Group.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026 - Unaudited

24 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant balances with related parties

As at the end of the Reporting Period, the Group had the following significant balances with its related parties:

	As at 30 June 2026 *RMB'000*	As at 31 December 2025 *RMB'000*
Trade receivables from (Note (i)):		
Associate of the Group	**2,660**	–
Subsidiaries of a major shareholder* of the Company	**179**	1,691
	2,839	1,691
Prepayments to (Note (i)):		
Associates of the Group	**–**	33
Fellow subsidiary of a major shareholder* of the Company	**151**	179
Subsidiaries of a major shareholder* of the Company	**38,734**	19,195
Associate of a major shareholder* of the Company	**268**	574
	39,153	19,981
Other receivables from (Note (i)):		
Shareholder of the Company	**721**	782
Associates of the Group	**193**	193
Fellow subsidiary of a major shareholder* of the Company	**30**	24
Subsidiaries of a major shareholder* of the Company	**201**	43
	1,145	1,042
	43,137	22,714

24 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant balances with related parties (Continued)

	As at 30 June 2026 *RMB'000*	As at 31 December 2025 *RMB'000*
Trade payables to (Note (i)):		
Associates of the Group	**20,643**	52,320
Fellow subsidiary of a major shareholder* of the Company	**1,656**	1,109
Subsidiaries of a major shareholder* of the Company	**341,437**	250,245
Associate of a major shareholder* of the Company	**642**	681
	364,378	304,355
Contract liabilities from (Note (i)):		
Fellow subsidiary of a major shareholder* of the Company	**2,303**	1,691
Subsidiaries of a major shareholder* of the Company	**11,373**	2,277
Associate of a major shareholder* of the Company	**126**	125
	13,802	4,093
Other payables to:		
Shareholder of the Company *(Note (ii))*	**877,043**	903,834
Associates of the Group	**170**	11
Fellow subsidiary of a major shareholder* of the Company	**70**	50
Subsidiaries of a major shareholder* of the Company	**6,513**	5,879
Associate of a major shareholder* of the Company	**100**	–
	883,896	909,774

* During the six months ended 30 June 2026 and 2025, the PRC subsidiaries of the Company have been carrying out continuing connected transactions with affiliates of China National Building Material Company Limited, one of the major shareholders of the Company which owns a 12.94% equity interest in the Company.

Notes:

(i) The amounts are unsecured, interest free and repayable on demand.

(ii) The amount represented loans from Tianrui Group which are denominated in USD and HKD. As at 30 June 2026, the outstanding loans with total principal of RMB877,043,000 (31 December 2025: RMB903,834,000) are unsecured, interest free and repayable on demand. The loans are at present in dispute as set out in note 23(c).

24 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Company's directors.

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Salary, allowances and other benefits	**4,718**	5,274
Contribution to defined contribution retirement plans	**125**	156
	4,843	5,430

I. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2026.

II. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining good corporate governance standards.

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Listing Rules.

Save as disclosed below, during the Reporting Period, the Board was not aware of any information which would indicate that the Company did not comply with the code provisions of the CG Code.

Chairman and Chief Executive Officer

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

The Company did not appoint any Chief Executive Officer and Mr. TENG Yongjun, the Chairman, undertook the responsibilities of the Chief Executive Officer. In allowing the two positions to be occupied by the same person, the Company has considered that both positions require in-depth knowledge and considerable experience of the Group's business. Candidates with the requisite knowledge, experience and leadership are difficult to identify. If either of the positions is occupied by an unqualified person, the Group's performance could be gravely compromised. Besides, the Board believes that the balance of power and authority will not be impaired by such arrangement as it is adequately ensured by the Board which comprises experienced and high calibre individuals (including executive Directors and independent non-executive Directors).

For the reasons as set out above, the Board is of the view that good corporate governance has been achieved throughout the Reporting Period.

III. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific inquiries to all Directors, all Directors confirmed that they have complied with the Model Code throughout the Reporting Period.

The Model Code also applies to all employees who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities. No incident of non-compliance with the Model Code by the employees was noted by the Company.

IV. REVIEW OF INTERIM RESULTS AND REPORT BY AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Mr. CHANG Ming-cheng, Mr. LI Jianwei and Mr. HSU You-yuan, with Mr. CHANG Ming-cheng, who possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules, being the chairman of the audit committee.

The audit committee has reviewed the unaudited interim results and report of the Group for the six months ended 30 June 2026 and discussed with the Company's management regarding risk management, internal control and other important matters.

V. CHANGES IN INFORMATION OF DIRECTORS

Pursuant to the disclosure requirement of Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company are set out below:

1. With effect from May 2024, Mr. LI Jianwei resigned as an independent director of Hanwang Technology Co., Ltd. (漢王科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002362).

2. With effect from May 2025, Mr. LI Jianwei resigned as an independent director of China Quanjude (Group) Co., Ltd. (中國全聚德（集團）股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002186).

3. With effect from 16 December 2025, Mr. LI Jianwei served as an independent non-executive director of YLZ Information Technology Co., Ltd. (易聯眾信息技術股份有限公司), the A shares of which are listed on the ChiNext of Shenzhen Stock Exchange (Stock Code: 300096).

4. With effect from June 2026, Mr. LI Jianwei resigned as an independent director of Linksus Digiwork Marketing Communication Co., Ltd. (靈思雲途營銷顧問股份有限公司), the shares of which are listed on the National Equities Exchange and Quotations (Stock Code: 838290).

5. With effect from 23 June 2026, Mr. LI Jianwei served as an independent non-executive director of China Yangtze Power Co., Ltd. (中國長江電力股份有限公司), the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600900).