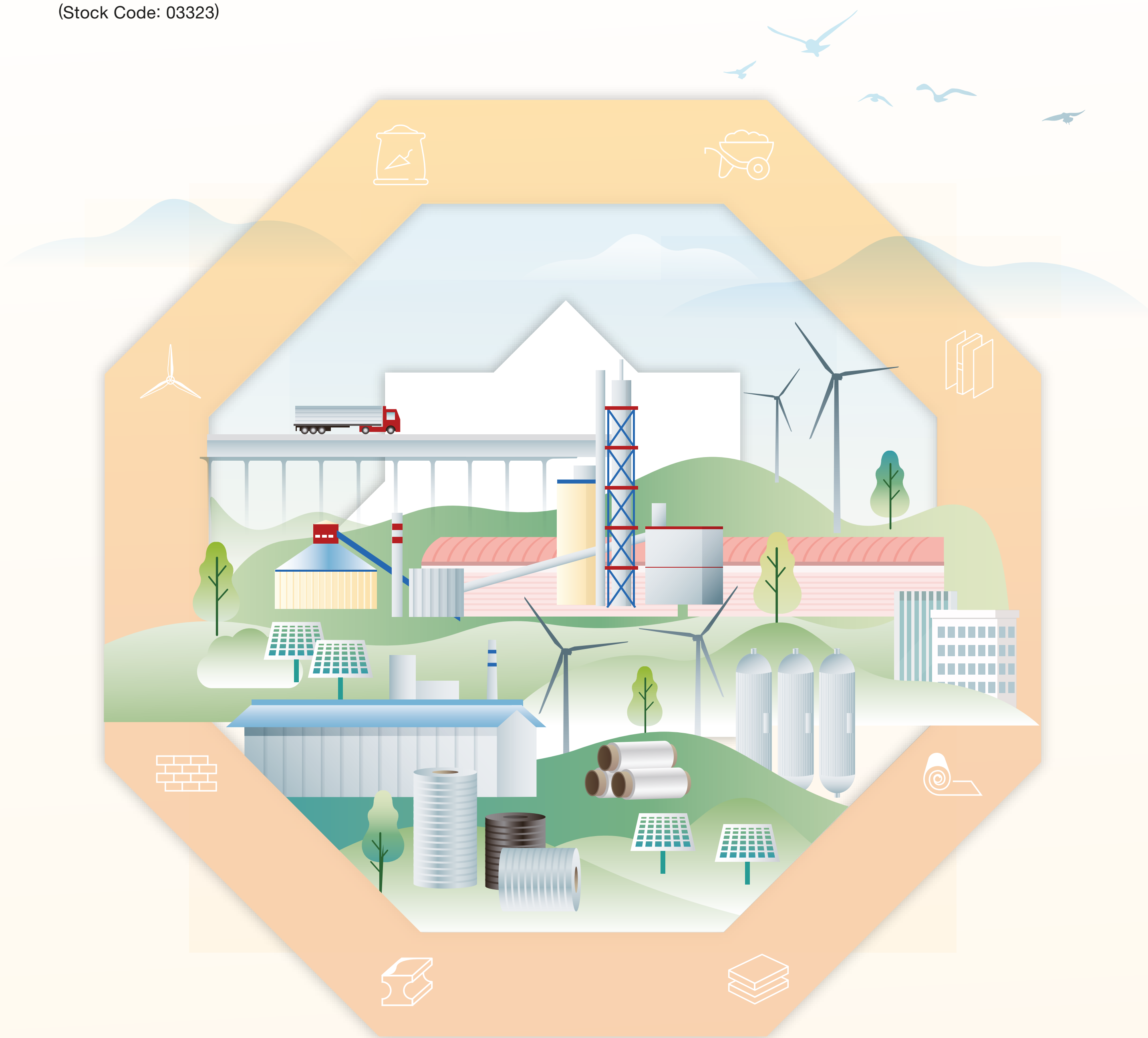
CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED*
(Stock Code: 03323)



2024
ANNUAL REPORT

*For identification only

Contents

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

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

Snapshot of Annual Report

VISION AND MISSION

Corporate Vision

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

Mission

Better materials, better world

About CNBM

Market position

As a leading listed company in the materials sector around the world, CNBM has exerted profound influence among cement, commercial concrete, fiberglass, electronic fabrics, gypsum board, light steel stud and wind power blade, as well as cement technical equipment engineering system integration services.

Major awards for the year 2024

"Institutional Investor" magazine "Best ESG", "Best Board of Directors" etc. **7 Awards**	S&P Global CSA of Chinese Enterprises **Industry Mover**
"Central SOEs ESG Governance Pioneers 100 Index" **Ranked 37**	"China Listed Companies ESG Pioneer 100" **Ranked 40**
Wind A-Share Listed Companies in ESG Best Practices 2024 **Top 100**	China Building Materials Federation **2024 ESG Best Practice Case in the Building Materials Industry**

Snapshot of Annual Report *(Continued)*

Main Business Indicators

Unit: RMB

Financial information

Income

RMB**181,301** million

Profit attributable to equity holders

RMB**2,387** million

Cash flow from business activities

RMB**23,196** million

Capital expenditure

RMB**23,501** million

Net debt ratio

86.6%

Three major segments

Basic building materials segment

Income **91,102** million

year-on-year decrease by **23.3**%

Profit attributable to equity shareholders contributed **-825** million

New materials segment

Income **48,552** million

year-on-year increase by **1.9**%

Profit attributable to equity shareholders contributed **2,613** million

year-on-year decrease by **23.8**%

Engineering technology service segment

Income **45,464** million

year-on-year increase by **0.8**%

Profit attributable to equity shareholders contributed **1,407** million

year-on-year decrease by **3.1**%

Corporate Information

DIRECTORS:

Executive Directors

Zhou Yuxian *(Chairman)*
Wei Rushan *(President)*
Wang Bing
Miao Xiaoling

Non-executive Directors

Wang Yumeng
Shen Yungang
Chen Shaolong

Independent Non-executive Directors

Sun Yanjun
Liu Jianwen
Zhou Fangsheng
Li Jun
Xia Xue

STRATEGIC STEERING COMMITTEE:

Zhou Yuxian *(Chairman)*
Wei Rushan
Zhou Fangsheng

NOMINATION COMMITTEE:

Zhou Yuxian *(Chairman)*
Sun Yanjun
Liu Jianwen

REMUNERATION AND PERFORMANCE APPRAISAL COMMITTEE:

Zhou Fangsheng *(Chairman)*
Sun Yanjun
Zhou Yuxian

AUDIT COMMITTEE:

Li Jun *(Chairman)*
Liu Jianwen
Xia Xue

Corporate Information *(Continued)*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE:

Zhou Yuxian *(Chairman)*
Li Jun
Xia Xue

SUPERVISORS:

Shareholder Representative Supervisor

Zhang Jianfeng

Independent Supervisor

Li Xuan
Wei Jianguo

Staff Representative Supervisor

Yu Yuehua
Du Guangyuan

Note:

1. On 13 March 2024, the Board of Directors of the Company has received a written resignation letter from Ms. Fan Xiaoyan. Ms. Fan resigned as a non-executive director of the Company with effect from 29 April 2024 due to work adjustments. Taishan Investment has nominated Mr. Chen Shaolong as a non-executive director of the Company, with a term of office consistent with that of the Fifth Session of the Board of Directors, with effect from the date of the Company's 2023 Annual General Meeting of Shareholders (i.e. 29 April 2024), and with the right of re-election.

2. On 1 August 2024, the Board of Directors of the Company has received a written resignation letter from Mr. Zhou Fangsheng, who resigned as an Independent Non-Executive Director, Chairman of the Remuneration and Performance Appraisal Committee and Member of the Strategic Steering Committee of the Company due to age. As Mr. Zhou's resignation will result in the number of independent non-executive directors of the Company not being able to meet the Listing Rules, his resignation will take effect after the appointment of a new independent non-executive director to replace Mr. Zhou has been approved by shareholders at the shareholders' meeting.

3. On 28 August 2024, the Board of Directors of the Company has received a written resignation letter from Mr. Chang Zhangli. Mr. Chang resigned as a non-executive director of the Company due to work adjustments, and his resignation report shall become effective from 28 August 2024.

4. On 28 August 2024, the Board of Supervisors of the Company has received a written resignation letter from Mr. Qu Xiaoli. Mr. Qu resigned as a shareholder representative supervisor of the Company due to work adjustments, and his resignation report shall become effective from 28 August 2024.

5. On 25 October 2024, the Board of Directors of the Company has received a written resignation letter from Mr. Li Xinhua. Mr. Li resigned as a non-executive director and member of the Strategic Steering Committee of the Company due to retirement, and his resignation report shall become effective from 25 October 2024.

6. On 6 November 2024, the Company's Board of Supervisors has received a written resignation from Ms. Zeng Xuan. Ms. Zeng resigned as the Company's staff representative supervisor due to work adjustments, and her resignation report shall become effective from 6 November 2024.

7. On 16 January 2025, the Company's Board of Directors has received written resignations from Mr. Liu Yan and Mr. Xiao Jiaxiang. Mr. Liu resigned as the Company's executive director due to work adjustments, and Mr. Xiao resigned as the Company's non-executive director due to retirement. Their resignation reports shall become effective from 16 January 2025.

8. On 19 February 2025, following the approval of the extraordinary general meeting of the Company, Ms. Miao Xiaoling succeeded Mr. Liu Yan as the executive director of the Company. Her term of office shall become effective from 19 February 2025, which is consistent with the current Board of Directors and is subject to re-election.

Corporate Information *(Continued)*

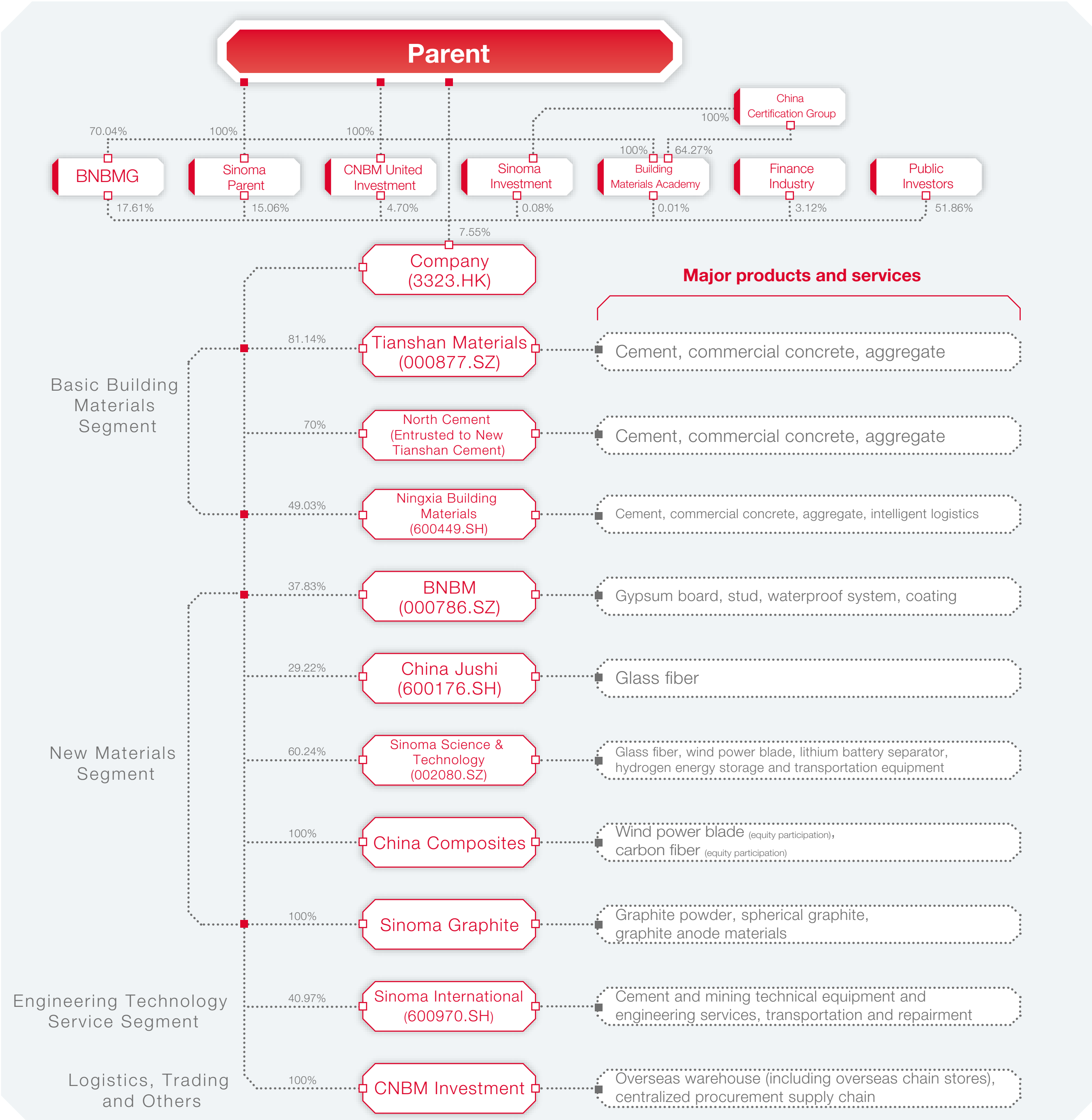
Secretary of the Board	:	Pei Hongyan
Joint Company Secretaries	:	Pei Hongyan Lee Mei Yi (FCG, HKFCG)
Authorised Representatives	:	Zhou Yuxian Pei Hongyan
Alternate Authorised Representative	:	Lee Mei Yi (FCG, HKFCG)
Registered Address	:	Tower 2 (Building B), Guohai Plaza No. 17 Fuxing Road Haidian District, Beijing The PRC
Principal Place of Business	:	21st Floor Tower 2, Guohai Plaza No. 17 Fuxing Road Haidian District, Beijing The PRC
Postal Code	:	100036
Place of Representative Office in Hong Kong	:	Room 1915, 19/F Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong The PRC
Principal Bankers	:	Agricultural Bank of China Limited Bank of Communications Co., Ltd. China Construction Bank Corporation
PRC Legal Adviser	:	Jia Yuan Law Offices F408 Ocean Plaza 158 Fuxing Men Nei Street Xicheng District, Beijing The PRC

Corporate Information *(Continued)*

Hong Kong Legal Advisers	:	Slaughter and May 47th Floor, Jardine House 1 Connaught Place Central Hong Kong The PRC DLA Piper Hong Kong 25/F Three Exchange Square 8 Connaught Place Central Hong Kong The PRC
International Auditor (Registered PIE Auditor)	:	Moore CPA Limited (Formerly, Moore Stephens CPA Limited)
Domestic Auditor	:	Da Hua Certified Public Accountants (Special General Partnership)
H Share Registrar in Hong Kong	:	Tricor Investor Services Limited 17/F Far East Finance Centre 16 Harcourt Road Hong Kong The PRC
Stock Code	:	03323
Company Website	:	http://www.cnbmltd.com

Shareholding Structure of the Group

The simplified structure of the Group as of 31 December 2024 is set out below:



Shareholding Structure of the Group *(Continued)*

Notes:

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

2. As of 31 December 2024, the Parent directly and indirectly held 3,797,269,981 shares of the Company (including 3,613,305,981 Domestic Shares and 183,964,000 H Shares), accounting approximately 45.0192% of the total number of issued shares of the Company, of which it directly held 8,536,000 H shares of the Company, accounting for 0.10% of the Company's total share capital; it indirectly held 6,800,000 H Shares of the Company through its wholly-owned subsidiary Building Materials Academy, accounting for 0.08% of the Company's total share capital; it indirectly held 396,347,530 H Shares of the Company through its wholly-owned subsidiary CNBM United Investment, accounting for 4.7% of the Company's total share capital. The Company completed the offer and canceled the 841,749,304 H shares repurchased by the Company on 12 March 2025. The proportion of the Parent's direct and indirect shares held by the Company was changed to 50.01%. Please refer to the announcement of the Company dated 12 March 2025 for the specific number, category and share ratio of shareholdings.

3. As of 31 December 2024, Building Materials Academy directly and indirectly held a total of 68.41% of the equity interest of China Certification Group, of which 64.27% of the equity was directly held by Building Materials Academy, and 4.14% of the equity interest was indirectly held by Building Materials Academy through its certain wholly-owned subsidiaries.

4. Pursuant to the Impairment Compensation Agreement between Xinjiang Tianshan Cement Co., Ltd. and China National Building Material Company Limited and the Performance Commitment Compensation Agreement between Xinjiang Tianshan Cement Co., Ltd. and China National Building Material Company Limited entered into by Tianshan Cement Co., Ltd. and the Company, the number of shares repurchased and cancelled by Tianshan Cement Co., Ltd. on 11 July 2024 was 1,552,931,120 shares, and the total share capital of Tianshan Cement Co., Ltd. was changed from 8,663,422,814 shares to 7,110,491,694 shares. The proportion of shares held by the Company in Tianshan Cement Co., Ltd. was reduced from 84.52% to 81.14%.

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

6. On 6 December 2024, the Company issued a plan to increase its holdings of China Jushi shares with special loans and its own funds. As of 31 December 2024, the Company increased its holdings of China Jushi by 0.022% and the number of shares increased from 26.97% to 26.99%. On 17 February 2025, the Company's share purchase plan was completed, with a total purchase of 89,913,017 shares of China Jushi, accounting for 2.25% of China Jushi's total share capital. After the purchase, the Company's shareholding in China Jushi increased from 1,079,739,151 shares to 1,169,652,168 shares, and its shareholding ratio increased from 26.97% to 29.22%.

Financial Highlights

The financial highlights of the Group in 2024 and 2023 are summarized as follows:

	For the year ended 31 December		
	2024	2023	Growth rate
		(RMB in thousands)	
Revenue	**181,300,701**	210,216,434	-13.8%
Gross profit	**32,709,335**	37,446,197	-12.6%
Profit after tax	**7,413,586**	10,400,650	-28.7%
Profit attributable to equity holders of the Company	**2,387,299**	3,863,048	-38.2%
Distribution made to the equity holders of the Company	**1,931,562**	3,188,343	-39.4%
Earnings per share-basic *(RMB)* (1)	**0.283**	0.458	-38.2%
Earnings before interest, taxes, depreciation, and amortization	**30,224,055**	33,888,865	-10.8%

Note:

(1) The calculations of basic earnings per share are based on the profit attributable to equity holders of the Company of each period and on the weighted average number of 8,434,770,662 shares in 2023 and the weighted average number of 8,434,770,662 shares in 2024.

	As at 31 December		
	2024	2023	Growth rate
		(RMB in thousands)	
Total assets	**494,007,276**	488,897,924	1.0%
Total liabilities	**299,479,391**	295,383,837	1.4%
Net assets	**194,527,885**	193,514,087	0.5%
Non-controlling interests	**75,084,408**	70,350,160	6.7%
Equity attributable to equity holders of the Company	**103,121,124**	105,325,482	-2.1%
Net assets per share-weighted average *(RMB)* (1)	**12.23**	12.49	-2.1%
Debt to assets ratio (2)	**38.8%**	37.8%	Increased by 1.0 percentage points
Net debt ratio (3)	**86.6%**	81.4%	Increased by 5.2 percentage points

Note:

(1) The calculations of weighted average net assets per share are based on the equity attributable to equity holders of the Company of each period and on the weighted average number of 8,434,770,662 in 2023 and the weighted average number of 8,434,770,662 in 2024.

(2) Debt to assets ratio = total borrowings/total assets x 100%.

(3) Net debt ratio = (total borrowings – bank balances and cash)/net assets x100%.

Business Highlights

The major operating data of the Group in 2024 and 2023 are set out below:

BASIC BUILDING MATERIALS SEGMENT

	For the year ended 31 December		
	2024	2023	Growth rate
Sales volume – cement *(in thousand tonnes)*	**216,523**	279,077	-22.4%
Sales volume – clinker *(in thousand tonnes)*	**28,257**	29,715	-4.9%
Total sales of cement and clinker *(in thousand tonnes)*	**244,780**	308,792	-20.7%
Average selling price – cement *(RMB per tonne)*	**254.7**	274.5	-7.2%
Average selling price – clinker *(RMB per tonne)*	**219.5**	242.7	-9.6%
Average selling price of cement and clinker *(RMB per tonne)*	**250.6**	271.4	-7.7%
Sales volume – commercial concrete *(in thousand m^3)*	**78,802**	80,836	-2.5%
Average selling price – commercial concrete *(RMB per m^3)*	**311.6**	357.3	-12.8%
Sales volume – aggregate *(in thousand tonnes)*	**141,034**	156,109	-9.7%
Average selling price – aggregate *(RMB per tonne)*	**36.9**	39.1	-5.6%

NEW MATERIALS SEGMENT

	For the year ended 31 December		
	2024	2023	Growth rate
Fiberglass			
Sales volume *(in thousand tonnes)*	**3,978**	3,446	15.4%
Average selling price *(RMB per tonne)*	**4,177**	4,705	-11.2%
Gypsum board			
Sales volume *(in million m^2)*	**2,170.8**	2,171.8	-0.05%
Average selling price *(RMB per m^2)*	**5.87**	6.14	-4.4%
Wind power blade			
Sales volume *(MW)*	**23,996**	21,644	10.9%
Average selling price *(RMB per MW)*	**355,660**	437,719	-18.7%
Lithium battery separator			
Sales volume *(in million m^2)*	**1,895.8**	1,732.8	9.4%
Average selling price *(RMB per m^2)*	**0.80**	1.40	-42.9%
Carbon fiber			
Sales volume *(in thousand tonnes)*	**16.34**	18.04	-9.4%
Average selling price *(RMB per tonne)*	**94,543**	124,324	-24.0%
Waterproofing membrane			
Sales volume *(in million m^2)*	**230.0**	182.5	26.0%
Average selling price *(RMB per m^2)*	**14.44**	15.27	-5.4%
Coatings			
Sales volume *(in thousand tonnes)*	**1,109.45**	157.34	605.1%
Average selling price *(RMB per tonne)*	**3,733**	6,150	-39.3%

ENGINEERING TECHNOLOGY SERVICE SEGMENT

	For the year ended 31 December		
	2024	2023	Growth rate
Engineering service income *(RMB in millions)*	**45,464.3**	45,104.6	0.8%

Chairman's Statement

Dear Shareholders,

Time flies and another year is upon us. We have gone through an uncommon 2024 amidst storms and challenges. Over the past year, with the trust and support of our Shareholders, the Board has actively exerted the functions of setting strategies, making decisions and preventing risks, and the management, together with all staff members, has worked hard to bear responsibilities and concentrated their efforts to overcome hardships and strived for progress under pressure. On behalf of the Board, I am going to present the Company's 2024 Annual Report and major results for the year to Shareholders for your review. I would also like to express my sincere gratitude to all parties concerned for your long-standing interest in and support for the development of the Company.

In 2024, the multifaceted challenges faced by the macro-economy, industry condition and business environment produced pressure and difficulties that had exceeded expectations. In such a complex and ever-changing internal and external environment, we withstood the pressure, rose up to the challenge, and demonstrated our indestructible resilience in development.

On the road ahead, the storms will come as they normally do. The experience of enduring through storms is our precious wealth. In the past year, we insisted on making high-quality development our top priority and promoted the transformation of our development mode from scale and speed growth to quality and efficiency growth. The basic building materials business consolidated its efficiency foundation. The profit contribution of the new materials business continued to increase. In addition, the engineering technical services business achieved growth despite the opposing trend.

The steps we took this year were firm and constant. Efforts on both basic building materials and innovative industries were further strengthened. The optimization and upgrade of basic building materials were accelerated. The proportion of "Cement+" revenue continued its increase. The development of innovative industries was intensified, with systematic layout and tiered cultivation enhanced. Exemplary projects were named as one of the "Top 100 Projects" for innovative industries.

Chairman's Statement *(Continued)*

The steps we took this year were strong and powerful. We continued to promote industrial innovation through technological innovation, accelerate the construction of original technology base, accelerate the integration of innovation chains and industrial chains, produce a batch of high-quality innovation results and "Listed and Commanded" transformation of achievement projects, and inject strong momentum into high-quality development.

The steps we took this year were agile and dominant. The implementation of Intelligent transformation and digital transformation were accelerated, while the level of digital economy constantly improved. Internationalization was accelerated. Overseas investment and localized operations picked up their pace. Green transformation made steady advancement, and the world's largest carbon capture project in the cement industry and the world's first "zero-carbon" fiberglass production base were built.

The steps we took this year were efficient and effective. We implemented deepening reform and enhancing action for state-owned enterprises. The medium and long-term incentives increased in quality and expansion while the development vitality of enterprises was improved. In addition, we commenced the repurchase of 840 million H shares, accounting for 18.47% of the issued H shares.

As the year comes to a close and we welcome the new, in 2025, our development still faces a landscape of strategic opportunities and challenges, with favorable conditions outweighing the adverse factors. New industries, models, and momentum are rapidly growing, while internal development drivers continue to accumulate. The fundamental trend of economic recovery and improvement remains unchanged. The road of progress is never smooth. We shall fix our focus on the established strategic goals, instead of being frustrated by short-term adversities. We shall make full use of the rich resources that we have accumulated in industries, capital, technology, talents, etc., actively respond to the complex and ever-changing business environment, and strive to create a new reality of high-quality development.

2025 is the final year of the Group's 14th Five-Year Plan. We will expand growth, optimize stock, control variables, and improve quality, continuously enhance core capabilities, improve core competitiveness, and adhere to the following four key principles:

Adhere to the balance of current stability and long-term benefits, anchor the goal of "One profit and five ratios", steadily advance while promoting stability, uphold integrity while embracing innovation, establish priorities before tackling challenges, continuously solidify a stable foundation, cultivate momentum for progress, and promote qualitative and effective improvements as well as reasonable growth in quantity.

Insist on working on two ends, focus on the present by improving both the internal and external aspects of basic building materials, and on the long term through transformation and upgrade. We will coordinate internal growth, mergers and acquisitions, restructuring and other models in innovative industries to accelerate the upgrade of industries and consolidate industrial bases.

Adhere to technological innovation, improve the internal transformation of innovation achievement mechanism and the "R&D + investment" mechanism, strengthen the incentive mechanism for scientific and technological talents, fully release the multiplier effect of technological innovation on the production function, and drive a leap in productivity.

Deepen reforms, further improve market-oriented operation mechanisms and China's distinctive modern enterprise system, promote further improvement and extension of coverage of medium-and-long-term incentives, enhance the leading role of the "scientific and technological SOE reform" and "double-hundred action" enterprises and fully complete the reform and deepening and upgrading actions.

Despite the distance from our dream, it will come true if we pursue it; despite the difficulties in fulfilling our wish, it will be fulfilled if we persist. In the past, we had taken one step after another by constantly responding to challenges and overcoming difficulties. In the future, we will continue to move forward steadily towards the goal of high-quality development with firm conviction and relentless efforts. We will open the new chapter through our hard work, and with invincible courage strive to achieve the goal of becoming a world-class materials company.

Zhou Yuxian
Chairman

Beijing, the PRC
27 March 2025

Management Discussion and Analysis

Management Discussion and Analysis

DEVELOPMENT ENVIRONMENT

In 2024, to deal with the complex and grim situation where external pressure and internal difficulties had been increasing, the Chinese government adhered to the general tone of seeking progress while maintaining stability, accelerated the construction of a new development pattern, comprehensively deepened reform and opening up, and stepped up its macro-control efforts. The economy was generally stable while making progress. High-quality development was steadily promoted. In 2024, GDP recorded a year-on-year growth of 5.0%, while fixed asset investment recorded a year-on-year growth of 3.2%, among which, investment in infrastructure increased by 4.4% year-on-year, maintaining a steady growth despite a slower pace, amounting to a decrease of 1.5 percentage points as compared with 2023. With respect to the real estate industry, although the optimization and adjustment in policies began to show their effect, investment in real estate development and commencement of construction continued to be in the stage of deep adjustment, with a year-on-year drop of 10.6% in investment in real estate development, representing an increase of 1.0 percentage point as compared with 2023, while newly commenced area recorded a year-on-year decrease of 23.0%, the lowest level since 2007; the level of urbanization steadily increased, with the urbanization rate of the resident population of the end of 2024 being 67.00%, an increase of 0.84 percentage points as compared with the end of 2023.

In 2024, the Chinese government has proposed to vigorously advance the construction of modern industry system to promote industry innovation through technological innovation. At the same time, the development of green and low-carbon economy and the accelerated formation of green and low-carbon supply chain will bring new development opportunities and challenges for the structural reform of the supply side of the industry, the restructuring and upgrading of the industry and the sustainable development of the Company.

OPERATION IN 2024

The Group actively dealt with the many challenges of the business environment, optimized its deployment, improved quality while maintaining stability, and accelerated the substitution of old momentum with the new one. The Group also adhered to its principal responsibilities and businesses, promoted industrial innovation through technological innovation, and accelerated the cultivation and development of new productive forces. Moreover, the Group accelerated transformation and upgrade, targeted to the direction of digitalization, internationalization, and green transformation, and continued to create new competitive advantages. Guided by deepening reform and enhancing actions, the Group has established a foundation for sustainable and high-quality development.

Basic building materials segment

In 2024, affected by the reduction of real estate investment and the slowdown of infrastructure projects, the cement industry in China was caught in a situation of insufficient demand and aggravated overcapacity. The cement production in China fell by 9.5% year-on-year to 1.83 billion tons, representing a 15-year low and a consecutive decline for four years, with accumulated decrease of approximately 24%.

In the face of severe challenges, the basic building materials segment of the Group assessed the situation, prepared overall plans, maintained strategic focus, continued to search for potential, reduced costs while increasing efficiency, promoted transformation and upgrade by surrounding the "Cement+, Internationalization, and Double Carbon", and enhanced its sustainable development capabilities.

- **Externally, the Group continued to stabilize the construction of the industry ecology,** implemented the "price, cost and profit" business philosophy, transformed from flexible and passive staggered peak to rigid and precise staggered peak, and strictly prevented "involutionary" competition;
- **Internally, the Group continued to focus on Management of Three Delicacies,** tapping potential to reduce costs and expenses. The production cost of cement and commercial concrete continued its fall;
- **"Cement+" continued to gain strength** which also improved the optimized deployment and professional management for commercial concrete;
- **Internationalization achieved a breakthrough.** Overseas cement and clinker sales volume increased 15% year-on-year. The first signing of overseas merger and acquisition was achieved;
- **The layout of the "double carbon business" was accelerated,** and the world's first cement kiln oxy-combustion coupled carbon capture production line reached its designed production capacity. The Group obtained the shares in CNBM Green Energy, a carbon asset management company and initially established a double carbon management system.

Management Discussion and Analysis *(Continued)*

New materials segment

The Group's new materials segment focused on the implementation of strategy, further enhanced the core competitiveness of existing businesses and consolidated its leading position in the market. The Group also expanded its international layout according to its business characteristics, actively cultivated new areas for competition, accelerated the upgrade of industries and the consolidation of new and emerging industries.

Fiberglass

The Top-tier Business

In 2024, driven by the demand from wind power, new energy vehicles and other industries, the demand for fiberglass maintained a slow growth and industry concentration continued to increase further. However, the dual challenges of weak demand in major overseas economies and expected growth in China's domestic production capacity still existed. Product prices fluctuated at a low level. Regional and product structural tensions and surpluses coexisted.

- The Group's fiberglass business continuously **explored industry cycles with its own certainty.** Under the pressure from market competition, our fiberglass business took the lead to direct ecological restoration in the industry, improved industry self-discipline, implemented a re-pricing strategy, targeted segmented profitable markets, focused on differentiated sales, expanded sales, and increased market share;
- **Deeply developed zero-carbon intelligent manufacturing.** The First Phase in Jushi Huaian project, the world's first zero-carbon fiberglass manufacturing base, was put into operation, while the construction of the second phase of the electronic-grade fiberglass zero-carbon smart manufacturing production line and supporting projects commenced. Electronic-grade fiberglass was deployed again to expand the zero-carbon smart manufacturing area;
- **Focused on high-end manufacturing,** the Group made breakthroughs in the mass production and supply of low-dielectric specialty fibers, accelerated the layout of specialty fiberglass, and strengthened the specialty fiber platform strategy.

Management Discussion and Analysis *(Continued)*

Gypsum board

In 2024, the overall demand for gypsum board in the domestic market decreased slightly. As competition intensified and the market requirements for product quality and cost-effectiveness continued to increase, demonstrating the advantages of the leading enterprise, the industry concentration of the gypsum board market was further increased.

- The gypsum board business of the Group **promoted upgrade of consumption,** actively explored new directions, “from industry to home decoration” and “from city to county”, led the consumption upgrade of “base material and surface material”, focused on the home decoration market and developed multiple series of high-end products to achieve the growth of market share;
- **Strengthened technological innovation,** reduced costs while increasing efficiency by using intelligent technology, strengthened the synergy and integration of the “one body and two wings” businesses, and promoted green and low-carbon development;
- **Continued to improve the international layout** while overseas operating performance continued to grow. The Tanzania base operated at full capacity, whereas the Uzbekistan base was profitable from the first year of operation, and the projects under construction in Thailand, Bosnia and Herzegovina made orderly progress.

Management Discussion and Analysis *(Continued)*

The Second-tier Business

2

Wind power blade

In 2024, driven by factors such as technological iteration, policy support, and energy transformation, the wind power blade industry continued to maintain rapid development around the world, especially in the areas of offshore wind power and large blades. However, the industry still faced challenges such as fluctuations in raw material prices and intensified market competition.

- The Group developed new market demands and **maintained its top market share in the wind power blade industry worldwide.** The production of the world's longest 147-meter blade was completed and the static test verification was obtained;
- **Digital intelligence upgrades continued to gain depth,** and the wind power blade R&D design simulation platform was put into operation;
- **The internationalization process steadily progressed.** The Brazilian base achieved mass delivery of products. The Group actively conducted research on major wind power areas around the world and began to plan for the second overseas base.

Lithium battery separator

In 2024, driven by global demand for new energy vehicles, energy storage and consumer electronics, the demand for lithium battery separators continued to grow. However, the concentrated deployment of production lines and the increase in production capacity of domestic lithium battery separator companies has brought the industry to a coexistence of temporary overcapacity and structural shortages. Intensified market competition caused a decline in overall prices.

- The Group's lithium battery separator business, with all six domestic bases completing their base film production lines and entering a new stage of reaching standards and production efficiency, and the overseas European base project also made positive progress;
- **Dynamic study of the changes in market condition and the demand of target customers were conducted,** while focusing on the top customers, establishing systematic strategic cooperation, and promoting the share of the stock of projects and the introduction of new projects. Ultra-thin ultra-high-strength base film 5μm achieved mass production;
- **Key core technologies made stage-by-stage progress.** Aramid model line was completed, becoming the first domestic aramid coated separator. The localized double-release double-receipt coating production line was built, creating the highest localized efficiency in the industry. The development and on-board testing of semi-solid lithium battery separator were completed, meeting the customer's requirements.

Management Discussion and Analysis *(Continued)*

Carbon Fiber

In 2024, the domestic demand for carbon fiber was generally stable. There was also an active exploration for emerging applications. The growth rate of production capacity slowed down, and the types of differentiated products increased. However, the industry inventory was still continuing an upward trend. Price was maintained at a low level. The industry's profitability declined.

- The Group's carbon fiber business **focused on technological innovation,** commenced major scientific research and special tasks, and continuously improved the performance indicators of carbon fibers to enhance the product value;
- Focused on **improving quality and efficiency,** optimized the management process, energy saving, price stabilization, cost reduction and efficiency gains;
- Focused on **market expansion,** offering a variety of products to lead the market application. Carbon fiber products were successfully used in the world's longest 147-metre offshore wind power blades and 131-metre onshore wind power blades, in the world's first commercial carbon fiber subway train Carbon Star Express, and continued to develop low-altitude economy, consumer electronics, and other emerging applications market.

Waterproof System

In 2024, competition in the waterproof products market maintained its ferocity. However, the government successively introduced a series of guiding policies to support industry innovation while restricting backward processes and technical equipment, and promoted the green and low-carbon transformation in the industry, which further optimized the market structure.

- The Group's waterproof business **possessed lean operational capabilities,** continued to promote cost reduction and efficiency improvement, and achieved "double growth" in revenue and profit against the trend;
- **Continued to expand the market,** strengthened channel construction, steadily improved production capacity, reasonably optimized base layout, and further increased market share;
- **Promoted transformation in the industry,** carried out new full-product repair business, and created a diversified and competitive business system.

Coating

In 2024, as urbanization and renovation of old neighborhoods progressed, the demand for coating remained stable, However, the issue of overcapacity became increasingly apparent while competition further intensified, resulting in a period of integration of the industry.

- The Group **persisted to rely on internal development to improve its competitiveness,** provided architectural coating service for major engineering projects, actively explored "from product to service" new business models, experimented e-commerce sales for the entire product system, and launched online sales channels for individual consumers;
- **Promoted the growth of external businesses through mergers and acquisitions,** completed the reorganization of Carpoly, created space for development, and successfully enhanced management efficiency and profitability, while reorganizing the great bridge paint, enriched the coating product system, and further expanded the market in East China.

Graphite new materials

The Third-tier Business

3

In 2024, the new energy industry, especially electric vehicles and energy storage, became the major force of the demand for graphite. The demand for traditional industry and emerging applications was steady and the global graphite capacity was also gradually improved, except that the high quality graphite remained tight, resulting in the rapid growth of its price.

- The graphite business of the Group proactively laid the groundwork for lithium battery anode, promoted the joint reorganization of the graphite industry, successfully achieving the strategic reorganization with Inner Mongolia Hengke and Hebei Hengke with the result of artificial graphite anode sector forms 120,000 tons of graphitization and 60,0000 tons of lithium battery anode production capacity;

Management Discussion and Analysis *(Continued)*

Hydrogen Energy Cylinders

In 2024, with the global emphasis on clean energy and the development of hydrogen fuel cell vehicle, hydrogen energy cylinders market has vast growth potential.

- The hydrogen energy cylinders business of the Group continue to maintain its leading position in the industry. In 2024, the market share and sales amount of hydrogen storage cylinders continue to rank first in the industry;
- The Group adheres to the development of both emerging products and traditional products, the production line of hydrogen storage cylinders 70MPa IV model achieved mass production. The construction project for the production line with an annual capacity of 100,000 hydrogen cylinders is advancing in an orderly manner. The project of 267 series high-end fire-fighting gas cylinders with an annual output of 150,000, and an annual output of 13,000 medium and large-volume high-clean bottle grinding process production lines were constructed and put into operation, creating a new pattern of industrial development with multi-support and multi-industry.

Engineering Technical Services Segment

In 2024, with the expectation that the cement industry will be included in the national carbon trading market and the policy drivers of "dual carbon", "dual control", and equipment updating, there is continuous demand for transformation, upgrading and renovation of domestic industry. The countries along the "One Belt and One Road" continued to unleash the demand for infrastructure, and the European market also continued to unleash the demand for low-carbon and green renovation. The international market opportunities are optimized.

- The Engineering Technical Services Segment comprehensively promoted strategic transformation and structural upgrading, and built a product matrix with even more pronounced capability advantages and a global service system;
- Continuously consolidated the core advantages of our primary responsibilities and main business. Our global market share in our main business remains number one, successfully obtaining a total of 19 orders of cement production lines across 15 countries;
- Continuously improved the high-end equipment development system. Specialized integration has been fully implemented on schedule, and the high-end equipment smart manufacturing park has been put into operations;
- Accelerating the implementation of "Two Externals, One Service" strategy. The proportion of equipment revenue from overseas and foreign industries increased to 36% and 37% respectively. The service-related transformation has yielded fruitful results. New contracts signed for operation and maintenance increased by 27% year-on-year;
- Deepening localized intensive cultivation and collaboration, the internationalization index reached 43.6%; promoting the application of low-carbon and ultra-low emission technologies in Europe.

Management Discussion and Analysis *(Continued)*

STATE-OWNED ENTERPRISES REFORM

Great advancement of Deepening Reform and Enhancing Action

- Thoroughly implemented reforms and deepened our improvement actions, completing 85% of the main tasks
- Completed differentiated management and control assessment for China Jushi, further leverage the integration advantages of mixed-ownership enterprises

Constant manifestation of the effectiveness of Corporate Governance

- Dynamically optimized the list of powers and responsibilities of the three committees, making the powers and responsibilities of the governing bodies clearer
- To enhance the construction of the Board on a hierarchical basis and on an enterprise-by-enterprise basis, with a total of 23 companies have established standardized boards of directors at all levels, actively implementing the powers of the board of directors

Long-term promotion of market-oriented operation mechanism

- Implemented the contractual tenure system for managers at all levels. Further enhancement of precise assessment and rigid realization
- The market-based employment mechanism has been further promoted, and the proportion of low-level adjustment and incompetent withdrawal of management personnel has reached 7.72%

Medium and Long-Term Incentives Increase in Quality and Expansion

- Added equity incentive for Sinoma Science & Technology (Suzhou) technology-based enterprises, sharing of surplus profit for the TCDRI technology-based enterprises project, and restricted stock incentives for BNBM
- The total coverage of the Group's medium- and long-term incentives was 187 companies, with the number of employees reaching 5,217

TECHNOLOGICAL INNOVATION

- **Accelerate the integration of technological innovation and industrial innovation**

Gypsum board achieved "almost-zero emission" of coal-fired heat source, oxy-fuel coupled carbon capture technology in the cement industry, and cement spheroidization vertical grinding and shaping equipment have reached the international leading level

Breakthrough in key technology for low-temperature sintering control of new low-calcium clinker system and completion of pilot production, achieving a 25% direct reduction of carbon emission intensity per ton of clinker

The world's longest 147-meter blade completes production and is installed offshore

Hydrogen storage cylinders empowered the global launch of national first new energy smart intercity EMU

"High-performance civil aircraft honeycomb sandwich structure passenger and cargo cabin floor" was selected into the Recommended Catalogue of Scientific and Technological Innovation Achievements of Central Enterprises

Phenolic prepreg, epoxy resin prepreg, T800 grade carbon fiber aviation prepreg and other products solve key raw materials for domestic large aircraft

Breakthrough in the key technology of aramid coating, fill the gaps in China, and build up core competitiveness

The cement industry has built the first carbon dioxide online monitoring and measurement system that meets measurement requirements

TECHNOLOGICAL INNOVATION

• "New breakthroughs" achieved in core technology research

Lay out the direction of innovation, draw 13 industrial chain maps, and clarify 52 research and development directions

67 national-level projects under research and 24 projects "revealed and led" by the Parent

In 2024, the Group formulated and revised 3 international standards and 30 national standards, obtained 1,891 new valid patents, including 742 invention patents, with a total of 16,600 valid patents, including more than 4,600 invention patents

• The ecological atmosphere of innovation and creation continues to heat up

Promote the construction of high-energy innovation platforms and create a pilot verification platform for green and low-carbon cementitious material technology and equipment

Participate in the construction of major industrial innovation organizations such as the National Energy Administration's "National Hydrogen Energy Storage and Transportation Platform", the State-owned Assets Supervision and Administration Commission's "Green Hydrogen Energy Production, Storage and Transportation Innovation Consortium" and "Deepwater Oil and Gas Exploration and Development Field Innovation Consortium"

In 2024, there are 6 new "little giant" companies that specialize in new technologies, 2 individual champion companies, and 25 high-tech companies. There are a total of 19 "little giant" companies that specialize in new technologies, 11 individual champion companies, and 254 high-tech companies

DIGITALIZATION

• Accelerating the construction of intelligent factories and mines

In 2024, 4 cement intelligent factories, 1 intelligent production line for new materials and 2 digital mines have been built. 30 intelligent cement factories, 72 intelligent production lines for new materials and 13 digital mines have been built in total

10 selected digital transformation pilot demonstration projects/cases from the MIIT, Hefei Southern, China Jushi, Wuzhong Horse Racing, and Jushi Jiujiang were selected into the MIIT's first batch of outstanding smart factories, and 21 subsidiaries won multiple awards from the MIIT

Management Discussion and Analysis *(Continued)*

GREEN TRANSFORMATION

• Focus on accelerating green and low-carbon transformation

Use of alternative fuels is equivalent to 968,100 tons of standard coal and 11.54 million tons of alternative raw materials.

52 kiln co-disposal production lines with an annual disposal capacity of 5.43 million tons

The annual power generation capacity of cement clinker production line waste heat is 5.775 billion kilowatt hours

Tianshan Materials' carbon management platform covers 12 regional companies, and 7 cement clinker lines have been included in the national automatic monitoring pilot

49 newly-added and cumulatively 84 completed "Photovoltaic+" energy plants, with a total installed capacity of 632.61MV, and green power usage increased by 110% year-on-year

The world's first glass fiber zero-carbon manufacturing base goes into operation

• Continuing to strengthen green production and manufacturing

Nitrogen oxides, sulfur dioxide, and dust emissions decreased by 22.42%, 17.69%, and 32.43% respectively year-on-year.

Comprehensive energy consumption per ton of cement clinker decreased by 2.52% year-on-year

The proportion of cement clinker primary energy efficiency production capacity increased by 12.6 percentage points year-on-year to 34.5%

Emission intensity per ton of clinker was 0.8196, a year-on-year decrease of 1.01%

16 green mines and 18 green factories were added, bringing the total number of green mines to 257 and 153 green factories.

• A number of green and low-carbon achievements have been made

The project applying oxyfuel combustion project of China United Qingzhou put into operation, and won the World Cement Association's "WCA Climate Action Award"

Wuzhong Horse Racing was selected into the MIIT's "2023 List of "Energy Efficiency" Leaders in Key Industries"

Aksu Tianshan Duolang received the cement industry's first carbon management system certification, and China Jushi won the industry's first carbon management system assessment certificate.

Built 16 pilot lines or platforms, 25 model lines and more than 40 model projects, including hydrogen utilization, oxyfuel combustion and carbon sequestration building materials

Released the Company's "2023 Annual Scientific and Technological Innovation White Paper" and "Green and Low-Carbon Technology Achievements Promotion Catalog (2024 Edition)"

FINANCIAL REVIEW

The revenue of the Group decreased by 13.8% from RMB210,216.4 million in 2023 to RMB181,300.7 million in 2024. The profit attributable to equity holders of the Company decreased by 38.2% from RMB3,863.0 million in 2023 to RMB2,387.3 million in 2024.

Revenue

Our revenue in 2024 amounted to RMB181,300.7 million, representing a decrease of 13.8% from RMB210,216.4 million in 2023. This was primarily due to a decrease of RMB27,698.9 million in the revenue of the Group's basic building materials segment, which was partially offset by an increase of RMB928.6 million in the revenue of the new materials segment and an increase of RMB359.8 million in the revenue of the engineering technical services segment.

Cost of sales

Our cost of sales in 2024 amounted to RMB148,591.4 million, representing a decrease of 14.0% from RMB172,770.2 million in 2023. This was primarily due to a decrease of RMB24,076.6 million in the cost of sales of the Group's basic building materials segment, which was partially offset by an increase of RMB2,229.0 million in the cost of sales of the new materials segment and an increase of RMB208.8 million in the cost of sales of the engineering technical services segment.

Other income

Other income of the Group increased by 60.2% from RMB3,454.1 million in 2023 to RMB5,533.4 million in 2024. This was primarily due to an increase of RMB1,057.8 million in net gain of the fair value change of financial assets at fair value through profit or loss, an increase of RMB520.6 million in gain on disposal of assets, an increase in government grants of RMB249.7 million, which was partially offset by the decrease of RMB217.4 million in VAT refunds.

Selling and distribution costs

Selling and distribution costs increased by 6.1% to RMB3,918.3 million in 2024 from RMB3,694.4 million in 2023. This was primarily due to an increase of RMB251.6 million on labour costs.

Administrative expenses

Administrative expenses decreased by 2.4% to RMB20,624.6 million in 2024 from RMB21,122.3 million in 2023. This was primarily due to an decrease of RMB493.1 million in research and development fees, which was partially offset by the increase of RMB68.8 million in property, plant and equipment impairment and the increase of RMB57.6 million in foreign exchange loss.

Finance costs

Finance costs decreased by 9.4% to RMB4,657.8 million in 2024 from RMB5,142.1 million in 2023. This was primarily due to the decrease in the Group's borrowing costs.

Share of results of associates

The Group's share of results of associates decreased by 27.9% to RMB1,090.9 million in 2024 from RMB1,512.5 million in 2023. This was primarily due to the decrease in profit from the China Jushi and Group's associates in the basic building materials segment.

FINANCIAL REVIEW *(CONTINUED)*

Provision under expected credit losses

The provision under expected credit losses increased to RMB629.7 million in 2024 from RMB-69.2 million in 2023.

Income tax expense

Income tax expense decreased by 1.9% to RMB2,079.8 million in 2024 from RMB2,119.3 million in 2023. This was primarily due to the decrease in profit before tax.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by 24.6% to RMB4,511.9 million in 2024 from RMB5,985.8 million in 2023. This was primarily due to the decrease in operating profit of basic building materials segment and new materials segment.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company decreased by 38.2% to RMB2,387.3 million in 2024 from RMB3,863.0 million in 2023. Net profit margin decreased to 1.3% in 2024 from 1.8% in 2023.

Basic building materials segment

Revenue

Revenue of basic building materials segment of the Group in 2024 amounted to RMB91,101.6 million, representing a decrease of 23.3% from RMB118,800.5 million in 2023, mainly attributable to the decrease in the average selling price of cement products, commercial concrete and aggregate and the decrease in sales volume of cement products, commercial concrete, and aggregate.

Cost of sales

Cost of sales of basic building materials segment of the Group in 2024 amounted to RMB77,929.8 million, representing a decrease of 23.6% from RMB102,006.4 million in 2023, mainly attributable to the decrease in sales volume of cement products, commercial concrete and aggregate and the decrease in coal price.

Gross profit and gross profit margin

Gross profit of basic building materials segment of the Group decreased by 21.6% to RMB13,171.8 million in 2024 from RMB16,794.0 million in 2023, mainly attributable to the decrease in the average selling price of cement products, commercial concrete, and aggregate, which was partially offset by the decrease in coal price. Gross profit margin of the basic building materials segment of the Group increased from 14.1% in 2023 to 14.5% in 2024.

FINANCIAL REVIEW *(CONTINUED)*

Basic building materials segment *(Continued)*

Operating profit

Operating profit of basic building materials segment of the Group decreased by 44.8% to RMB3,976.7 million in 2024 from RMB7,209.2 million in 2023, primarily due to the decrease in gross profit, the decrease in VAT refunds and the increase in allowances for impairment of receivables, which was partially offset by the increase in government grants and the decrease in research and development fees. Operating profit margin of the basic building materials segment of the Group decreased from 6.1% in 2023 to 4.4% in 2024.

New materials segment

Revenue

Revenue of new materials segment of the Group increased by 1.9% to RMB48,551.7 million in 2024 from RMB47,623.1 million in 2023. This was mainly attributable to the increase in the sales volume of glass fiber yarn, wind power blade, lithium battery separator, waterproofing membrane and coatings, which was partially offset by the decrease in the average selling price of glass fiber yarn, gypsum board, wind power blade, lithium battery, waterproofing membrane and coatings.

Cost of sales

Cost of sales of new materials segment of the Group increased by 6.2% to RMB37,994.2 million in 2024 from RMB35,765.1 million in 2023, mainly attributable to the increase in sales volume of glass fiber yarn, wind power blade, lithium battery separator, waterproofing membrane and coatings, which was partially offset by the decrease in the prices of raw material and coals.

Gross profit and gross profit margin

Gross profit of new materials segment of the Group decreased by 11.0% to RMB10,557.7 million in 2024 from RMB11,857.9 million in 2023. Gross profit margin of new materials segment of the Group decreased to 21.7% in 2024 from 24.9% in 2023. This was mainly attributable to the decrease in the average selling prices of glass fiber yarn, gypsum board, wind power blade, lithium battery separator, waterproofing membrane and coatings, which was partially offset by the decrease in the prices of raw material and coals.

Operating profit

Operating profit of new materials segment of the Group decreased by 20.7% to RMB5,595.7 million in 2024 from RMB7,052.1 million in 2023. The operating profit margin of new materials segment of the Group decreased to 11.5% in 2024 from 14.8% in 2023, mainly attributable to the decrease in gross profit margin, increase in research and development fees and labour cost, which was partially offset by the increase in government grants.

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW *(CONTINUED)*

Engineering technical services segment

Revenue

Revenue of engineering technical services segment of the Group increased by 0.8% to RMB45,464.3 million in 2024 from RMB45,104.6 million in 2023, mainly attributable to the increase in the numbers of production operating services completed for the current period.

Cost of sales

Cost of sales of engineering technical services segment of the Group increased by 0.6% to RMB36,905.4 million in 2024 from RMB36,696.6 million in 2023, mainly attributable to the increase in the numbers of production operating services completed for the current period.

Gross profit and gross profit margin

Gross profit of engineering technical services segment of the Group increased by 1.8% to RMB8,558.9 million in 2024 from RMB8,408.0 million in 2023. Gross profit margin of engineering technical services segment of the Group increased to 18.8% in 2024 from 18.6% in 2023, mainly attributable to the increase in gross profit margin of engineering services.

Operating profit

Operating profit of engineering technical services segment of the Group increased by 0.9% to RMB3,537.2 million in 2024 from RMB3,506.4 million in 2023. Operating profit margin of engineering technical services segment of the Group remained the same at 7.8% in 2024 as compared with same period last year, which was mainly attributable to the increase in gross profit margin, the decrease in research and development fees and the decrease in allowances for impairment of goodwill, which was offset by the increase in labour cost, the decrease in net gain of the fair value change of financial assets at fair value through profit or loss.

Liquidity and financial resources

As at 31 December 2024, the Group had unused banking facilities and bonds registered but not yet issued of approximately RMB393,067.55 million in total.

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

	As at 31 December	
	2024	2023
	(RMB in millions)	
Bank loans	**150,972.5**	145,081.0
Bonds	**40,500.0**	38,900.0
Borrowings from non-financial institutions	**438.0**	924.7
Total	**191,910.5**	184,905.7

FINANCIAL REVIEW *(CONTINUED)*

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

	As at 31 December **2024**	2023
	(RMB in millions)	
Borrowings are repayable as follows:		
Within one year or on demand	**82,128.6**	73,980.1
Between one and two years	**35,209.6**	39,562.0
Between two and three years	**32,994.5**	42,159.5
Between three and five years (inclusive of both years)	**30,134.1**	12,459.5
Over five years	**11,443.7**	16,744.6
Total	**191,910.5**	184,905.7

As at 31 December 2024, bank loans in the aggregate amount of RMB4,549.2 million were secured by assets of the Group with a total amount of RMB12,735.2 million.

As at 31 December 2024 and 31 December 2023, the debt to assets ratio of the Group, calculated by dividing borrowings by total of assets of the Group, were 38.8% and 37.8%, respectively.

Exchange Risks

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

Contingent Liabilities

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

Capital Commitments

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

	As at 31 December **2024**	2023
	(RMB in millions)	
Capital expenditure of the Group in respect of acquisition of property, plant and equipment (contracted but not provided for)	**1,396.1**	4,191.4

FINANCIAL REVIEW *(CONTINUED)*

Capital expenditures

The following table sets the our capital expenditures of the Group for the year ended 31 December 2024 by segment:

	For the year ended 31 December			
	2024		2023	
	(RMB in millions)	*% of total*	*(RMB in millions)*	*% of total*
Basic building materials	**12,639.9**	**53.8**	17,636.2	57.7
Cement	**10,050.3**	**42.8**	11,866.6	38.8
Commercial concrete	**253.5**	**1.1**	935.1	3.1
Aggregate	**2,336.1**	**9.9**	4,834.5	15.8
New materials	**10,165.4**	**43.3**	10,225.1	33.4
Glass Fiber	**1,732.7**	**7.4**	1,486.0	4.8
Gypsum board	**877.6**	**3.7**	857.9	2.8
Wind power blade	**502.9**	**2.1**	1,088.1	3.5
Lithium battery separator	**3,022.9**	**12.9**	5,370.0	17.6
Waterproof	**187.4**	**0.8**	327.4	1.1
Coatings	**2,974.5**	**12.7**	195.7	0.6
Other	**867.4**	**3.7**	900.0	3.0
Engineering technical services	**640.5**	**2.7**	1,585.6	5.2
Others	**55.5**	**0.2**	1,121.3	3.7
Total	**23,501.3**	**100.0**	30,568.2	100.0

Material Investment Plans

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

Cash Flow From Operating Activities

For the year 2024, net cash inflow of the Group generated from operating activities was RMB23,195.9 million, representing a decrease of RMB5,829.0 million as compared to that of 2023 of RMB29,024.9 million, which was primarily due to the year-on-year decrease in the cash received for sales of goods and provision of labour services, which were partially offset by the cash paid by the Group for purchase of goods and receipt of labour services, as well as the year-on-year decrease in tax.

Cash Flow From Investing Activities

For the year 2024, net cash outflow of the Group generated from investing activities was RMB20,276.7 million, representing a decrease of RMB7,062.7 million as compared to that of 2023 of RMB27,339.4 million, which was primarily due to the year-on-year decrease in cash paid by the Group for acquisition of property, plant and equipment.

Cash Flow From Financing Activities

For the year 2024, net cash outflow of the Group generated from financing activities was RMB6,569.6 million, representing an increase of RMB5,491.5 million as compared to that of 2023 of RMB1,078.1 million, which was primarily due to the year-on-year decrease in net cash received by the Group on borrowings, which were partially offset by the year-on-year decrease in the cash paid for interest and dividends.

OUTLOOK FOR 2025

2025 is the final year of the "14th Five-Year Plan", the year for the planning of the 15th Five-Year Plan, as well as the critical year for promoting comprehensive and in-depth reform. Despite the growing adverse effects of the current changes in the external environment, insufficiency in domestic demand, and the many difficulties and challenges in the economy, the economy in China has stable foundation, multifarious advantages, strong resilience and great potential. The basic trend of rebound and long-term improvement remains unchanged, and the conditions that support the high-quality development of the economy remain solid. The Chinese government will implement more proactive and effective macroeconomic policies, expand domestic demand, promote the integrated development of technological innovation and industrial innovation, carry out risks and external shocks prevention and resolution in key areas, stabilize expectations, stimulate vitality, and promote sustained recovery and improvement of the economy.

The Group will focus on speeding up the construction of a world-class materials enterprise, and comprehensively implementing various tasks such as quality improvement and efficiency enhancement, layout optimization, technological innovation, deepening reform, and value management explore incremental growth opportunities, optimize the utilization of existing resources, grasp the changes and chances and enhance quality:

1. Enhance the results of operation, uphold "One profit and five ratios", strengthening operational rigidity in passing through economic cycles adhere to cost efficiency first, achieve improvement of the level of operation quality and capital returns, continue to strengthen the "management of three delicacies", to increase the profitability through improving operating efficiency, improve cost reduction through enhancing refined management and boost the operation efficiency through streamlining the organizational structure and strengthen operational resilience through economic cycles.

2. Continue layout optimization focus on both basic building materials and innovative industries. Basic building materials segment actively leverage on Cement +, internationalization, and double carbon to realize value growth. In addition, innovative industries will focus on implementing strategies, accelerating the upgrading of industry gradients; focus on industry trends, accelerating the optimization of development models; focus on key products, accelerating the development of innovative industry clusters Moreover, we will advance the implementation of internationalization strategies, promote the internationalization of all businesses, all factors, and all processes, and achieve new breakthroughs in technology level, operation model, and brand building.

3. Continue to promote technological innovation, digitalization and greening to empower development. Increase the supply of original and leading technologies to achieve sustainable growth through iterative innovation; accelerate digital transformation with the goal of reducing costs, increasing efficiency and improving effectiveness; fully leverage the promotional effect of data elements on the entire business; continue to reinforce the green and low-carbon indicator system, strengthen the supply of green and low-carbon technologies, accelerate the green and low-carbon development of industries.

4. Deepen reform and upgrade, complete the final task of deepening reform and enhancing actions, and improve the overall effectiveness of reform measures. We will improve the effective use of incentives, increase medium-and-long-term incentives with technological innovation as the guide, and expand the coverage of medium-and-long-term incentives. In addition, we will enhance the corporate governance mechanism, further clarify the boundaries of rights and responsibilities of each governance body, deepen the reform of market-oriented operating mechanisms, and continue to strengthen the term system for management team members and the implementation of contractual management.

5. Strengthen value management and adhere to the value management concept that is centered on enhancing intrinsic value. We will complete the repurchase of H shares, continue to promote professional integration, continuously improve ESG governance and the level of practice, strengthen investor communication in multiple channels and in multiple forms, continue to improve the mechanism for market value management, create a good image for CNBM, and actively convey the value of the Company.

Corporate Governance Report

The Company adhered to the principles of operating in accordance with laws and regulations, strictly abided by the laws and regulations and regulatory requirements, followed the development of rules in a timely manner, closely integrated the Company's development process and actual situation, revised and improved various internal systems, to meet the operating requirement of the Company. The Company is focused on building a coordinated operation mechanism for compliance, internal control and risk management, in order to build a comprehensive risk defense line for company operations. In terms of corporate governance, the Board of Directors, the Supervisory Committee, and the management uphold the principles of performing their duties in accordance with the law and diligently fulfilling their responsibilities, fully ensuring the Company's steady and compliant business operations while continuously improving the level of corporate governance.

Except for Code Provision B.2.2 of the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Listing Rules, the Company complied with the code provisions of the Code for the year from 1 January 2024 to 31 December 2024. All the Directors of the current session of the Board elected on 19 November 2021 were subject to retirement by rotation by 19 November 2024, according to Code Provision B.2.2, which states that every Director should be subject to retirement by rotation at least once every three years. However, on 6 December 2024, the Company announced a cash offer (subject to pre-conditions and conditions) by Morgan Stanley Asia Limited on behalf of the Company to buy-back up to 841,749,304 H Shares at HK$4.03 per H Share (the "H Share Buy-back Offer"). In light of the implementation of the H Share Buy-back Offer, in order to ensure the smooth continuation of the senior management of the Company, with the exception of the following Directors, the remaining Directors of the current session of the Board have not retired by rotation.

The former Director, Mr. Fu Jinguang, resigned as an executive Director of the Company on 20 September 2022 due to work adjustment. Mr. Liu Yan was appointed as an executive Director of the Company upon consideration and approval at the second extraordinary shareholders' meeting of 2022 convened on 19 December 2022. Later, Mr. Liu Yan resigned as an executive Director of the Company due to work adjustments on 16 January 2025. The former Director, Mr. Peng Shou, tendered his resignation as a non-executive Director of the Company due to work adjustment. Mr. Wei Rushan was appointed as an executive Director of the Company upon consideration and approval at the second extraordinary shareholders' meeting of 2022 convened on 19 December 2022. At the eighth meeting of the fifth Board of Directors convened on 27 October 2023, the Company approved the re-designation of the a Director, Mr. Xiao Jiaxiang, from an executive Director to a non-executive Director. Later, Mr. Xiao Jiaxiang tendered his resignation as a non-executive Director of the Company on 16 January 2025. The former Director, Ms. Fan Xiaoyan, resigned as a non-executive Director of the Company due to work adjustment, which took effect upon consideration and approval at the 2023 Annual General Meeting convened on 29 April 2024 of the appointment of Mr. Chen Shaolong as a non-executive Director. In addition, on 28 August 2024, Mr. Chang Zhangli resigned as a non-executive director of the Company due to work adjustment; on 25 October 2024, Mr. Li Xinhua resigned as a non-executive Director of the Company due to retirement. Ms. Miao Xiaoling was appointed as an executive Director of the Company upon consideration and approval at the extraordinary shareholders' meeting convened on 19 February 2025.

I. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

II. THE BOARD

During 2024, the Board of the Company held 9 plenary Board meetings to consider and determine various matters including overall corporate strategy, major investments and financing activities, personnel appointments and removals and policies revisions. All the then Directors attended the Board meetings in person or by proxy. The management is responsible for the specific implementation of resolutions of the Board and management of daily operations.

The members of the Board and the attendance of the Directors at Board meetings and Shareholders' meetings of the Company during 2024 are as follows:

Number of meetings attended/held during term of office

	Number of meetings attended/ held during term of office						
Name	The Board	The Strategic Steering Committee	The Nomination Committee	The Remuneration and Performance Appraisal Committee	The Audit Committee	Environmental, Social and Governance Committee	Shareholders' Meetings
Current Director							
Executive Directors							
Zhou Yuxian *(Chairman)*	9/9	3/3	2/2	2/2	–	2/2	3/3
Wei Rushan	9/9	3/3	–	–	–	–	3/3
Wang Bing	9/9	–	–	–	–	–	3/3
Non-executive Directors							
Wang Yumeng	9/9	–	–	–	–	–	3/3
Shen Yungang	9/9	–	–	–	–	–	3/3
Chen Shaolong	5/5	–	–	–	–	–	0/0
Independent Non–executive Directors							
Sun Yanjun	9/9	–	2/2	2/2	–	–	3/3
Liu Jianwen	9/9	–	2/2	–	5/5	–	3/3
Zhou Fangsheng	9/9	3/3	–	2/2	–	–	3/3
Li Jun	9/9	–	–	–	5/5	2/2	3/3
Xia Xue	9/9	–	–	–	5/5	2/2	3/3

II. THE BOARD *(CONTINUED)*

	Number of meetings attended/ held during term of office						
Name	The Board	The Strategic Steering Committee	The Nomination Committee	The Remuneration and Performance Appraisal Committee	The Audit Committee	Environmental, Social and Governance Committee	Shareholders' Meetings
Former Directors							
Li Xinhua	7/7	3/3	–	–	–	–	3/3
Chang Zhangli	6/6	–	–	–	–	–	3/3
Liu Yan	9/9	–	–	–	–	–	3/3
Xiao Jiaxiang	9/9	–	–	–	–	–	3/3
Fan Xiaoyan	4/4	–	–	–	–	–	3/3

Notes:

1. Due to the work, Mr. Sun Yanjun was unable to attend the ninth general meeting of the fifth session of the Board of the Company and he authorized to delegate Mr. Liu Jianwen to attend and vote at the meeting; due to the work, Ms. Xia Xue was unable to attend the sixteenth provisional general meeting of the fifth session of the Board of the Company and she authorized to delegate Mr. Li Jun to attend and vote at the meeting.

2. Ms. Fan Xiaoyan resigned as a non-executive Director of the Company due to work adjustment with effect from 29 April 2024. Mr. Chen Shaolong was appointed as a non-executive Director to replace Ms. Fan Xiaoyan upon consideration and approval at the 2023 Annual General Meeting. The above replacement became effective on the date the resolution was passed at the 2023 Annual General Meeting on 29 April 2024.

3. On 28 August 2024, Mr. Chang Zhangli resigned as a non-executive Director of the Company due to work. The resignation took effect from that day.

4. On 25 October 2024, Mr. Li Xinhua resigned as a non-executive Director of the Company due to retirement. The resignation took effect from that day.

5. On 16 January 2025, Mr. Liu Yan and Mr. Xiao Jiaxiang resigned as an executive Director and a non-executive Director, respectively, due to work adjustments and retirement. The resignation took effect from that day.

The independent non-executive Directors and non-executive Directors have attended general meetings of the Company to gain and develop a balanced understanding of the view of the Shareholders.

There is no financial, business, family relationship(s) or any other material connection among the Directors and senior executives (including the Chairman).

III. FUNCTIONS AND OPERATION OF THE BOARD

The Board of the Company is elected by Shareholders at the general meeting and reports to the general meeting. The Board is the highest decision-making authority during the period of adjournment of the general meeting. The Board pays close attention to significant events of the Company and receives regular reports on the progress of the projects of the Company, actively participates in continuous training, and ensures the Company's effective operation through making well-informed and scientific decisions and standardized and effective operation.

The Board makes decisions on certain significant matters in the operation of the Company, including convening general meetings, implementing their resolutions and reporting to the general meeting; formulating the business plans and investment proposals of the Company; formulating the annual preliminary and final financial budgets of the Company; formulating the profit distribution plans of the Company (including final dividends distribution plans) and the proposal for making up for losses; formulating the debt and financial policies and proposals for increases or reductions of the Company's registered capital and the issuance of corporate debentures; preparing material acquisition or disposal proposals of the Company and plans for the merger, division or dissolution of the Company; determining the Company's internal management structure; determining the appointment or removal of the general manager of the Company and, the appointment or removal of the vice general manager and the chief financial officer subject to the nomination of the general manager and determining their remuneration; formulating the basic management system including the financial management system and personnel management system; and formulating the revision plan for the Articles of Association of the Company.

The Directors were elected and the Board meetings were held in compliance with the procedures provided for in the Articles of Association of the Company, Rules of Procedure for Board Meetings, and the Terms of Reference for the Nomination Committee. The Company ensures that all Directors are informed of operations in a timely manner, adequately communicate and discuss with each other about their opinions, make scientific decisions with prudence and promote the positive, active and healthy development of the Company. The Board keeps close contact with the management, authorizes it to implement specific matters and report to the Board, to ensure that all matters and problems related to the business and operation of the Group are dealt with in a timely manner. Under the leadership of the president, the management is responsible for specific matters related to daily operation of the Company, making and implementing operation decisions, conducting periodic reviews and providing timely feedback to ensure the relevant arrangements of operation and management meet the demand of the Company.

The Company has established a system of independent Directors. There are five independent non-executive Directors in the Board, which is in compliance with the minimum number of independent non-executive directors required under the Listing Rules. The Company has received confirmation of independence from each of the five independent non-executive Directors and the Company considers the five independent non-executive Directors to be independent, in full compliance with the requirements concerning independent non-executive directors under the Listing Rules, including Rule 3.13 of the Listing Rules. The five independent non-executive Directors do not hold other positions in the Company. In accordance with the Articles of Association of the Company and the requirements of relevant laws and regulations, the independent non-executive Directors evaluate and supervise the achievement of the Company's goals in terms of strategies, policies, investments, major appointments and other matters, provide the Board with independent professional suggestions, and contribute to the further structural balance and high-quality decision-making of the Board.

Corporate Governance Report *(Continued)*

IV. DIRECTOR'S CONTINUOUS TRAINING AND DEVELOPMENT

In compliance with the Listing Rules and the Code, and to ensure that the Directors have comprehensive and necessary expertise and skills to make contribution to the Board, the Company has arranged suitable trainings for the continuous professional development of the Directors such as providing them with information materials, special reports and specific surveys regularly.

Based on the real-time understanding of the Company's business and grasping of the macro-economic and industry information, the Company sent Monthly Report on Directors' Information and Weekly Report on Industries' Information to the Directors regularly, which covers the Company's production and results of operation, Board affairs, information disclosure, regulatory updates, production safety, reform of state-owned enterprises, technological innovation, digitalization, macro-economy and industry situations, stock price performance, investor communication and analysis on the Company's results conducted by analysts, etc. The Company regularly provided the Directors with Biweekly Report on Issuance and Restructuring, Compilation on Laws and Regulations for the Capital Market as well as Finance Biweekly Report made by Shanghai Shalldo Financial Service Co., Ltd., a perennial compliance advisor of the Company, to provide them with feedbacks on the latest situation of macro-economy and capital market, so that they were informed of overall information about the operational environment of the Company. All Directors (including the then executive Directors who held office in 2024, namely Mr. Zhou Yuxian, Mr. Wei Rushan, Mr. Liu Yan and Mr. Wang Bing; the then non-executive Directors who held office in 2024, namely Mr. Li Xinhua, Mr. Chang Zhangli, Mr. Wang Yumeng, Mr. Xiao Jiaxiang, Mr. Shen Yungang, Ms. Fan Xiaoyan and Mr. Chen Shaolong; the current independent non-executive Directors, namely Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue) have obtained the aforementioned relevant information for the corresponding period during their tenure.

In 2024, the Parent and the Company took the opportunity of convening party committee meetings on a number of occasions to organize the members of the party committee (including the current and former executive Directors, namely Mr. Zhou Yuxian, Mr. Wei Rushan, Mr. Liu Yan and Mr. Wang Bing; non-executive Directors, namely Mr. Li Xinhua, Mr. Chang Zhangli and Mr. Wang Yumeng) to thoroughly study Xi Jinping's thoughts on the rule of law, the spirit of important speeches at the meetings and the latest laws and regulations, including adhering to the guidance of Xi Jinping Thought on rule of law and diplomacy, striving to advance the Foreign-related Rule of Law of State-owned Enterprises, accelerating the development of world-leading enterprises, and staying updated on amendments to the Company Law and other related matters. Mr Wang Bing, a Director of the Company, participated in the training organised by the Shenzhen Stock Exchange for the performance of duties by Directors.

Mr Chen Shaolong, a non-executive Director of the Company, participated in the training on the post competency of chief accountant of enterprises under the Quality Enhancement Project for High-level Financial and Accounting Talents of the Ministry of Finance.

IV. DIRECTOR'S CONTINUOUS TRAINING AND DEVELOPMENT *(CONTINUED)*

Sun Yanjun, an independent non-executive Director of the Company, participated in the training related to independent directors; Mr. Liu Jianwen participated in the 142nd Training Course for Independent Directors of Listed Companies of Shenzhen Stock Exchange, the Special Training on Violations of Laws and Regulations of the China Association for Public Companies for the Year 2024, and training organised by the Shandong Securities Regulatory Commission; and Mr. Li Jun participated in the Hong Kong Chartered Governance Institute's 'Training on the Performance of Duties and Behaviours of Directors', the Shenzhen Stock Exchange's 'Training on Improving Quality of State-owned Listed Companies', "Key Points and Suggestions for Independent Directors of Listed Companies to Perform Anti-Fraud Duties" by the Shanghai Stock Exchange, "Capacity Building Training for Independent Directors" by the China Association for Public Companies, and "Comprehensive Punishment and Prevention of Financial Falsification and Disclosure of Annual Reports of Listed Companies" by the Tianjin Securities Regulatory Commission; Ms Xia Xue attended the Shanghai Stock Exchange's Pujiang Lecture on 'Key Points and Suggestions for Independent Directors of Listed Companies to Perform Anti-Fraud Duties', the East China University of Political Science and Law's training on 'Key Points of Revision of the Company Law', and a series of trainings for independent directors of listed companies to perform their duties.

The above trainings are conducive to enhancing the directors' awareness of the rule of law in governing the enterprise in accordance with the law and enhancing their comprehensive ability to perform their duties in accordance with the law.

From April to November 2024, the Company has sent the non-executive Directors, independent non-executive Directors shareholder representative supervisors and independent supervisors to the six companies on three separate occasions, including Hangzhou Shanya Southern Cement Co., Ltd., Tonglu Benteng Building Material Co., Ltd.* (桐廬奔騰建材製品有限公司), Hefei Cement Research & Design Institute Corporation Ltd., CNBM New Material Co., Ltd., BNBM Carpoly Coating Group Company Limited, Sinoma (Yangjiang) Wind Power Blade Co., Ltd.*(中材科技(陽江)風電葉片有限公司) to conduct survey and exchange information on the Company's operation development strategy, green transformation, technological innovation, digital intelligence, business integration. Directors and Supervisors offered recommendations to the relevant companies regarding the gradient development of new materials and internationalization strategies, product technology level, talent reserve, environmental and low carbon initiatives, etc. The non-executive Directors, namely Mr. Shen Yungang and Ms. Fan Xiaoyan, independent non-executive Directors, namely Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun, Ms. Xia Xue, shareholder representative supervisor, namely Mr. Zhang Jianfeng, independent Supervisors, namely Mr. Li Xuan and Mr. Wei Jianguo, participated in the survey respectively.

The continuous and effective training helped enhance the Directors' understanding of their duties so that they could make appropriate and informed decisions on the Company's management based on more accurate understanding of the relevant laws and regulations and the industry's development. The training further developed knowledge and skills of the Directors, leading to more constructive and professional opinions from the Directors and therefore ensuring that their contribution to the Board remains adequate and appropriate.

V. CHAIRMAN AND THE PRESIDENT

Mr. Zhou Yuxian is the chairman, and Mr. Wei Rushan is the president of the Company. Pursuant to the Articles of Association of the Company, the main responsibilities of the chairman are chairing the general meetings, convening and presiding over Board meetings, organizing discussion on major business matters such as corporate development strategy and business philosophy, checking the implementation of Board resolutions, signing the securities issued by the Company, and other powers authorized by the Articles of Association of the Company and the Board. The main responsibilities of the president are taking charge of production, operation and management matters, organizing the implementation of Board resolutions, organizing the implementation of annual operating plans and investment proposals of the Company, formulating plans for the establishment of the Company's internal management structure, formulating plans for the establishment of the Company's branches, devising the basic management system of the Company, formulating the basic rules and regulations of the Company, proposing the appointment or removal of the vice president and the Chief Financial Officer of the Company to the Board, appointing or removing management members apart from those that should be appointed or removed by the Board, and performing other duties and powers authorized by the Articles of Association of the Company and the Board.

VI. TERM OF OFFICE OF NON-EXECUTIVE DIRECTORS

Pursuant to the Articles of Association of the Company, the Directors, including the non-executive Directors shall be elected by the general meeting and serve a term of three years. Each of the current non-executive Directors will perform his/her duties until the end of the term of the current session of the Board. The Directors may be re-elected and re-appointed upon the expiry of their terms of office.

VII. SPECIAL COMMITTEES OF THE BOARD

The Company has established 5 special committees under the Board, namely the Strategic Steering Committee, the Nomination Committee, the Remuneration and Performance Appraisal Committee, the Audit Committee and the Environmental, Social and Governance Committee, and each of them has a corresponding scope of responsibilities. The terms of reference for the Nomination Committee, the Remuneration and Performance Appraisal Committee and the Audit Committee are prepared and updated with reference to the Code from time to time.

The Strategic Steering Committee

Members

According to the requirements of the Terms of Reference of the Strategic Steering Committee, the Company's Strategic Steering Committee shall comprise four Directors. On 25 October 2024, Mr. Li Xinhua resigned as a non-executive Director of the Company and a member of the Company's Strategic Steering Committee due to retirement. There are currently three remaining Directors on the Strategic Steering Committee, namely Mr. Zhou Yuxian (Chairman), Mr. Wei Rushan and Mr. Zhou Fangsheng. Mr. Zhou Yuxian and Mr. Wei Rushan are executive Directors, and Mr. Zhou Fangsheng is an independent non-executive Director. The Company will complete the re-selection of Strategic Steering Committee 's member as soon as possible in accordance with the relevant regulations. The duties and the working system of the committee are explicitly specified in the Terms of Reference of the Strategic Steering Committee of the Company.

Duties and Summary of Work

The Strategic Steering Committee of the Company is mainly responsible for studying and reviewing the Company's operation objectives and long-term development strategies, business and organization development planning, major investment and financing plans and other material matters that may affect the development of the Company; supervising and inspecting the implementation of the annual operation plan and investment plan under the authorization of the Board; and making recommendations to the Board. As for the convening of and the attendance of meetings of the Strategic Steering Committee in 2024, please refer to the table of the attendance of the Directors during 2024 on pages 35 to 36.

Set out below is a summary of work of the Strategic Steering Committee of the Company during 2024:

The seventh meeting of the fifth session of the Strategic Steering Committee of the Board considered and approved a resolution in relation to the 2024 investment plan of the Company; the eighth meeting of the fifth session of the Strategic Steering Committee of the Board considered and approved two resolutions, including the operation of the Company for the year 2023 and work arrangements for the year 2024; the ninth meeting of the fifth session of the Strategic Steering Committee of the Board considered and approved a resolution in relation to the amendment to the 2024 investment plan of the Company.

VII. SPECIAL COMMITTEES OF THE BOARD *(CONTINUED)*

The Nomination Committee

Members

The Nomination Committee of the Company comprises three Directors, of whom Mr. Zhou Yuxian is the Chairman and both Mr. Sun Yanjun and Mr. Liu Jianwen are members. Mr. Zhou Yuxian is an executive Director and Mr. Sun Yanjun and Mr. Liu Jianwen are independent non-executive Directors. The composition of the Nomination Committee is in compliance with the requirements under Rule 3.27A of the Listing Rules. The duties and the working system of the committee are explicitly specified in the Terms of Reference of the Nomination Committee of the Company (which are accessible on the websites of the Company and the Stock Exchange), pursuant to which the chairman of the committee must be the chairman of the Board or an independent non-executive director.

Duties and Summary of Work

The Nomination Committee of the Company is mainly responsible for formulating procedures and standards for electing the Directors of the Company, senior management members as well as members of the Remuneration and Performance Appraisal Committee, the Audit Committee, the Strategic Steering Committee and the Environmental, Social and Governance Committee; conducting preliminary review on the qualifications and conditions of the Directors, senior management members as well as members of the Remuneration and Performance Appraisal Committee, the Audit Committee, the Strategic Steering Committee and the Environmental, Social and Governance Committee; assisting the chairman of the Board on reporting relevant matters to the Board; reviewing the board diversity policy and the Director Nomination Policy.

The Company formulated its board diversity policy so as to improve corporate governance. The Company insists on the principle of hiring employees based on their competence, which is selecting members of the Board by objective standards, corporate business model and special needs from time to time and other factors, taking into account multiple factors such as skills, professional and industry experience, cultural and educational background, nationality, the term of service, gender and age. Pursuant to that policy, current members of the Board possess different professional backgrounds. Each of them has accumulated rich experience in areas such as building materials, business management, securities regulation, capital operation, accounting rules and corporate finance, providing the Board with diversified perspectives to make decisions, and providing the Company with professional opinions for formulating operation policies. The Nomination Committee conducts regular review of the structure, size and composition of the Board, and proposes any changes to the Board to be made in line with the Company's strategies. In reviewing and assessing the composition of the Board and nomination of Directors, the Nomination Committee is committed to diversity at all levels and considers factors of the diversity policy, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, as well as industry and regional experience. At present, the Nomination Committee considers that the Board is sufficiently diverse, which can ensure that the members of the Board have the appropriate talents, experience, and diverse perspectives and views for decision-making.

The Company will continue to maintain gender diversity on the Board. In 2024 and as of the date of this report, the Company will maintain at least one female director on the Board. The Board would like to maintain at least the current level of female membership. The Nomination Committee will actively consider increasing the proportion of female members when selecting suitable candidates for the Board and making recommendations. Through the Company's Board diversity policy and the annual review of the Board's structure by the Nomination Committee under the Board, the Company will establish a pipeline of potential director successors that can achieve gender diversity. The Company will also strive to achieve gender diversity when recruiting employees at all levels (including middle and senior levels) so as to provide suitable successors to the Board when appropriate to ensure gender diversity on the Board.

VII. SPECIAL COMMITTEES OF THE BOARD *(CONTINUED)*

The Nomination Committee *(Continued)*

Duties and Summary of Work *(Continued)*

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

The Company has adopted directors nomination policy, together with the terms and regulations regarding the procedures of directors nomination in the Terms of Reference of the Nomination Committee of the Company, to ensure the Board members have necessary skills, experience and diversification requirements catering for the Company's businesses. The selection and appointment procedures for the nomination of Directors of the Nomination Committee include: the Nomination Committee studies the Company's requests for new Directors and senior management members and prepares written materials; the Committee may conduct extensive searches for qualified candidates for directors and senior management members in the Company, companies controlled or invested by the Company, the human resources market and through other channels; the Committee shall gather information of the preliminary candidates, including occupation, education, job title, detailed work experience and all part-time jobs to prepare written materials; the Committee shall seek the consent of the nominees on the nomination or otherwise such persons shall not be considered as candidates for Directors and senior management members; the Committee shall convene a meeting of the Nomination Committee to examine the qualifications of the preliminary candidates based upon the appointment criteria for Directors and senior management members; the Committee shall, prior to the election of new Directors, give its recommendations and relevant materials to the Board and undertake other follow-up work in accordance with the decisions and feedback of the Board. In selecting Directors, the Nomination Committee takes the following factors into full consideration: character and honesty, qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, independence of independent non-executive Directors in accordance with the Listing Rules, any measurable objectives adopted for diversification, any potential contributions the candidates can bring to the Board in terms of diversification, willingness and ability to devote adequate time and relevant interest to perform their duties and various other factors applicable to the Company's businesses and succession plan. The Nomination Committee will review the director nomination policy, as appropriate, to ensure its effectiveness.

As for the convening of and the attendance of meetings of the Nomination Committee in 2024, please refer to the table of the attendance of the Directors during 2024 on pages 35 and 36. Set out below is a summary of work of the Nomination Committee of the Company during 2024:

The eleventh meeting of the fifth session of the Nomination Committee of the Board considered and approved the resolutions in relation to the discussion on the structure of the Board and the independence of independent non-executive directors, and in relation to adjusting the emoluments of the Directors and deciding the emoluments of incoming Directors etc.; the twelfth meeting of the fifth session of the Nomination Committee of the Board considered and approved the resolutions in relation to the exemption of the Nomination Committee of the fifth session of the Board from issuing advance notice and all motion files for the twelfth meeting of the fifth session of the Board of Directors, as well as the president temporarily performing the duties of the financial controller.

Corporate Governance Report *(Continued)*

VII. SPECIAL COMMITTEES OF THE BOARD *(CONTINUED)*

Remuneration and Performance Appraisal Committee

Members

The Remuneration and Performance Appraisal Committee of the Company comprises three Directors, namely Mr. Zhou Fangsheng as the Chairman and Mr. Sun Yanjun and Mr. Zhou Yuxian as members. Mr. Zhou Yuxian is an executive Director and Mr. Zhou Fangsheng and Mr. Sun Yanjun are independent non-executive Directors, which is in compliance with the requirements under the Listing Rules. The duties and the working system of the committee are explicitly specified in the Terms of Reference of the Remuneration and Performance Appraisal Committee (which are accessible on the websites of the Company and the Stock Exchange), pursuant to which the chairman of the Committee must be an independent non-executive Director.

Duties and Summary of Work

The Remuneration and Performance Appraisal Committee of the Company is mainly responsible for recommending and reviewing the specific remuneration and the performance of the Directors and the senior management based on the remuneration and performance management policies and framework formulated by the Board. The Remuneration and Performance Appraisal Committee makes recommendations to the Board in respect of the remuneration of the Directors and the senior management members. The remuneration of the Directors shall be submitted to the general meeting of Shareholders for approval after being considered and approved by the Board. The remuneration of the senior management members shall be considered and approved by the Board. The annual remuneration of the senior management members comprises three components including basic salary, performance-based salary and special rewards. The basic salary is mainly determined by position, responsibility, competence and market rates. The performance-based salary is determined on the basis of assessment of economic responsibility. The special rewards are granted to those who have made prominent contributions to the Company or in certain material aspects. As for the convening of and the attendance of meetings of the Remuneration and Performance Appraisal Committee in 2024, please refer to the table of the attendance of the Directors during 2024 on pages 35 and 36.

Set out below is a summary of work of the Remuneration and Performance Appraisal Committee of the Company during 2024:

The fifth meeting of the fifth session of the Remuneration and Performance Appraisal Committee of the Board considered and approved the resolution on the performance appraisal and remuneration of senior management members of the Company for the year 2024. The sixth meeting of the fifth session of the Remuneration and Performance Appraisal Committee of the Board considered and approved the two resolutions including the exemption of the Remuneration and Performance Appraisal Committee of the sixth session of the Board from issuing advance notice and all motion files, as well as the amendments to the Company’s total salary budget for 2024.

The remuneration for the Directors of the fifth session of the Board and the Supervisors of the fifth session of the Supervisory Committee are subject to the standards considered and approved at the 2021 second Extraordinary General Meeting convened on 19 November 2021.

VII. SPECIAL COMMITTEES OF THE BOARD *(CONTINUED)*

The Audit Committee

Members

The Audit Committee of the Company comprises three Directors, of whom Mr. Li Jun is the Chairman and both Mr. Liu Jianwen and Ms. Xia Xue are members. All the three members are independent non-executive Directors. Among them, Mr. Li Jun possesses professional qualifications and experience in accounting and related financial management. Such composition is in compliance with the requirements of the Listing Rules. The Audit Committee is responsible for supervising the Company's external auditors and their work, the Company's financial reporting process, internal control, risk management and internal control, reviewing the Company's internal audit plan and results reports, formulating and reviewing the Company's corporate governance policies and their compliance and disclosure. More details of the duties and the working system of the Audit Committee are explicitly specified in the Terms of Reference of the Audit Committee of the Board of Directors (which are accessible on the websites of the Company and the Stock Exchange). The Audit Committee has reviewed the financial report and results of the Group for the year ended 31 December 2024.

Duties and Summary of Work

The specific duties of the Audit Committee include making recommendations on the appointment of external auditors by the Board and supervising their work; supervising the Company's financial reporting procedures and reviewing the systems of financial control, compliance management, risk management and internal control of the Company; engaging with the management regarding the scope and efficiency of the risk management system, compliance management system, accountability mechanisms for non-compliant investments, and the internal control system; ensuring that the management has fulfilled its obligation to implement a robust internal control framework; conducting research on the key investigation findings and responses to the matters on risk management and internal control; reviewing the internal audit plan and the effectiveness of internal audit; reviewing the financial reporting, risk management and internal control or possible misconduct related to other aspects; reviewing the operation, financial and accounting policies and practice of the Company; formulating and reviewing the corporate governance policy and practice of the Company, reviewing the Company's compliance with the Code and its disclosures in the Corporate Governance Report; reviewing and supervising the compliance of the Company and its Directors and senior management with laws and regulations; reviewing and supervising the professional ethics, trainings and continuous professional development of the Directors and senior management, etc. As for the convening of and the attendance of meetings of the Audit Committee in 2024, please refer to the table of the attendance of the Directors during 2024 on pages 35 and 36. The recommendations of the Audit Committee have been presented to the Board for review and action.

Set out below is a summary of work of the Audit Committee during 2024:

During the Reporting Period, the Audit Committee has operated in accordance with the Code. The Audit Committee issued review opinions on the Company's 2023 annual financial report and 2024 interim financial report, etc., in performing its responsibilities of issuing interim and annual results and reviewing the financial control system, compliance management system, risk management system, internal control system and other responsibilities set out in the Code. The Committee further urged the Company to integrate and optimize its internal control systems in accordance with the key audit work of the Company, to ensure that the risk of operation management and business development is under control. It performed the duties of corporate governance pursuant to the Terms of Reference of the Audit Committee to provide suggestions to the Board on the improvement of the Company's policies and practices as well as the continuous development of the Board and senior management. As of the date of the report, the Audit Committee has reviewed the Group's financial statements and results for the year ended 31 December 2024.

VII. SPECIAL COMMITTEES OF THE BOARD *(CONTINUED)*

The Audit Committee *(Continued)*

Duties and Summary of Work *(Continued)*

In addition, the Board is responsible for the preparation of the financial statements for each financial year which gives a true and fair view of the financial position of the Group. The Board has urged the management to provide important information concerning the Company's operation and integrated the macroeconomic situation and the development of the industry, to make an objective and balanced evaluation and decisions on the interim and annual financial performance, and significant investment and financing plans. It also has supervised and directed the management to implement specific plans, strived to broaden the channels for the Company's development and endeavored to maximize the Shareholder's interests. The reporting responsibilities of external auditors are set out in the Auditor's Report of the annual report.

Environmental, Social and Governance Committee

Members

The Environmental, Social and Governance Committee of the Company has been established, comprising three directors, namely Mr. Zhou Yuxian as the chairman, and Mr. Li Jun and Ms. Xia Xue as members. Among them, Mr. Zhou Yuxian is an executive Director, while Mr. Li Jun and Ms. Xia Xue are independent non-executive Directors. The duties and the working system of the committee are explicitly specified in the Terms of Reference of the Environmental, Social and Governance Committee of the Company (which are accessible on the websites of the Company and the Stock Exchange).

Duties and Summary of Work

The Environmental, Social and Governance Committee of the Company is mainly responsible for researching and formulating the Company's overall ESG management goals, management strategies and management guidelines, and regularly evaluating the adequacy and effectiveness of the Company's ESG structure; monitoring and reviewing the Company's ESG policies and practices; evaluating and determining the Company and all its subsidiaries' ESG (including climate change) to ensure that the Company establishes appropriate and effective ESG (including climate change) risk management and internal control systems; and reviewing major ESG management matters.

As for the convening of and the attendance of meetings of the ESG Committee in 2024, please refer to the table of the attendance of the Directors during 2024 on pages 35 and 36.

Set out below is a summary of work of the Environmental, Social and Governance Committee of the Company during 2024:

The second meeting of the fifth session of the Environmental, Social and Governance Committee of the Board considered and approved the resolution on the review of the Company's ESG work in 2023. The resolution on the Company's ESG report in 2023; The resolution on the Company's sustainable development strategy; and the resolution on the progress of the ESG work tasks were considered and approved by the Environmental, Social and Governance Committee of the Fifth Session of the Board at its third meeting.

VIII. NOMINATION OF DIRECTORS

Pursuant to the Articles of Association of the Company and the Terms of Reference of the Nomination Committee, the election and change of Directors shall be considered by the Shareholders at the general meetings. The Company's requests for new Directors shall first be studied by the Nomination Committee. The Committee may conduct extensive searches for qualified candidates for directorship in the Company, companies controlled or invested by the Company, the human resources market and through other channels. In such process, the Nomination Committee would take the diversity policy of the Company into consideration. It will then review the candidates' specific qualifications after seeking consent from the candidates. The Committee shall make recommendations and submit relevant materials to the Board after the review. The Board will then shortlist the candidates for submission to the general meeting for consideration. Shareholders individually or jointly holding 3% or more of the Company's shares with voting rights may directly nominate candidates for election as Directors by way of a proposed resolution in writing to the general meeting, but the number of persons nominated shall comply with the Articles of Association of the Company and shall not be greater than the number of Directors proposed to be elected. Shareholders individually or jointly holding more than 1% of the Company's shares with voting rights shall have the right to nominate candidates for election as independent Directors at general meetings. Such aforesaid proposed resolution shall be delivered to the Company at least 14 days before the date of the relevant general meeting for consideration at the general meeting. The election of the new Directors shall be approved by the representatives of the Shareholders holding more than half of the total voting shares present at the general meeting.

Ms. Fan Xiaoyan has resigned as a non-executive Director of the Company due to work adjustment. Taishan Investment, the shareholder of the Company, nominated Mr. Chen Shaolong as a candidate for non-executive Director of the Company. The Nomination Committee considered that Mr. Chen Shaolong met the standards and requirements for a directorship of the Company. The nomination was considered and approved at the ninth meeting of the fifth session of the Board held on 28 March 2024. The resolution on the appointment of Mr. Chen Shaolong as an independent non-executive Director was considered and approved at the 2023 Annual General Meeting held on 29 April 2024.

IX. MECHANISM FOR THE GUARANTEE OF THE INDEPENDENCE OF DIRECTORS

The Company has established a mechanism that is able to fully guarantee the independence of independent non-executive directors. The Company's Board, board of supervisors, and Shareholders who individually or jointly hold more than 1% of the Company's issued shares may propose candidates for independent directors, which shall be elected and determined by the Shareholders' meeting. Nominators are required to express their opinions on the qualification and independence of candidates to serve as directors, and at the same time, in accordance with domestic and foreign laws and regulations, regulatory requirements and the "Work System for Independent Directors" formulated by the Company, the Company determines independence through strict examination by domestic and foreign lawyers and the Company's Legal and Compliance Department. After the Nomination Committee of the Board has reviewed and confirmed that the candidate is eligible for election as an independent non-executive Director of the Company, a letter will be dispatched to the candidate for written confirmation of independence. In accordance with the requirements of the Listing Rules, the Company shall disclose information on the candidates for independent directors in announcements and circulars, and the reasons why it considers such person to be independent.

IX. MECHANISM FOR THE GUARANTEE OF THE INDEPENDENCE OF DIRECTORS *(CONTINUED)*

During the terms of office of independent non-executive Directors, the Board Secretariat of the Company regularly delivers information on the economy, industry, Company and investor communications for the independent non-executive Directors, regularly reports on the execution of the Board of Directors' resolutions, and maintains daily communication at all times, while, where circumstances admit, the Company organizes site visits to subsidiaries for the independent non-executive Directors to satisfy the independent non-executive Directors' right to be fully informed in the independent exercise of their duties. In accordance with the requirements of the "Work System for Independent Directors", independent non-executive Directors may engage intermediaries to seek outside professional advice, and the costs of their engagement and other expenses incurred in the exercise of their powers shall be borne by the Company. In addition, each independent non-executive Director is required to notify the Company as soon as practicable of any change in circumstances that may affect his or her independence; the Company shall make annual confirmations with the independent non-executive Directors in order to ensure that they remain independent.

X. AUDITORS' REMUNERATION

At the ninth meeting of the fifth session of the Board convened on 28 March 2024, the Directors proposed to the General Meeting the appointment of Moore CPA Limited (Formerly, Moore Stephens CPA Limited) and Da Hua Certified Public Accountants (Special General Partnership) as the overseas and domestic auditors of the Company for 2024 respectively. The Board was authorized by the Annual General Meeting convened on 29 April 2024 to deal with the appointment of overseas and domestic auditors and to determine their remunerations. RMB3.89 million and RMB1.56 million was payable by the Company to the auditors for their annual audit services and non-audit services in 2024 respectively, totaling RMB5.45 million.

During the Reporting Period, the aforesaid two auditors did not provide any significant non-audit services to the Company.

XI. COMPANY SECRETARY

Ms. Pei Hongyan is a joint company secretary of the Company. As for details of the waiver granted to the Company by the Stock Exchange from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules in relation to Ms. Pei Hongyan's eligibility to act as a joint company secretary of the Company, please refer to the announcement of the Company dated 29 March 2022. The term of office of Ms. Pei Hongyan started from the date of obtaining such waiver (being 29 March 2022) and will be consistent with the term of the fifth session of the Board. Ms. Pei Hongyan has received relevant professional training that meets the requirements of the Listing Rules during her term as the joint company secretary.

Ms. Lee Mei Yi of Tricor Services Limited, an external service provider, is a joint company secretary of the Company. The key contact person between the Company and Ms. Lee Mei Yi is Ms. Pei Hongyan (the joint company secretary of the Company).

XII. SHAREHOLDERS' MEETINGS

The Shareholders, as the owners of the Company, are entitled to the rights prescribed in laws, regulations and the Articles of Association of the Company. The Shareholders exercise their rights through holding general meetings. The general meetings include annual general meeting and extraordinary general meetings. The annual general meeting shall be held once every year and within 6 months of the end of the preceding financial year. The Board will convene the extraordinary general meetings if the shareholder(s) holding in aggregate 10% or more of the Company's issued voting shares request(s) in writing. In the case of an annual general meeting, Shareholders individually or jointly holding 3% or more voting shares of the total number of shares are entitled to put forward any new proposal in writing to the Company, and the Company will include such proposal in the agenda of such meeting to the extent that it falls within the responsibilities of the general meeting. When a Shareholder or Shareholders propose(s) a new proposal to the Company, he/she (or they) can contact the Company according to the contact information stated in "XVI. INVESTOR RELATIONS" of the Corporate Governance Report of this annual report. The Board is accountable to the general meeting which is the highest authority of the Company.

In the notice of the general meetings, the Board will provide the Shareholders with information and explanation required for them to make informed decisions on the matters to be considered as well as the contact information of the person(s) in charge for Shareholders enquiry of relevant issues. During the general meetings, the Shareholders can raise questions or suggestions for the proposals in doubt, and the Directors attending the meeting are responsible for explaining, recording and, if necessary, providing further details. Shareholders may inspect copies of the minutes of the general meetings free of charge during the business hours of the Company. In the event that any Shareholder requests for copies of such minutes, the Company will deliver the copies within 7 days upon receiving payment of reasonable charges.

At the 2024 Annual General Meeting held on 29 April 2024, eight ordinary resolutions and a total of three special resolutions in relation to the granting of a mandate to the Board to issue new shares, making corresponding amendments to the Articles of Association of the Company which it deems appropriate, and the granting of a mandate to the Board to repurchase H shares as well as the issue of debt financing instruments, were considered and approved.

At the 2024 first H Shareholders' class meeting held on 29 April 2024, the resolution in relation to the granting of a mandate to the Board to repurchase H Shares was considered and approved.

At the 2024 first Domestic Shareholders' class meeting held on 29 April 2024, the resolution in relation to the granting of a mandate to the Board to repurchase H Shares was considered and approved.

According to the Articles of Association of the Company, the Directors may attend the general meetings of the Company and are entitled to sign on the minutes containing the resolution(s) relating to the issue(s) discussed in the meeting(s) they attended. The Company held three Shareholders' general meetings in 2024 (including one Annual General Meeting and two class meetings). The Directors of the Company in office for the year of 2024 have attended the above shareholders' meetings. Please refer to the table of the attendance of the Directors during 2024 on pages 35 and 36 for details of the attendance of Shareholders' meetings.

XIII. SUPERVISORS AND THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company reports to the general meeting. According to the Articles of Association of the Company, its members comprise three Shareholder representative Supervisors and three staff representative Supervisors democratically elected at the staff general meeting and two independent Supervisors. The Supervisors have discharged their duties conscientiously in accordance with the provisions of Articles of Association of the Company, attended all the Board meetings, constantly reported to the general meeting via submitting Supervisory Committee Reports and relevant proposals. In line with the spirit of accountability to all Shareholders, the Supervisory Committee has monitored the financial affairs and information disclosures of the Company, and the performance of duties and responsibilities by the Directors, the president and other senior management personnel of the Company to ensure that they have performed their duties properly. The Supervisory Committee has participated actively in major matters of the Company such as production, operation and investment projects and has made constructive recommendations.

On 28 August 2024, Mr. Qu Xiaoli resigned from the position of a shareholder representative supervisor of the Company due to work adjustment. On 6 November 2024, Ms. Zeng Xuan resigned from the position of a staff representative supervisor of the Company due to work adjustment. The above resignations will not result in the members of the Supervisory Committee of the Company falling below the quorum and will not affect the normal operation of the Supervisory Committee, and the Company will complete the re-election of Supervisors as soon as possible in accordance with the relevant regulations.

XIV. COMPLIANCE MANAGEMENT, RISK MANAGEMENT AND INTERNAL CONTROL

In order to comply with relevant domestic laws and regulations as well as the requirements in the Listing Rules strengthen the Company's compliance supervision, risk management and internal control management, the Company has strived to establish a unified management platform for risk, internal control and compliance work, set up a working body for the construction and supervision of the internal control system and compliance management committee, formulated a series of management system suitable for the actual situation of the Company, and set the standards for identifying the related internal control deficiencies and the risk assessing standards.

The Company's compliance supervision management, risk management and internal control work mainly includes the following contents. The first one is the daily monitoring mechanism. As the first defensive line of daily risk management, each department of the Company has risk management and internal control functions and develops procedures at the forefront to identify, confirm, manage and report risks. The Company has established a business process-oriented management system covering the management personnel and each of the departments, and has further improved the efficiency and performance of various operations as a result of its efforts on standardizing the design of relevant procedures and key control areas. Each department of the Company has a part-time compliance manager responsible for identifying and reporting of compliance risks, as well as supervising the compliance of business activities within the department, thereby ensuring that the department effectively play its role as the first defensive line in compliance management. During the Reporting Period, the Company actively commenced all staff's compliance training, comprehensively promoted compliance culture establishment, continued to follow up the updates of laws and regulations, updated and revised the Company's internal control manual, and strengthened and upgraded the construction of the information office system, thus further improving the efficiency of risk and internal control management. The second one is the assessment and supervision mechanism. The legal compliance department of the Company is the second line of defense for compliance management, risk management and internal control and carried out quarterly monitoring of risk and also annual internal control assessment and comprehensive risk management assessment at the beginning of each year. Based on the above assessment results, the Company prepared three annual reports on rule of law construction, internal control and risk respectively, which summarized and sorted out the situation of the previous year, and formulated corresponding measures for the improvement of the compliance management, risk precaution and internal control of the next year. In addition, according to the regulatory requirements of the Parent, the Company organized the subsidiaries to prepare the Material Risk Tracking and Monitoring Table every quarter to realize timely monitoring and prevention of the risks the Group may face. In 2024, the Group continued to optimize its risk monitoring system and explored the establishment of a quantitative online risk assessment model by optimizing the key control indicators and quantifying the risk monitoring indicators in order to promote closer integration of the risk control work with the operation and management work and more accurate monitoring. The Company's disciplinary and audit departments, as the third line of defense for compliance management, risk management and internal control, participate in the supervision of risk management and control to ensure effective management of risk management and internal control.

Each department of the Company participates in and is responsible for the daily monitoring and evaluation supervision mechanism; the working body for the construction and supervision of the internal control system and compliance management committee are the daily organizations to lead, coordinate and supervise the monitoring mechanism. The Audit Committee of the Board regularly listens to the comments from professional auditors and internal auditors, and independently carries out assessment on the operation management, business development and financial positions, and reviews the implementation of strategies to enhance the standard of the internal control, financial control and risk management.

The Board (through the Audit Committee of the Board) is responsible for continuous review of the effectiveness of the Company's risk management, internal control system, and compliance management. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. In accordance with Code Provision D.2.1 of the Code, the Directors have reviewed annually the effectiveness of risk management and the internal control system (including internal audit function) of the Company and its subsidiaries during the Reporting Period, covering matters such as financial control, operational control, compliance control, to ensure that the Company has sufficient resources, employee qualifications and training, and budgets for internal audit and financial report. The Board is not aware of any material matters that might affect the Shareholders. The Board is of the opinion that the Company has fully complied with the Code provisions regarding risk management and internal control in the Code. The internal monitoring system of the Company is adequate and has been operating effectively.

The Board has implemented procedures and internal controls for handling and releasing inside information. During the Reporting Period, the Company's internal departments would review material transactions, including the legal and compliance department and the Secretariat of the Board. After reviewing, if the proposed transactions may involve inside information, the Company would consult with the legal adviser of the Company. Thereafter, the proposed transaction concerned would be reported to Secretary of the Board. If the relevant information constituted inside information, the legal adviser, with the assistance of the Company, would draft an announcement which would be reviewed by members of the Board. After that, relevant information would be published on the Company's website and the website of the Stock Exchange in accordance with the Listing Rules.

XV. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, there are no amendments to the Articles of Association.

XVI. INVESTOR RELATIONS

The Company gives high regard to the investors' rights and interests. Therefore, the Company has established the Secretariat of the Board to be responsible for the management of investor relations. By establishing and constantly improving the management system of investor relations, the Company has clarified the duties of investor relations management; formulated investors relationship management measures to enhance mutual understanding and recognition between investors and the Company on the basis of standardized and sufficient information disclosure, so as to improve corporate governance and the overall enterprise value, realize the company's fair enterprise value and protect the legitimate rights and interests of investors; and established the multi-channel communication mechanism with investors at multiple levels and in multiple forms. During the Reporting Period, the Company communicated with investors by convening general meetings, results briefings, arranging roadshows, participating in investor summits, receiving investors' visits and arranging telephone conferences, telephone hotline, e-mail etc. Information disclosures were made as appropriate and a fair and transparent communication platform for the general investors was provided to improve the transparency of the Company. The Company has strived for management enhancement, finalized the implementation of the "Work Plan for Enhancing the Quality of Listed Companies Controlled by State-owned Enterprises", strengthened the management of investor relations, and promoted the management of market value, and the standard of standardized management and corporate governance has been further enhanced.

After review, the Board is of the view that the shareholders' communication policy currently adopted has provided channels for Shareholders and potential investors to effectively communicate and fully express their opinions. Moreover, the Company has adhered to the principles of, and measures required by, the abovementioned policy during the year. The Board considers that the said policy and its implementation effective.

MAJOR AWARD LIST IN 2024

No.	Date of Award	Award Title	Award Institution
1	July 2024	Awarded Wind ESG AA rating	Wind ESG
2	July 2024	Listed among China Listed Companies ESG Pioneer100 (2024)	China Media Group's Economic and Financial Program Center
3	July 2024	Best ESG/SRI Metrics Best Board of Directors Best CEO Best CFO Best IR Team Best IR Program Best IR Professionals	Institutional Investor, the international authoritative financial magazine
4	July 2024	Listed in the S&P Global Sustainability Yearbook (China Edition) and honoured as the "Industry Mover"	S&P Global
5	October 2024	Listed among 2024 Wind's Top 100 ESG Best Practices for China's Listed Companies	Wind ESG
6	December 2024	Listed among 2024 Outstanding ESG Cases of Chinese Enterprises	China Enterprise Reform and Development Society and Banyuetan

XVI. INVESTOR RELATIONS *(CONTINUED)*

Shareholder(s) may put forward any inquiries in writing to the Board of the Company. Shareholder(s) should send the duly signed written requisition, notice, statement or inquiries letter (as the case may be) to the registered address of the Company or the representative office in Hong Kong, and provide their full names, contact details and identification. Shareholders' information may be disclosed as required by laws and regulations. The Company generally does not deal with verbal or anonymous inquiries.

Shareholders may send the documents as mentioned above to the following addresses:

Address:	**Principal Place of Business:**
	21st Floor, Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC
	Representative Office in Hong Kong:
	19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Fax:	010-6813 8388
Email:	ir@cnbm.com.cn

Directors' Report

The Board of the Company hereby presents its report together with the audited financial statements of the Group for the year ended 31 December 2024 to its Shareholders.

PRINCIPAL BUSINESS

Particulars of the principal businesses of the Company's subsidiaries are set out in Note 7, Note 20 and Note 21 to the Group's consolidated financial statements respectively.

RESULTS

The results of the Group during the year are set out in the "Consolidated Income Statements" in this annual report

DIVIDENDS

The Board hereby recommends the distribution of a final dividend of RMB1,199,697,374.56 in total (tax inclusive) for the period from 1 January 2024 to 31 December 2024 (2023: RMB1,931,562,481.60 in total (tax inclusive)) for Shareholders whose names appear on the Company's register of members on Monday, 12 May 2025, representing RMB0.158 per share (tax inclusive) (2023: RMB0.229 per share (tax inclusive)) based on the issued shares of 7,593,021,358 shares as of Thursday, 27 March 2025. The final amount of the dividend per share will be determined based on the number of shares of the Company in issue as at Monday, 12 May 2025.

The Company established and implemented the dividend policy in 2019: the Company should maintain sufficient cash reserves to meet the demand for funds, future growth and its equity value when recommending or declaring dividends. In addition to the declaration of dividends, the Board should also take into account the financial performance, cash flow position, business status and strategy, future operation and income, capital demand and expense plan, Shareholders' benefits, limits on the dividend declaration and any other factors the Board may consider to be relevant. According to the Articles of Association of the Company, dividends will be denominated and declared in Renminbi. Dividends on Domestic Shares will be paid in Renminbi and dividends on H Shares will be paid in Hong Kong dollars (except for the holders of H Shares who became Shareholders through the Shanghai-Hong Kong Stock Exchanges Connectivity Mechanism (the "Shanghai-Hong Kong Stock Connect") as well as the Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (the "Shenzhen-Hong Kong Stock Connect"), whose dividend will be paid in RMB). The pre- tax dividend in Hong Kong dollars on H Share will be determined by applying the relevant exchange rate to the pre-tax dividend per share of RMB0.158 and rounding the result to the nearest HK$0.0001. The relevant exchange rate will be the average middle exchange rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of declaration of dividends by the annual general meeting.

The proposed final dividend is subject to approval at the annual general meeting to be held on Friday, 25 April 2025.

DIVIDENDS *(CONTINUED)*

In accordance with tax law and relevant requirements under taxation regulatory institutions of the PRC, the Company is required to withhold 10% enterprise income tax when it distributes the final dividend for the period from 1 January 2024 to 31 December 2024 (the "2024 Final Dividend") to holders of all non-resident enterprise Shareholders (including HKSCC Nominees Limited, other nominees, trustees or other entities and organizations, who will be deemed as non- resident enterprise Shareholders) whose names appear on the H Share register of members of the Company on Monday, 12 May 2025.

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

As such, when distributing the 2024 Final Dividend to the domestic corporate investors as the holders of H Shares whose names appear on the register of Shareholders of the Company on Monday, 12 May 2025 provided by China Securities Depository and Clearing Corporation Limited ("China Clearing"), the Company shall not withhold tax on dividend for the domestic corporate investors. The tax payable shall be reported and paid by the enterprises themselves.

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

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

Directors' Report *(Continued)*

DIVIDENDS *(CONTINUED)*

As such, when distributing the 2024 Final Dividend to the domestic Individual H Shareholders (including domestic securities investment funds) whose names appear on the register of Shareholders of the Company on Monday, 12 May 2025 provided by China Clearing, the Company shall withhold and pay individual income tax in accordance with the requirements mentioned above on behalf of the investors.

Pursuant to the Notice on Matters concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the State Administration of Taxation and the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by the Stock Exchange, the overseas resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties between the countries where they reside and China and the tax arrangements between China mainland and Hong Kong (Macau). The Company will identify the country of domicile of Individual H Shareholders according to their registered address on the H Share register of members of the Company on Monday, 12 May 2025 (the "Registered Address"). The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the Individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Individual H Shareholders or any disputes over the withholding mechanism or arrangements. Details of arrangements are as follows:

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

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the relevant shareholder shall proactively submit to the Company the information required under the "Administrative Measures on Preferential Treatment Entitled by Non- resident Taxpayers under Treaties" (Circular of State Taxation Administration No. 35 of 2019) (《非居民納稅人享 受協定待遇管理辦法》國家稅務總局公告2019年第35 號) (the "Measures on Tax Treaties") on or before Tuesday, 13 May 2025, requesting for enjoying the preferential treatment under the treaties and keeping the relevant information for record and further review. If the information submitted is complete, the Company will withhold and pay individual income tax pursuant to the relevant provisions in tax laws of the PRC and the tax treaties. If the relevant Individual H Shareholder does not provide the information or the information submitted is incomplete, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders.

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

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

DIVIDENDS *(CONTINUED)*

If the domicile of an Individual H Shareholder is not the same as the registered address or if the Individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the Individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before Tuesday, 13 May 2025. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and paying provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Measures on Tax Treaties if they do not provide the relevant supporting documents to the Company within the time period stated above.

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

CLOSURE OF REGISTER OF MEMBERS

In order to determine the Shareholders who are eligible to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 22 April 2025 to Friday, 25 April 2025 (both days inclusive), during such period no transfer of shares in the Company will be registered. To be eligible to attend and vote at the forthcoming annual general meeting, holders of H Shares whose transfers have not been registered shall lodge all the share transfer documents and relevant share certificates with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p. m. on Thursday, 17 April 2025 for share registration.

Shareholders whose names appear on the register of members on Monday, 12 May 2025 will be eligible for the final dividend. The register of members of the Company will be closed from Tuesday, 6 May 2025 to Monday, 12 May 2025 (both days inclusive), during such period no share transfer will be registered. In order to qualify for the final dividend mentioned above, holders of H Shares whose transfers have not been registered shall deposit the instrument(s) of transfer and the relevant share certificate(s) at the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p. m. on Friday, 2 May 2025 to facilitate the share transfer registration. The final dividend is expected to be paid on or before Monday, 30 June 2025 to the Shareholders whose names appear on the register of members of the Company on Monday, 12 May 2025.

Directors' Report *(Continued)*

BUSINESS REVIEW

Under the Disclosure of Financial Information set out in Appendix D2 to the Listing Rules, the Company is required to include a business review in the Directors' report. According to the Schedule 5 to the Hong Kong Companies Ordinance, a business review shall cover certain aspects, the details of which are as follows and where any cross-reference is made to another section of this annual report, all such relevant cross-referenced parts form part of the Directors' report.

1. A fair review of the Group's business

   Pages 16 to 33 of this annual report.

2. A description of the principal risks and uncertainties facing the Group

   Pages 12 to 13 and 16 to 33 of this annual report.

3. Particulars of important events affecting the Group that have occurred since the end of the Reporting Period.

   Page 266 of this annual report.

4. An indication of likely development in the Group's business

   Page 33 of this annual report.

5. An analysis using financial key performance indicators

   Pages 27 to 32 of this annual report.

6. The Company's environmental policies and performance

   The Company adheres to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, especially the guidance of Xi Jinping's thought on ecological civilization, carries out the spirit of the 20th National Congress of the Communist Party of China in depth, conscientiously implements the requirements of the 3rd plenary session of the 20th Central Committee of the Chinese Communist Party on deepening the reform of the ecological civilization system. The Company has firmly established and practiced the concept of "lucid waters and lush mountains are invaluable assets", implemented the "dual carbon" strategy, fully participated in the construction of a beautiful China, promoted green and low-carbon development, collaboratively promoted pollution reduction, carbon reduction, green expansion, recycling and growth, so as to support the high-quality development with a high-quality ecological environment. The Company designs, implements, operates and develops manufacturing, project construction, technical service and logistics and trade simultaneously with environmental protection, therefore improving the environmental quality of the enterprise in the whole process; the operation and management explore synergies between energy conservation and emission reduction, recycling and saving and cost reduction and efficiency improvement to build a resource-effective and environment-friendly enterprise.

BUSINESS REVIEW *(CONTINUED)*

6. The Company's environmental policies and performance *(Continued)*

In 2024, the Company strictly complied with the national laws and regulations on ecological environmental protection, strictly implemented the "Ecological Environmental Protection Responsibility System of China National Building Material Company Limited", the "Ecological Environmental Protection Management Implementation Rules of China National Building Material Company Limited", the "Supervision and Management Measures for Energy Conservation and Ecological Environmental Protection of China National Building Material Company Limited" and other relevant regulations, and revised the "Management Measures for Energy Conservation, Carbon Reduction and Ecological Environmental Protection Assessment of China National Building Material Company Limited" (《中國建材股份有限公司節能降碳與生態環境保護考核管理辦法》). The Company organized and carried out the environmental risk investigation and management of volatile organic compounds, carried out special environmental protection management of hazardous waste, issued the "Warning and Education Cases of Illegal Disposal of Hazardous Waste" (《危險廢物違法處置警示教育案例》) and the "Compilation of Cases of Environmental Protection Administrative Penalties" (《環保行政處罰案例彙編》), and organized and carried out the training on safety and environmental protection of hazardous chemicals. The Company vigorously promoted the ultra-low emission change of cement enterprises and built green factories and green mines. The Company organized enterprises to seriously cooperate with the central government on environmental protection and urged relevant enterprises to rectify the feedback problems of the central government on environmental protection. The Company established a mechanism for supervising typical environmental protection problems and further improved the ecological and environmental protection management system.

In 2024, the Company adhered to the carbon management idea throughout the process of carbon reduction at the source, carbon reduction in the process and carbon sequestration at the end, actively implemented "CNBM Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality", actively adjusted the industrial structure, product structure and energy structure, and gradually established a carbon management system and strengthened the construction of talent team. The Company has formulated the "Measures for the Management of Carbon Emission Data of China National Building Material Company Limited" (《中國建材股份有限公司碳排放數據管理辦法》), and guided enterprises to formulate carbon management and carbon trading related systems. The Company organized enterprises to fill in carbon emission data and organized carbon emission data verification for cement enterprises and gypsum board enterprises. The Company organized cement enterprises to study the "Interim Regulations on the Administration of Carbon Emission Trading" and the "Guide for Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in the Cement Industry" (《企業温室氣體排放核算與報告指南水泥行業》), so as to make full preparations for inclusion in the national carbon emission trading market, and piloted online monitoring of carbon dioxide emissions in six cement enterprises. The Company actively promoted carbon management system certification. China Jushi was awarded the first Carbon Management System Certificate in the fiberglass industry. Aksu Tianshan was awarded the first Carbon Management System Certificate in the cement industry. Gulang Qilianshan successfully passed the carbon management system certification.

Directors' Report *(Continued)*

BUSINESS REVIEW *(CONTINUED)*

7. Compliance with relevant laws and regulations with a significant impact on the Company

   In 2024, the Company complied with the Company Law of the People's Republic of China, Environmental Protection Law and Work Safety Law, and any other applicable laws and regulations, thereby assuring the protection of the rights and interests of all parties, such that the steady development of the Company can be achieved by operating in compliance with laws and regulations.

   The Company has actively promoted legal education at the Group, issued documents in respect of the latest laws and regulations to the Company and its subsidiaries on a monthly basis, organized the staff of the Group to participate in relevant trainings in respect of domestic and offshore compliance operation, and made arrangement for the staff to attend legal trainings organized by the State-owned Assets Supervision and Administration Commission of the State of Council, thereby raising the legal awareness of all the employees in a holistic manner and in turn ensuring the strict compliance of the Group with regulations on fields such as corporate governance, internal control, safe production and environmental protection.

8. Key relationships with employees, customers, suppliers and others

   The Company is not aware of any key relationships between itself and its employees, customers, suppliers and others that have a significant impact on the Company and on which the Company's success depends.

PROPERTY, PLANT AND EQUIPMENT

The Group owns property, plant and equipment of approximately RMB204,239.37 million. Details of the movements in property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2024, net carrying amount of fixed assets amounting to RMB2,755.57 million, monetary capital amounting to RMB3,809.31 million and net carrying amount of intangible assets and other assets amounting to RMB5,998.37 million have been pledged, being the condition as the grant of financing by banks. As at 31 December 2024, the pledged assets of the Company amounted to RMB12,735.21 million in total.

SUBSIDIARIES AND ASSOCIATES

Details of each of the principal subsidiaries and associates of the Company are set out in Notes 20 and 21 to the consolidated financial statements. Except the acquisitions and disposals of subsidiaries as disclosed in the section headed "Material Transactions" in this annual report, the Company had no material acquisitions and disposals of the relevant subsidiaries, associates and joint ventures during the Reporting Period.

CAPITALIZED INTERESTS

Details of capitalized interests of the Company during the year are set out in Note 9 to the consolidated financial statements.

SHARE CAPITAL STRUCTURE (AS OF 31 DECEMBER 2024)

With Parent, BNBMG, CNBM Trading, Cinda and Building Materials Academy as promoters, the Company was converted into a joint stock limited company on 28 March 2005. The Company's H Shares under the initial public offering were listed on the Stock Exchange on 23 March 2006 (Stock Code:03323) and approximately 150 million H Shares, 300 million H Shares and 240 million H Shares were placed on 9 August 2007, 5 February 2009 and 14 September 2010, respectively. The Company issued bonus shares on 13 June 2011 on the basis of ten bonus shares for every ten shares held by the Shareholders. On 2 May 2018, the Company and Sinoma completed a merger by absorption through share exchange. As of 31 December 2024, the Company has a total issued share capital of 8,434,770,662 Shares.

	Number of Shares	Percentage of issued share capital *(%)*
Domestic Shares	3,876,624,162	45.96
H Shares	4,558,146,500	54.04
Total share capital	8,434,770,662	100

SUBSTANTIAL SHAREHOLDERS (AS OF 31 DECEMBER 2024)

Name	Class of Shares	Number of Shares held	Percentage of total share capital *(%)*
Parent	Domestic Shares	628,592,008	7.45
	H Shares	8,536,000	0.10
BNBMG	Domestic Shares	1,485,566,956	17.61
Sinoma Parent	Domestic Shares	1,270,254,437	15.06
CNBM United Investment	Domestic Shares	227,719,530	2.70
	H Shares	168,628,000	2.00
Building Materials Academy	Domestic Shares	1,173,050	0.01
Taishan Investment	Domestic Shares	263,318,181	3.12
Sinoma Investment	H Shares	6,800,000	0.08
Public Investors	H Shares	4,374,182,500	51.86
Total share capital		8,434,770,662	100

Note: Any discrepancies in the table between totals and sums of shareholding percentages are due to rounding.

DISCLOSURE OF INTEREST

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

So far as was known to the Directors or the Supervisors of the Company, as at 31 December 2024, the Shareholders (other than the Directors or the Supervisors of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified the Company were as follows:

Name of Substantial Shareholders	Class of Shares	Long/short position/ Lending Pool	Capacity	Number of Shares held	Notes	Percentage of the relevant class of share capital *(%)*[1]	Percentage of total share capital *(%)*[1]
Parent	Domestic Shares	Long	Beneficial owner	628,592,008			
	Domestic Shares	Long	Interest of controlled corporations	2,984,713,973			
				3,613,305,981	2	93.21	42.84
	H Shares	Long	Beneficial owner	8,536,000			
	H Shares	Long	Interest of controlled corporations	175,428,000			
				183,964,000		4.04	2.18
BNBMG	Domestic Shares	Long	Beneficial owner	1,485,566,956	2	38.32	17.61
Sinoma Parent	Domestic Shares	Long	Beneficial owner	1,270,254,437	2	32.77	15.06
Taishan Finance	Domestic Shares	Long	Interest of controlled corporations	263,318,181	3	6.79	3.12
Taishan Investment	Domestic Shares	Long	Interest of controlled corporations	263,318,181	3	6.79	3.12
Finance Industry	Domestic Shares	Long	Beneficial owner	263,318,181	3	6.79	3.12
CNBM United Investment	Domestic Shares	Long	Beneficial owner	227,719,530	2	5.87	2.70
	H Shares	Long	Beneficial owner	168,628,000		3.70	2.00
Citigroup Inc.	H Shares	Long	Interest of controlled corporations	86,152,388			
	H Shares	Long	Approved lending agent	142,984,785			
				229,137,173	4	5.02	2.71
	H Shares	Short	Interest of controlled corporations	85,801,669	4	1.88	1.01
	H Shares	Lending Pool	–	142,984,785	4	3.13	1.69

DISCLOSURE OF INTEREST *(CONTINUED)*

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

Notes:

1. As at 31 December 2024, the Company's total issued share capital comprises 8,434,770,662 Shares, including 3,876,624,162 Domestic Shares and 4,558,146,500 H Shares. On 12 March 2025, the Company cancelled 841,749,304 H Shares repurchased, whereupon the total number of H Shares in issue reduced to 3,716,397,196. The percentage figures of the H Shareholders in the above table were changed accordingly.

2. Of these 3,613,305,981 Shares, 628,592,008 Shares are directly held by the Parent, the remaining 2,984,713,973 Shares are deemed corporate interest indirectly held through BNBMG, Sinoma Parent, CNBM United Investment and Building Materials Academy. Sinoma Parent, CNBM United Investment and Building Materials Academy are wholly-owned subsidiaries of the Parent. BNBMG is a subsidiary of the Parent which directly and indirectly holds 100% of its equity interests, of which 70.04% is directly held and 29.96% is indirectly held through CNBM Trading. Under the SFO, the Parent is deemed to own the Shares directly held by BNBMG (1,485,566,956 Shares), Sinoma Parent (1,270,254,437 Shares), CNBM United Investment (227,719,530 Shares) and Building Materials Academy (1,173,050 Shares).

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

4. Citigroup Inc. was deemed to hold interests in a total of 229,137,173 H Shares (long position) and 85,801,669 H Shares (short position) in the Company by virtue of its control over the following corporations, which held direct interests in the Company:

   4.1 Citibank, N. A. held 142,984,785 H Shares (long position) in the Company. Citibank, N. A. was an indirect wholly-owned subsidiary of Citigroup Inc.

   4.2 Citigroup Global Markets Hong Kong Limited held 8,776,989 H Shares (long position) and 1,887,128 H Shares (short position) in the Company. Citigroup Global Markets Hong Kong Limited was an indirect wholly-owned subsidiary of Citigroup Inc.

   4.3 Citigroup Global Markets Inc. held 44,709,074 H Shares (short position) in the Company. Citigroup Global Markets Inc. was an indirect wholly-owned subsidiary of Citigroup Inc.

   4.4 Citigroup Global Markets Limited held 77,375,399 H Shares (long position) and 32,383,378 H Shares (short position) in the Company. Citigroup Global Markets Limited was a direct wholly-owned subsidiary of Citigroup Global Markets Holdings Bahamas Limited. Citigroup Global Markets Holdings Bahamas Limited was indirectly held as to 90% by Citigroup Financial Products Inc., which in turn was indirectly wholly-owned by Citigroup Inc.

   4.5 Citigroup Global Markets Holdings Inc. held 6,822,089 H Shares (short position) in the Company. Citigroup Global Markets Holdings Inc. was a direct wholly-owned subsidiary of Citigroup Inc.

5. The entire interest and short position of Citigroup Inc. in the Company included a lending pool of 142,984,785 H Shares. Besides, 16,426,388 H Shares (long position) and 8,632,616 H Shares (short position) of Citigroup Inc. in the Company were held through derivatives as follows:

2,005,444 H Shares (long position) and 8,300,616 H Shares (short position)	– through physically settled unlisted derivatives
14,420,944 H Shares (long position) and 332,000 H Shares (short position)	– through cash settled unlisted derivatives

Save as disclosed above, as at 31 December 2024, the Company has not been notified by any persons who have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DISCLOSURE OF INTEREST *(CONTINUED)*

2. Interests and Short Positions of Directors and Supervisors

As at 31 December 2024, as far as the Company is aware, none of the Directors nor Supervisors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the Directors or Supervisors to the Company and the Stock Exchange pursuant to the Model Code nor have they been granted the right to acquire any interests in Shares or debentures of the Company or any of its associated corporations.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for less than 30% of the Group's total sales amount.

During the year, the five largest suppliers of the Group accounted for less than 30% of the Group's total purchase amount; and purchases from the Group's single largest supplier amounted to 1.20% of the Group's total purchases for the year.

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

During the year ended 31 December 2024, the Company and its subsidiaries had no repurchase, sale or redemption of listed securities of the Company.

Unless the context requires otherwise, capitalised terms used under this section shall have the same meanings as those defined in the Company's offer document dated 27 January 2025.

Unless the context requires otherwise, capitalised terms used in this section shall have the same meanings as defined in the Company's offer document dated 27 January 2025. On 6 December 2024, the Company announced the H Share Buy-back Offer, under which Morgan Stanley has expressed its intention to, subject to the satisfaction or waiver of the pre-conditions, make a conditional cash offer on behalf of the Company, to buy-back up to 841,749,304 H Shares, representing approximately 9.98% of the issued Shares and approximately 18.47% of the issued H Shares at the date of such announcement, at the offer price of HK$4.03 per H Share. On 27 January 2025, the Company despatched the offer document relating to, amongst others, the H Share Buy-back Offer, in which it was disclosed under the section headed "REASONS FOR THE OFFER" that, amongst other things, "the Offer demonstrates the Company's confidence in long-term prospects and intrinsic value, thereby sending positive signals to the market as well as the Company's stakeholders including employees and customers. The Offer will also improve the trading dynamics and refresh the Company's shareholders' structure." and "the Offer will also enhance the earnings per Share as well as net asset value per Share upon completion of the Offer." On 19 February 2025, the EGM, H Shareholders' Class Meeting and Domestic Shareholders' Class Meeting considered and approved the relevant resolutions in relation to the H Share Buy-back Offer, and the H Share Buy-back Offer became unconditional in all respects. On 12 March 2025, upon payment of the aggregate consideration of HK$3,392,249,695 by the Company, 841,749,304 H Shares were bought back by the Company and cancelled, and the H Share Buy-back Offer was completed. Therefore, the total number of issued Shares in the Company reduced from 8,434,770,662 to 7,593,021,358, the total number of issued H Shares was reduced from 4,558,146,500 to 3,716,397,196 H Shares, and the aggregate interests of the CNBM Parent Concert Group in the issued Shares were increased from approximately 45.02% to approximately 50.01%. Please refer to the Company's announcement dated 6 December 2024, 27 December 2024, 24 January 2025, 27 January 2025, 19 February 2025, 5 March 2025 and 12 March 2025 and offer document dated 27 January 2025 for further details of the H Share Buy-back Offer.

TAX REDUCTION FOR HOLDERS OF LISTED SECURITIES

During the year ended 31 December 2024, holders of the Company's securities were not entitled to any tax reduction for holding such securities pursuant to their legal status in the PRC.

MINIMUM PUBLIC FLOAT

Based on the information that is publicly available to the Company and so far as the Directors are aware, as at the latest practicable date prior to the issue of this annual report, more than 25% of the Company's total number of issued shares were held by the public, which satisfied the requirement of the Listing Rules.

RESERVES

Movements in the reserves of the Group during the year are set out in the "Consolidated Statement of Changes in Equity" in the Independent Auditor's Report published in this annual report.

DISTRIBUTABLE RESERVE

The distributable reserves of the Company on 31 December 2024 were RMB22,888.5 million.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group had approximately 139,519 employees.

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

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

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

As of 31 December 2024, the gender ratio for the Group's employees was approximately 77% male and approximately 23% female. The Company has implemented a fair employment policy, and the recruitment has been merit-based without any discrimination. We will continue to strive for increasing the proportion of female workers, with reference to the Shareholders' expectations and the recommended best management practice, to achieve an appropriate balance in gender diversity.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report of the Company for the year on pages 80 to 81.

DIRECTORS AND SUPERVISORS (AS AT THE DATE OF THIS REPORT)

Executive Directors[1]

Zhou Yuxian	(appointed on 19 November 2021)
Wei Rushan	(appointed on 19 December 2022)
Wang Bing	(appointed on 19 November 2021)
Miao Xiaoling	(appointed on 19 February 2025)

Non-executive Directors[1]

Wang Yumeng	(appointed on 19 November 2021)
Shen Yungang	(appointed on 13 June 2018)
Chen Shaolong	(appointed on 29 April 2024)

Independent Non-executive Directors

Sun Yanjun	(appointed on 17 October 2014)
Liu Jianwen	(appointed on 27 May 2016)
Zhou Fangsheng	(appointed on 27 May 2016)
Li Jun	(appointed on 22 May 2020)
Xia Xue	(appointed on 27 May 2016)

Supervisors[2]

Zhang Jianfeng	(appointed on 30 May 2022)
Wei Jianguo	(appointed on 30 May 2022)
Li Xuan	(appointed on 27 May 2016)
Yu Yuehua	(appointed on 30 July 2020)
Du Guangyuan	(appointed on 19 November 2021)

Notes:

1. Ms. Fan Xiaoyan resigned as a non-executive Director of the Company due to work adjustment with effect on 29 April 2024. Mr. Chen Shaolong was appointed as a non-executive Director to replace Ms. Fan Xiaoyan upon consideration and approval at the 2023 Annual General Meeting convened on 29 April 2024. In addition, on 28 August 2024, Mr. Chang Zhangli resigned as a non-executive director of the Company due to work; on 25 October 2024, Mr. Li Xinhua resigned as a non-executive Director of the Company due to retirement. On 16 January 2025, Mr. Liu Yan and Mr. Xiao Jiaxiang resigned as an executive Director and a non-executive Director, respectively, due to work adjustments and retirement. The resignation took effect from that day. On 19 February 2025, Ms. Miao Xiaoling was appointed as an executive Director upon consideration and approval at the extraordinary general meeting convened on 19 February 2025.

2. On 28 August 2024, Mr. Qu Xiaoli resigned as a shareholder representative supervisor of the Company due to work adjustment; on 6 November 2024, Ms. Zeng Xuan resigned as a staff representative supervisor of the Company due to work adjustment.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As of the date of this report, each of the Directors and Supervisors has entered into a service contract with the Company for a term of a maximum of three years. There is no unexpired service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) in respect of any Director or Supervisor proposed to be re-elected, if any, at the forthcoming annual general meeting.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS, TRANSACTIONS OR ARRANGEMENTS

As of the date of this report, during the year and at any time during the period from the end of the year to the date of the report, saved as disclosed in the "CONNECTED TRANSACTIONS" of the Directors' Report and Note 48 to the financial statements, there were no contracts, transactions or arrangements of significance to which the Company or its holding company or the Company's subsidiaries or fellow subsidiaries was a party and which remained valid at year-end and was/were entered into at any time during the year, and in which any of Directors or Supervisors had a material interest, whether directly or indirectly.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' and Supervisors' remuneration and the individuals who are the five highest paid individuals of the Company during the year are set out in Note 10 to the consolidated financial statements. The remuneration paid to senior management (excluding those concurrently serving as Directors) of the Company during the year is disclosed by band as follows:

Remuneration Band	No. of individuals
RMB1,500,000 – RMB2,000,000	4
RMB2,000,000 – RMB2,500,000	–

BOARD OF DIRECTORS AND SPECIAL COMMITTEES

As at the date of this report, the Board comprised 12 Directors, whose biographies are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report.

The Board established five special committees, namely, the Strategic Steering Committee, the Nomination Committee, the Audit Committee, the Remuneration and Performance Appraisal Committee and the Environmental, Social and Governance Committee, details of which are set out in the section headed "Corporate Governance Report" herein.

Directors' Report *(Continued)*

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Fan Xiaoyan resigned as a non-executive Director of the Company due to work adjustment with effect from 29 April 2024. Mr. Chen Shaolong was appointed as a non-executive Director to replace Ms. Fan Xiaoyan upon consideration and approval at the 2023 Annual General Meeting. The above replacement took effect from the date of the resolution passed at the 2023 Annual General Meeting on 29 April 2024. Mr. Chen Shaolong has obtained legal advice referred to under Rule 3.09D of the Listing Rules on 29 April 2024 and confirmed he understood his obligations as a Director of the Company.

On 1 August 2024, Mr. Zhou Fangsheng tendered his resignation in written as an independent non-executive Director due the reason of age and his resignation will take effect upon the approval of the shareholders at a shareholders' meeting of the appointment of a new independent non-executive Director replacing Mr. Zhou Fangsheng. On 28 August 2024, Mr. Chang Zhangli resigned as a non-executive director of the Company due to work. On 25 October 2024, Mr. Li Xinhua resigned as a non-executive Director of the Company due to retirement. On 16 January 2025, Mr. Liu Yan and Mr. Xiao Jiaxiang resigned as an executive Director and a non-executive Director, respectively, due to work adjustments and retirement; Ms. Miao Xiaoling was appointed as an executive director of the Company upon consideration and approval at the Extraordinary General Meeting held on 19 February 2025. Ms. Miao Xiaoling has obtained legal advice referred to under Rule 3.09D of the Listing Rules on 19 February 2025 and confirmed she understood her obligations as a Director of the Company.

On 28 August 2024, Mr. Qu Xiaoli resigned as a shareholder representative supervisor of the Company due to work adjustment; on 6 November 2024, Ms. Zeng Xuan resigned as a staff representative supervisor of the Company due to work adjustment.

Mr. Zhang Jindong resigned as a vice president of the Company from 2 February 2024 due to retirement. Mr. Chen Xuean resigned as a vice president and chief financial offer of the Company from 3 December 2024. Mr. Wei Rushan, the president and executive Director of the Company, will temporarily assume the duties of chief financial officer commencing from 6 December 2024.

For details of the above changes, please refer to the Company's announcements dated 2 February 2024, 29 April 2024, 1 August 1 2024; 28 August 2024, 25 October 2024, 6 November 2024, 3 December 2024, 6 December 2024, 16 January 2025, 19 February 2025, and the circulars dated 5 April 2024 and 27 January 2025.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OFFICER

Changes in information of the Directors, Supervisors and chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr Wang Bing, an executive Director of the Company, ceased to be a director of Sinoma International with effect from October 2024 and ceased to be a director of Tianshan Materials with effect from December 2024.

Ms. Yu Yuehua, a staff representative Supervisor, the chief auditor and the general manager of the audit department of the Company, has served as a supervisor of CNBM Investment from March 2024 to December 2024 and has been a director of Tianshan Materials from February 2025. Ms. Du Guangyuan, a staff representative Supervisor and the general manager of the legal compliance department of the Company, ceased to be a director of China Composites since April 2024 and has been a supervisor of Tianshan Materials from February 2025.

MANAGEMENT CONTRACTS

Except for the service contracts with the Directors or persons engaged in full-time employment of the Company and/or the Group, no contracts were entered into between the Company and any individuals, companies or legal corporations, for the management or administration of all or any substantial part of the Company's business.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance in respect of liabilities associated with potential legal proceedings which may be brought against the Directors (including, in respect of persons who were Director of the Company during the Reporting Period and during their term of office as Director of the Company), Supervisors and the senior management arising from their positions.

CONNECTED TRANSACTIONS

The particulars of the related party transactions of the Company disclosed in accordance with the Company's accounting standards are contained in Note 46 to the Financial Statements, among which, the following related party transactions also constitute "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules: (i) Note 46(a) includes transactions between the Group and the Parent Group (details of which are set out below in the section headed "Continuing Connected Transactions"); and (ii) Note 46(c) includes directors' and supervisors' emoluments, which are fully exempt from compliance with the connected transactions requirements under Rule 14A.76(1) or Rule 14A.95 of 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 conducted by the Group with the Parent Group as set out in this section below constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules for the year ended 31 December 2024.

The continuing connected transactions set out in this section below are subject to announcement, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

Transactions with the Parent Group

As of the date of this report, the Parent has a direct equity interest of 7.45% and total direct and indirect equity interest of 45.02% in the Company. It is a substantial shareholder of the Company and therefore each of members of the Parent Group constitutes a connected person of the Company under the Listing Rules.

The transactions contemplated under each of (1) Master Agreement on Purchase of Mineral; (2) Master Agreement on Mutual Provision of Products and Services; (3) Master Agreement on Purchase of Equipment; (4) Master Agreement on Mutual Provision of Engineering Services; and (5) Master Agreement on Housing Leasing, a summary of each of which is set out below, were exempt from the independent shareholders' approval requirements and were only subject to the reporting and announcement requirements under the Listing Rules. The transactions contemplated under the Financial Services Framework Agreement (a summary of which is set out below) were (i) with respect to the provision of deposit services, subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules; (ii) with respect to the loan services, fully exempt from reporting, announcement and independent shareholders' approval requirements under the Listing Rules; and (iii) with respect to the other financial services (except the deposit services), subject to the reporting and announcement requirements but are exempted from independent shareholders' approval requirements under the Listing Rules.

Directors' Report *(Continued)*

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

1. Master Agreement on Purchase of Mineral

   On 28 October 2022, the Company entered into a master agreement on purchase of mineral with the Parent, for a term of three years commencing from 1 January 2023 (the "Master Agreement on Purchase of Mineral"). Pursuant to the agreement, the Parent agreed to supply, or procure its subsidiaries to supply ores (limestone ore and clay ore required for the production of cement, including limestone, clastic limestone and clay) for the Company and its subsidiaries, to ensure the supply of mineral ore for the Company's production for clinker and other cement products. The Parent and its subsidiaries shall supply to the Company and its subsidiaries limestone and clay from its quarries at the following priorities of basis of pricing:

   (a) the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets; and

   (b) the price based on the actual costs incurred plus a reasonable profit margin with reference to the general range of profit in the industry, and will be determined on terms not less favourable than those sold by independent third parties to the Group or sold by the Parent Group to independent third parties.

   The details about the Master Agreement on Purchase of Mineral have been disclosed in the announcement issued by the Company on 28 October 2022. The annual cap for the year 2024 for transactions conducted under the Master Agreement on Purchase of Mineral is RMB223.340 million. The Group recorded expenses of RMB108.362 million incurred in the purchase of mineral from the Parent under the Master Agreement on Purchase of Mineral for the year ended 31 December 2024.

2. Master Agreement on Mutual Provision of Products and Services

   On 28 October 2022, to meet the operational and business needs of the Group, the Company entered into a master agreement on mutual provision of products and services with the Parent for a term of three years commencing from 1 January 2023 (the "Master Agreement on Mutual Provision of Products and Services"), pursuant to which:

   (a) the Parent agreed to provide, or procure its subsidiaries (including the connected subsidiaries of the Company) to provide, the following products and services to the Company and its subsidiaries:

   - Production supplies: raw materials and commodities (including grinding aid, spare parts, refractory materials, coal, etc.); and

   - Services supplies: equipment repair, design and installation, property management services, technical services, logistic services and other services;

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

2. Master Agreement on Mutual Provision of Products and Services *(Continued)*

   (b) the Company agreed to provide, or procure its subsidiaries to provide the following production supplies and support services to the Parent:

   - Product supplies: raw materials and commodities (including clinker, cement, lightweight building materials, etc.);

   - Services supplies: supply of water, electricity and steam, logistic services and other services.

   The pricing of products and services provided pursuant to the Master Agreement on Mutual Provision of Products and Services shall be in accordance with the following priorities:

   (a) the prices prescribed by the price control authorities of the PRC;

   (b) if no prices are prescribed by the price control authorities of the PRC, the guided prices issued by the relevant PRC government authorities;

   (c) if no prices are prescribed by the price control authorities of the PRC and no guided prices are issued by the relevant PRC government authorities, the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets; and

   (d) if none of the prices mentioned above is applicable, the prices will be determined based on the actual costs incurred in providing the same products and services plus a reasonable profit with reference to the general range of profit in the industry, and (i) on terms not less favourable than those provided by independent third parties to the Company or provided by the Parent to independent third parties when the Group purchases products or services from the Parent; and (ii) on terms not more favourable than those provided by independent third parties to the Company or provided by the Parent to independent third parties when the Group purchases products or services from the Parent.

   The details about the Master Agreement on Mutual Provision of Products and Services have been disclosed in the announcement issued by the Company on 28 October 2022, the circular dated 25 November 2022 and the announcement dated 19 December 2022. In respect of the Master Agreement on Mutual Provision of Products and Services, the 2024 annual cap for the purchase of products and services from the Parent is RMB15,444.541 million, and the 2024 annual cap for the provision of products and services to the Parent is RMB3,348.952 million. During the year ended 31 December 2024, the Group (i) incurred expenses of RMB9,956.297 million from the purchase of products and services from the Parent; and (ii) recorded revenues of RMB1,750.163 million from the provision of products and services to the Parent under the Master Agreement on Mutual Provision of Products and Services.

Directors' Report *(Continued)*

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

3. Master Agreement on Purchase of Equipment

   On 28 October 2022, the Company entered into a master agreement on purchase of equipment (the "Master Agreement on Purchase of Equipment") with the Parent for a term of three years commencing from 1 January 2023, whereby the Parent agreed to supply, or procure its subsidiaries to supply, roller press machine, waste heat power generation equipment, equipment required for thin-film solar energy construction project and other auxiliary equipment, plate making line equipment for gypsum board production lines, dryers and other auxiliary equipment to the Company and its subsidiaries in order to satisfy the operational needs of the Company and its subsidiaries. The Parent and its subsidiaries shall supply to the Company and its subsidiaries equipment at the following basis of pricing:

   (a) the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets; and

   (b) the price based on the actual costs incurred plus a reasonable profit with reference to the general range of profit in the industry, and will be determined on terms not less favourable than those sold by independent third parties to the Company or sold by the Parent to independent third parties.

   The details about the Master Agreement on Purchase of Equipment have been disclosed in the announcement issued by the Company on 28 October 2022. According to the Master Agreement on Purchase of Equipment, the 2024 annual cap for purchase of equipment from the Parent is RMB1,266.920 million. The Group incurred expenses of RMB460.743 million from the purchase of equipment from the Parent for the year ended 31 December 2024.

4. Master Agreement on Mutual Provision of Engineering Services

   On 28 October 2022, the Company entered into a master agreement on mutual provision of engineering services (the "Master Agreement on Mutual Provision of Engineering Services") with the Parent, for a term of three years commencing from 1 January 2023, whereby in order to meet the operating needs of the Parent and its subsidiaries, the Company agreed to supply, or procure its subsidiaries to supply to the Parent, and the Parent has agreed to provide, or to procure its subsidiaries (including the Company's related subsidiaries) to provide to the Company and its subsidiaries, engineering design, construction and supervisory services.

   The Company and its subsidiaries shall supply to the Parent engineering services at the following basis of pricing:

   (a) the guided prices issued by the relevant PRC government authorities in the PRC (i.e. the price falls within the ranges permitted by applicable laws and regulations of the PRC and agreed between both parties);

   (b) if no guided prices are issued by the PRC government, the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets;

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group (Continued)

4. Master Agreement on Mutual Provision of Engineering Services *(Continued)*

(c) if no guided prices are issued by the PRC government and there is no market price mentioned in (b) above, the price will be determined based on the actual costs incurred in providing equivalent project services plus a reasonable profit with reference to the general range of profit in the industry, and (i) on terms not less favourable than those provided by independent third parties to the Group or provided by the Parent to independent third parties when the Parent provides project services to the Group; and (ii) on terms not more favourable than those provided by the Group to the independent third parties or provided by the independent third parties to the Parent when the Group provides project services to the Parent;

(d) if the contract is granted by way of tender, the price should be determined in accordance with the procedures of the regulatory authority for the tender in the place of the construction project.

The details about the Master Agreement on Mutual Provision of Engineering Services have been disclosed in the announcement issued by the Company on 28 October 2022, the circular dated 25 November 2022 and the announcement dated 19 December 2022. According to the Master Agreement on Mutual Provision of Engineering Services, the 2024 annual cap for purchase of engineering services from the Parent is RMB11,347.807 million, and the 2024 annual cap for provision of engineering services to the Parent is RMB1,248.787 million. The Group (i) incurred expenses of RMB6,933.759 million from the purchase of engineering services from the Parent, and (ii) recorded revenue of RMB90.218 million from provision of engineering services to the Parent for the year ended 31 December 2024.

5. Master Agreement on Housing Leasing

On 28 October 2022, the Company entered into a master agreement on housing leasing (the "Master Agreement on Housing Leasing") with the Parent, for a term of three years commencing from 1 January 2023, whereby in order to meet the operating needs of the Parent and its subsidiaries, the Company agreed to supply, or procure its subsidiaries to supply housing leasing services to the Parent, and the Parent agreed to supply, or procure its subsidiaries (including the Company's connected subsidiaries) to supply housing leasing services to the Company and its subsidiaries.

(a) the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC.

a.1 While leasing houses from the Parent Group, we will take into consideration the following factors: (i) prevailing market rent of similar properties in the vicinity that are used for similar purposes; (ii) rent recently negotiated by the Company on arm's length basis with independent third party owners of similar properties in the vicinity; and (iii) the conditions of the properties, including but not limited to their locations and ancillary facilities.

a.2 While leasing houses to the Parent Group, we will take into consideration the following factors: (i) prevailing market rent of similar properties in the vicinity that are used for similar purposes; (ii) rent recently negotiated by the Company on arm's length basis with independent third party tenants of similar properties in the vicinity; and (iii) the conditions of the properties, including but not limited to their locations and ancillary facilities.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

5. Master Agreement on Housing Leasing *(Continued)*

(b) if the price mentioned in (a) above is not available, the price should be based on the actual costs of house depreciation in a stipulated period of time plus a reasonable profit, and will be determined (i) on terms not less favourable than those provided by independent third parties to the Group or provided by the Parent to independent third parties when the Group leasing property from the Parent; and (ii) on terms not more favourable than those provided by the independent third parties to the Parent or provided by the Group to independent third parties when the Group leasing property to the Parent.

The details about the Master Agreement on Housing Leasing have been disclosed in the announcement issued by the Company on 28 October 2022. Pursuant to the Master Agreement on Housing Leasing, (i) the 2024 annual cap for leasing property from the Parent is RMB57.350 million; and (ii) the 2024 annual cap for leasing property to the Parent is RMB118.577 million. During the year ended 31 December 2024, the Group (i) rental of RMB39.341 million for leasing property from the Parent; and (ii) recorded a revenue of RMB75.996 million from leasing property to the Parent.

6. Financial Services Framework Agreement

To further broaden the Company's financing channels and strengthening capital management, on 28 October 2022, the Company and the Finance Company (formerly known as Sinoma Group Finance Co, Ltd (中材集團財務 有限公司)), a subsidiary of the Parent, entered into a financial services framework agreement ("Financial Services Framework Agreement") with a term of three years from 1 January 2023, pursuant to which, Finance Company has agreed to provide the Group with deposit services, loan services and other financial services approved by the CBIRC on a non-exclusive basis subject to the terms and conditions therein.

According to the Financial Services Framework Agreement, when determining the price for any financial services to be provided thereunder, the Group will obtain quotes of interest rate during the same period, and fees and terms from at least two general commercial banks in the PRC located in the same or adjacent regions during the same period. The Group will compare the quotes so obtained with the corresponding terms proposed by Finance Company and:

(i) if the interest rate, fees and terms proposed by Finance Company are more favourable than those proposed by such PRC general commercial banks, the Group will engage Finance Company; and

(ii) as a matter of principle, the Group will give priority to using the services of Finance Company if Finance Company and such PRC general commercial banks offer equivalent terms and conditions. The Group has discretion to engage one or more of such PRC general commercial banks as its financial service providers as it thinks fit and beneficial to the Group.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

6. Financial Services Framework Agreement *(Continued)*

Pursuant to the Financial Services Framework Agreement, Finance Company has agreed to provide the financial services to the Group in accordance with the following principles:

a) Deposit services: The interest rate for the Group for its deposits with Finance Company will comply with the People's Bank of China ("PBOC")'s regulations on interest rates for deposits of the same type from time to time, and will not be lower than: (i) the benchmark interest rate specified by the PBOC for deposits of the same category during the same period; (ii) the interest rate paid by Finance Company for deposits of the same type placed by members of the Parent Group with Finance Company during the same period under the same conditions; and (iii) the interest rate for deposits of the same type offered by PRC general commercial banks to the Group during the same period under the same conditions.

b) Loan services: The interest rate for loans granted to the Group by Finance Company will comply with the PBOC's regulations on interest rates for loans of the same type from time to time, and will not be higher than: (i) the benchmark interest rate specified by the PBOC for loans of the same category during the same period; (ii) the interest rate for similar loans charged by Finance Company to members of the Parent Group during the same period under the same conditions; and (iii) the interest rate charged by PRC general commercial banks to the Group for similar loans during the same period under the same conditions.

   Finance Company will provide the loan services on normal commercial terms or better, and such loans will not be secured by the assets of the Group.

c) Other financial services: The services fees charged by Finance Company for provision of other financial services to the Group will be in accordance with the standard of fees set by the PBOC or the CBIRC (if applicable) and, will not be higher than: (i) the fees charged by Finance Company to members of the Parent Group excluding the Group for providing financial services of the same type during the same period under the same conditions; and (ii) the fees charged to the Group by PRC general commercial banks for financial services of the same type during the same period under the same conditions. The settlement services provided by Finance Company to the Group will be free of charge.

As one or more of the applicable ratios (as defined in the Listing Rules) of provision of deposit services under the Financial Services Framework Agreement exceed(s) 25%, the deposit services constitute a major transaction and a non-exempt continuing connected transaction, which is subject to the reporting, announcement and shareholders' approval requirements of Chapter 14 and Chapter 14A of the Listing Rules. The Financial Services Framework Agreement and the provision of deposit services contemplated and the cap of the deposit services thereunder were approved by Independent Shareholders at the 2022 Second Extraordinary General Meeting of the Company held on 19 December 2022. The loan services under the Financial Services Framework Agreement are fully exempt pursuant to Rule 14A.90 of the Listing Rules and the other financial services (except the deposit services) under the Financial Services Framework Agreement are only subject to the reporting and announcement requirements but are exempted from independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group (Continued)

6. Financial Services Framework Agreement *(Continued)*

   The details of the Financial Services Framework Agreement have been disclosed in the Company's announcement dated 28 October 2022, the circular dated 25 November 2022 and the announcement dated 19 December 2022. Pursuant to the Financial Services Framework Agreement, in 2024, (i) the maximum daily balances (including accrued interest) for deposit services are RMB20,400 million; and (ii) the annual caps on total fees for other financial services are RMB100 million. During the year ended 31 December 2024, the actual maximum daily balance of deposit of the Group is RMB16,188.52 million, and the actual expenses incurred are RMB2.04 million.

Continuing transactions subsequently became connected

Financial assistance provided by the Company to the Parent Group

The Company subscribed for equity interest in Bengbu Institute through transfer from the Company and Bengbu Huajin of their respective equity interests in China Triumph to Bengbu Institute (the "Bengbu Institute Transaction"). For details of the Bengbu Institute Transaction, please refer to the announcement dated 8 December 2021, circular dated 13 December 2021 and announcement dated 30 December 2021 of the Company.

The Company has been providing certain guarantees for China Triumph which will remain outstanding after the completion of the Bengbu Institute Transaction. On 1 January 2024, the total amount of guarantees provided by the Company for China Triumph only consisted the loans from financial institutions, a balance of RMB630 million (the "Outstanding Guarantees"). As of 31 December 2024, China Triumph has fully repaid the loans from financial institutions with guarantees provided by the Company, the balance of guarantees provided by the Company for China Triumph is nil.

Upon completion of the Bengbu Institute Transaction, China Triumph became a non-wholly owned subsidiary of the Parent and thus a connected person of the Company, and the Outstanding Guarantees became continuing connected transactions of the Company which were subject to the requirements under Rule 14A.60 of the Listing Rules.

The principal terms of the agreements in relation to the Outstanding Guarantees are set out below:

1. Ex-Im Bank Guarantee Agreement II

Date:	24 February 2021
Parties:	The Company as guarantor; and The Export-Import Bank of China ("Ex-Im Bank") as lender
Subject matter:	The Company provided a joint and several liability guarantee in favor of the Ex-Im Bank for Loan II from the Ex-Im Bank. The guarantee period is two years from the expiry date of the debt performance period.
Underlying loans:	Ex-Im Bank Loan II is borrowed by China Triumph (as borrower) from Ex-Im Bank (as lender) with a principal amount of RMB200 million and a floating interest rate of LPR less 0.25% determined quarterly for a term of 36 months.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing transactions subsequently became connected *(Continued)*

Financial assistance provided by the Company to the Parent Group *(Continued)*

2. Ex-Im Bank Guarantee Agreement III

Date:	11 March 2021
Parties:	The Company as guarantor; and Ex-Im Bank as lender
Subject matter:	The Company provided a joint and several liability guarantee in favor of the Ex-Im Bank for Loan III from the Ex-Im Bank. The guarantee period is two years from the expiry date of the debt performance period.
Underlying loans:	Ex-Im Bank Loan III is borrowed by China Triumph (as borrower) from Ex-Im Bank (as lender) with a principal amount of RMB200 million and a floating interest rate of LPR less 0.25% determined quarterly for a term of 36 months.

3. Ex-Im Bank Guarantee Agreement IV

Date:	22 April 2021
Parties:	The Company as guarantor; and Ex-Im Bank as lender
Subject matter:	The Company provided a joint and several liability guarantee in favor of the Ex-Im Bank for Loan III from the Ex-Im Bank. The guarantee period is two years from the expiry date of the debt performance period.
Underlying loans:	Ex-Im Bank Loan IV is borrowed by China Triumph (as borrower) from Ex-Im Bank (as lender) with a principal amount of RMB280 million and a floating interest rate of LPR plus 0.23% determined quarterly for a term of 36 months. China Triumph repaid the principal of loan of RMB50 million in advance, on 1 January 2024, the remaining principal of loan was RMB230 million.

China Triumph has fully repaid the above loan, as of 31 December 2024, the guarantee balance provided by the Company for China Triumph is 0.

CONNECTED TRANSACTIONS *(CONTINUED)*

Annual Review of Continuing Connected Transactions

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditors of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements No. 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice No. 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions of the Group.

The Company's auditors have reviewed the continuing connected transactions conducted by the Group in accordance with Master Agreement on Purchase of Mineral, Master Agreement on Mutual Provision of Products and Services, Master Agreement on Purchase of Equipment, Master Agreement on Provision of Engineering Services, Master Agreement on Housing Leasing, Financial Services Framework Agreement and the agreements in relation to the Outstanding Guarantees during the Reporting Period, and reported to the Board that:

(1) nothing has come to their attention that causes them to believe that the transactions have not been approved by the Board;

(2) nothing has come to their attention that causes them to believe that the transactions involving provision of goods or services were not conducted, in all material respects, in accordance with the pricing policy of the Group;

(3) nothing has come to their attention that causes them to believe that the transactions were not conducted, in all material respects, in accordance with the terms of the agreement governing it; and

(4) nothing has come to their attention that causes them to believe that the values of continuing connected transactions entered between the Group and its connected persons which were subject to annual caps have exceeded their respective annual caps.

The independent non-executive Directors of the Company have reviewed the continuing connected transactions conducted in the Reporting Period under Master Agreement on Purchase of Mineral, Master Agreement on Mutual Provision of Products and Services, Master Agreement on Purchase of Equipment, Master Agreement on Provision of Engineering Services, Master Agreement on Housing Leasing, Financial Services Framework Agreement and the agreements in relation to the Outstanding Guarantees respectively, and have considered the procedures performed by the auditors of the Company in reviewing the continuing connected transactions and confirmed that the continuing connected transactions have been conducted:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms, or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

CONNECTED TRANSACTIONS *(CONTINUED)*

Annual Review of Continuing Connected Transactions (Continued)

The Company confirms that the signing and execution of the specific agreements under the above-mentioned continuing connected transactions for the year ended 31 December 2024 have followed the pricing principles of these continuing connected transactions.

Partially-exempt Connected Transactions

The following transactions constitute connected transactions, which were exempt from circular and Shareholders' approval requirements and were only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Establishment of Joint Venture

On 25 October 2024, Sinoma (Handan) Construction Co., Ltd. ("Sinoma Handan", a subsidiary of Sinoma International and a connected subsidiary of the Company), Nanjing Fiberglass R&D Institute Co., Ltd. ("NRDI", an indirect subsidiary of the Company), BNBM (a subsidiary of the Company) and Buckfon Industrial (HK) Co., Limited (巴克風實業香港國際有限公司) ("Buckfon Industrial") entered into a capital contribution agreement, pursuant to which the parties agreed to establish Sinoma (Handan) New Material Co., Ltd. (中材（邯鄲）新材料有限公司), a limited liability company incorporated under the laws of PRC pursuant to the capital contribution agreement (the "Joint Venture") in Handan, Hebei Province, the PRC. The registered capital of the Joint Venture is RMB80.00 million, of which Sinoma Handan, NRDI, BNBM and Buckfon Industrial have agreed to subscribe RMB40.80 million, RMB17.60 million, RMB8.00 million and RMB13.60 million, respectively, representing 51%, 22%, 10% and 17% of the registered capital of the Joint Venture, respectively.

The project takes slag, gangue, dolomite, basalt tailings as the main raw materials, and clean electric energy as the main energy source, which can realize the resource utilization of solid waste and is in line with the general trend of environmental protection. At the same time, rock fiberboard, the product of the project, has advantages in the application field, performance indicators, production costs, green environmental protection and other aspects, can meet the growing and changing demand of consumers, and will have great potential for development in the future market. The construction conditions of the project are basically implemented, technically feasible and capable of generating good economic benefits, and the risks are controllable.

For details of the establishment of Joint Venture, please refer to the Company's announcement dated 25 October 2024. As of this report, the transaction of the establishment of joint venture has been completed.

Acquisition of Beijing Composite

On 25 October 2024, CNBM United Investment (a wholly-owned subsidiary of the Parent of the Company) entered into the equity transfer agreement with Sinoma Science & Technology (a non-wholly owned subsidiary of the Company), in relation to a proposed acquisition of approximately 4.1349% equity interests in Beijing Composite by Sinoma Science & Technology from CNBM United Investment, in consideration for cash. After the acquisition, Sinoma Science & Technology will hold approximately 90.0793% equity interests in Beijing Composite and CNBM United Investment will no longer hold equity interests in Beijing Composite.

The acquisition is beneficial for the Group to strengthen the centralized management of shareholding, improve the efficiency and reduce the cost of decision-making. Meanwhile, the operation of Beijing Composite is sound and its profitability is optimistic, and the acquisition of shares of Beijing Composite is beneficial for the Group to obtain future income in a stable manner.

For the details of the acquisition of Beijing Composite, please refer to the Company's announcement dated 25 October 2024. As of this report, the transaction of the acquisition of Beijing Composite has been completed.

Directors' Report *(Continued)*

CONNECTED TRANSACTIONS *(CONTINUED)*

Partially-exempt Connected Transactions *(Continued)*

Acquistion of Target Assets

On 25 October 2024, Sinoma Science & Technology (Chengdu) Co. Ltd.* (中材科技（成都）有限公司), a company incorporated under the laws of the PRC ("Sinoma Science & Technology (Chengdu)") (a subsidiary of the Company, the "Buyer") entered into the assets acquisition agreement with Sinoma IT (Chengdu) Co., Ltd.* (中材智能科技（成都）有限公司), a company incorporated under the laws of the PRC ("Sinoma IT (Chengdu)") (a subsidiary of Sinoma International, a connected subsidiary of the Company, the "Seller") holding the assets to be acquired by the Buyer, including the factory buildings, land use rights and related machinery and equipment and electronic equipment owned by the Seller located at No. 320 and No. 436, Pingtang East Road, Jinhua Town, Xinjin District, Chengdu City, Sichuan Province, the PRC (中國四川省成都市新津區金華鎮平塘東路320號、436號) (the "Target Assets"), pursuant to which the Seller has agreed to transfer the Target Assets to the Buyer by way of asset transfer at a total consideration of RMB89,723,215 (tax inclusive).

The Assets Acquisition Agreement and the transactions contemplated thereunder would promote the asset utilization rate of Sinoma IT (Chengdu). Initially Sinoma IT (Chengdu) acquired land use right and constructed factory buildings for conducting investment projects, and the purchase cost in respect of the land use right is approximately RMB9.0987 million. Later, due to the change of the business of Sinoma IT (Chengdu), most of the factory buildings, machines and electronic devices of the Target Assets are currently idle, which could be put into use after the completion of the acquisition. In addition, the Assets Acquisition Agreement and the transactions contemplated thereunder would enable Sinoma IT (Chengdu) to revitalize relevant assets and supplement its working capital. Furthermore, the Target Assets are adjacent to Sinoma Science & Technology (Chengdu) and its relevant projects, and the Assets Acquisition Agreement and the transactions contemplated thereunder would enable Sinoma Science & Technology (Chengdu) to invest in its production pipeline.

For details of the acquisition of Target Assets, please refer to the announcement of the Company dated 25 October 2024. As of the date of this report, the transaction of the acquisition of Target Assets has not completed.

Capital Increase of CNBM Green Energy

On 6 December 2024, Tianshan Materials (a non-wholly owned subsidiary of the Company) entered into the capital increase Agreement with BNBMG (a subsidiary in which the Parent directly and indirectly holds 100% equity interest), Mercuria Asia Group Holdings (PTE.) LTD. (a private limited company duly incorporated and validly existing under the laws of Singapore) ("Mercuria") and China National Building Material Green Energy Co., Ltd. (a limited liability company registered and incorporated under the laws of the PRC) ("CNBM Green Energy") (an indirect non-wholly owned subsidiary of the Parent), pursuant to which Tianshan Materials shall increase the registered capital of CNBM Green Energy in cash with a total amount of approximately USD18.8048 million (the specific amount shall be subject to the calculation based on the exchange rate on the date of remittance), of which USD17.6471 million shall be included in the registered capital, and the rest shall be included in the capital reserve. After the completion of the capital increase by Tianshan Materials to CNBM Green Energy pursuant to the Capital Increase Agreement (the "Capital Increase"), Tianshan Materials will hold 15.00% of equity interest in CNBM Green Energy.

The Capital Increase is in line with the green development strategy of the Company, and is also beneficial for ensuring that Tianshan Materials can efficiently fulfill its carbon compliance obligations and obtain relevant industry experience in the carbon trading market, while at the same time obtaining investment income from the business development of CNBM Green Energy.

For details of the capital increase of CNBM Green Energy, please refer to the announcement of the Company dated 6 December 2024. As of this report, the transaction of the capital increase of CNBM Green Energy has been completed.

CONNECTED TRANSACTIONS *(CONTINUED)*

Partially-exempt Connected Transactions *(Continued)*

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

The merger by absorption of CNBM Technology by Ningxia Building Materials constitutes a connected transaction. The issuance of Ningxia Building Materials Consideration Shares (as defined in the section headed "II. MATERIAL TRANSACTIONS – The Merger by Absorption by Ningxia Building Materials of CNBM Technology and the Cement Assets Restructuring" below) by Ningxia Building Materials to certain shareholders of CNBM Technology (including CNBM Elink, CNBM Trading and CNBM United Investment, which are subsidiaries of the Parent) in the merger by absorption also constitutes a connected transaction of the Company. For details of the specific transaction, please refer to the section headed "II MATERIAL TRANSACTIONS – the Merger by Absorption by Ningxia Building Materials of CNBM Technology and the Cement Assets Restructuring" below in this annual report, the announcements of the Company dated 14 April 2022, 15 April 2022, 28 April 2022, 28 December 2022, 27 June 2023, 15 August 2023,14 November 2023, 16 January 2024, 23 January 2024, 31 January 2024 and 9 August 2024 and the circular dated 28 July 2023, 2022 annual report, 2023 interim report, 2023 annual report and 2024 interim report.

As stated in the announcement of the Company dated 23 January 2024, on 23 January 2024, Ningxia Building Materials received the "Decision on the Termination of Review on the Merger by Absorption of CNBM Technology Corporation Limited by Ningxia Building Materials and the Sale of Major Assets and Relevant Fund Raising and Related Party Transactions" (《關於終止對寧夏建材換股吸收合併中建材信息技術股份有限公司及重大資產出售並募集配套資金暨關聯交易審核的決定》) issued by the Shanghai Stock Exchange. Given that the merger by absorption, the Cement Assets Restructuring and the proposed placing of additional new shares by Ningxia Building Materials if and after the Cement Assets Restructuring and the merger by absorption are completed (the "Proposed Transactions") are in line with the Group's strategic development direction and conducive to eliminating and avoiding horizontal competition between Ningxia Building Materials and Tianshan Materials, after careful and prudent study, the Company and Ningxia Building Materials decided to proceed with the Proposed Transactions through resolutions of their respective boards of directors on 31 January 2024.

As stated in the announcement of the Company dated 9 August 2024, on 9 August 2024, considering the long duration of the Proposed Transactions and the fluctuations and changes in the macro environment and industry environment, taking into account both internal and external factors, the Company has decided to terminate the Proposed Transactions subsequent to its prudent study and after amicable negotiations with Ningxia Building Materials and Tianshan Materials. In addition, on the same day, the Company and the Parent issued the 2024 Notification Letters to Ningxia Building Materials and Tianshan Materials respectively, in relation to the Undertaking to Ningxia Building Materials and the Undertaking to Tianshan Materials. The 2024 Notification Letters informed Ningxia Building Materials and Tianshan Materials that due to the termination of the Proposed Transactions, the Company did not manage to perform its undertakings to avoid industry competition within the previous undertaking periods and thus planned to extend the Undertaking to Ningxia Building Materials and the Undertaking to Tianshan Materials. Such undertakings shall be performed within 2 years from the date when Ningxia Building Materials and Tianshan Materials approve such extension at their respective shareholders' meetings. Apart from this, other contents of the Undertaking to Ningxia Building Materials and the Undertaking to Tianshan Materials remain unchanged. Please refer to the Company's announcement dated 9 August 2024 for further details of the termination of the Proposed Transactions, as well as the extension in the performance of the non-competition undertakings.

CONNECTED TRANSACTIONS *(CONTINUED)*

Partially-exempt Connected Transactions *(Continued)*

Non-exempt Connected Transactions

The following transaction constitute connected transaction which was subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Acquisition of Hefei Institute

Reference is made to the announcement of the Company dated 26 August 2022, the circular dated 11 October 2022, the announcements dated 19 December 2022, 10 February 2023 and 1 March 2023 in relation to the entering into of an asset purchase agreement between Sinoma International (the Company’s A-share listed subsidiary) and Building Materials Academy (a wholly-owned subsidiary of the Parent), in relation to the acquisition of 100% equity interest in Hefei Institute by Sinoma International from Building Materials Academy (the “Acquisition”). Sinoma International and Building Materials Academy entered into a compensation agreement in relation to certain performance commitments and compensation to be made by Building Materials Academy to Sinoma International, whereby the actual net profits of the relevant performance commitment assets during the performance commitment period shall not be less than the committed net profits, or the actual share of revenue of the relevant performance commitment assets during the performance commitment period shall not be lower than the committed share of revenue. During the period from the completion of the Acquisition to 31 December 2024, the actual net profits and actual share of revenue of the relevant performance pledge assets are in compliance with the aforesaid profit guarantee.

NON-COMPETITION AGREEMENT

As at the date of this report, the Parent confirmed that it has complied and will comply with the Non-Competition Agreement dated 28 February 2006 entered into with the Company. Pursuant to this agreement, the Parent has agreed not to, and to procure its subsidiaries (excluding the Group) not to compete with the Group in its core businesses.

None of the Directors holds any interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2024, the Group did not place any designated deposits with any financial institution in the PRC, nor did it fail to collect any time deposits upon maturity during the year.

Directors' Report *(Continued)*

PRE-EMPTIVE RIGHTS

Under the Articles of Association of the Company and the laws of the PRC, there are no provisions about preemptive rights that require the Company to offer new shares to its existing Shareholders in proportion to their shareholdings.

AUDITORS

At the Board meeting held on 28 March 2024, the Board of Directors resolved to renew the appointment of Moore CPA Limited and Da Hua Certified Public Accountants (Special General Partnership) as the Company's international and domestic auditors for the period up to the date of the 2024 Annual General Meeting, in accordance with the authorization granted at the 2023 Annual General Meeting held on 29 April 2024. Moore CPA Limited has audited the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

DONATIONS

Donations for charitable or other purposes made by the Group during the Reporting Period amounted to RMB65,079,039.74.

ISSUE OF DEBENTURES

During the Reporting Period, the Company issued the following debentures in an aggregate principal amount of RMB15 billion to expand its financing channels, meet capital requirements, optimise its debt structure, fully utilize the financing function of the debt market and reduce its financing cost.

During the Reporting Period, the Company completed issuance of first tranches of renewable corporate bonds for cash in an aggregate principal amount of RMB1 billion, par value of RMB100.

During the Reporting Period, the Company completed issuance of fifth tranches of renewable corporate bonds for cash in an aggregate principal amount of RMB8.5 billion, par value of RMB100.

During the Reporting Period, the Company completed issuance of third tranches of renewable corporate bonds for cash in an aggregate principal amount of RMB4 billion, par value of RMB100.

During the Reporting Period, the Company completed issuance of first tranches of renewable corporate bonds for cash in an aggregate principal amount of RMB1.5 billion, par value of RMB100.

By order of the Board
Zhou Yuxian
Chairman of the Board

Beijing, the PRC
27 March 2025

Other Significant Matters

I. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, save as disclosed below, the Group was not involved in any litigation and arbitration which might have a significant impact on the Group's production and operation, nor were any of the directors, supervisors and senior management of the Group involved in any material litigation.

Litigation in respect of the gypsum board in the United States

References are made to the overseas regulatory announcement dated 30 May 2010 by the Company reproducing the announcement of BNBM in respect of the gypsum board in the United States and the announcements of the Company dated 18 July 2014, 20 August 2014, 13 February 2015 and 13 March 2015, the 2014 annual report, the 2015 interim report, the 2015 third quarterly report, the 2015 annual report, the 2016 interim report, the 2016 annual report, the announcement dated 22 June 2017, the 2017 interim report, the announcement dated 22 March 2018, the 2017 annual report, the announcement dated 22 August 2018, the 2018 interim report, the 2018 annual report, the announcements dated 19 March 2019 and 30 July 2019, the 2019 interim report, the 2019 annual report, the 2020 interim report, 2020 annual report, 2021 interim report, 2021 annual report, 2022 interim report, 2022 annual report, 2023 interim report, 2023 annual report and 2024 interim report setting out information on the subsequent development of the gypsum board litigation in the United States.

In August 2019, Taishan Gypsum and Taian Taishan Plasterboard Co., Ltd. * (泰安市泰山紙面石膏板有限公司) (a wholly-owned subsidiary of Taishan Gypsum, together with Taishan Gypsum, "Taishan"), entered into a class settlement agreement (the "Settlement Agreement") with the counsels acting for the plaintiff Settlement Class (the "Settlement"). As of the date of this report, Taishan's payment obligations under the Settlement Agreement have been completely performed.

In May 2020, the district court in the U.S. issued a formal order ruling that the claims against Taishan and Additional Released Parties and that the Released Claims are released and barred from reviving, and that the claims brought by plaintiffs who opted out from the Settlement are not released and are reserved in the litigation. This order is the final procedure of the Settlement process, and the cases of the plaintiffs who did not opt out of the case against Taishan and Additional Released Parties have closed.

In the Settlement, a total of 90 plaintiffs opted out from the Settlement. As of the date of this report, the above litigation of the plaintiffs who opted out from the Settlement has been concluded.

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

II. MATERIAL TRANSACTIONS

The Acquisition of Target Group in Tunisia

On 26 July 2024, Sinoma Cement (a subsidiary of the Company) entered into a share purchase agreement with VOTORANTIM CIMENTOS EAA INVERSIONES S.L.U. (a joint stock company organised under the laws of the Kingdom of Spain) ("Votorantim Cimentos"), pursuant to which Votorantim Cimentos agreed to sell, and Sinoma Cement agreed to acquire, all the shares of Société Les Ciments de Jbel Oust (the "Target Company") for an aggregate consideration of approximately USD130 million (subject to certain adjustments) and the final consideration (after the adjustments) shall not exceed USD145 million. Upon completion of the acquisition of all the shares of the Target Company by Sinoma Cement from Votorantim Cimentos pursuant to the share purchase agreement (the "Share Acquisition"), the Target Company and its subsidiary, Granulats Jbel Oust, will both become indirect subsidiaries of the Company.

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

For details of the relevant transactions in relation to the acquisition of the Target Group in Tunisia, please refer to the announcement of the Company dated 26 July 2024. As of the date of this report, the transaction in relation to the acquisition of the Target Group in Tunisia has not completed.

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

Reference is made to the Company's announcements dated 14 April 2022, 15 April 2022, 28 April 2022, 28 December 2022, 27 June 2023, 14 November 2023, 16 January 2024, 23 January 2024, 31 January 2024 and 9 August 2024, the circular dated 28 July 2023, the 2022 annual report, the 2023 interim report and the 2023 annual report, setting out the details of the Merger by Absorption and the Cement Assets Restructuring transactions.

As stated in the announcement of the Company dated 23 January 2024, on 23 January 2024, Ningxia Building Materials received the "Decision on the Termination of Review on the Share Swap and Merger by Absorption of CNBM Technology Corporation Limited by Ningxia Building Materials and the Sale of Major Assets and Relevant Fund Raising and Related Party Transactions" (《關於終止對寧夏建材集團股份有限公司換股吸收合併中建材信息技術股份有限公司及重大資產出售並募集配套資金暨關聯交易審核的決定》) issued by the Shanghai Stock Exchange. Given that the Merger by Absorption, the Cement Assets Restructuring and the proposed placing of additional new shares by Ningxia Building Materials if and after the Cement Assets Restructuring and the Merger by Absorption are completed (the "Proposed Transactions") are in line with the Group's strategic development direction and conducive to eliminating and avoiding horizontal competition between Ningxia Building Materials and Tianshan Materials, after careful and prudent study, the Company and Ningxia Building Materials decided to proceed with the Proposed Transactions through resolutions of their respective boards of directors on 31 January 2024.

Other Significant Matters *(Continued)*

II. MATERIAL TRANSACTIONS *(CONTINUED)*

The Merger by Absorption by Ningxia Building Materials of CNBM Technology and the Cement Assets Restructuring *(Continued)*

As stated in the announcement of the Company dated 9 August 2024, on 9 August 2024, considering the long duration of the Proposed Transactions and the fluctuations and changes in the macro environment and industry environment, taking into account both internal and external factors, the Company has decided to terminate the Proposed Transactions subsequent to its prudent study and after amicable negotiations with Ningxia Building Materials and Tianshan Materials. In addition, on the same day, the Company and the Parent issued notification letters to Ningxia Building Materials and Tianshan Materials respectively (the "2024 Notification Letters"), in relation to (1) the further extension of the performance of the non-competition undertaking for the avoidance of industry competition with Ningxia Building Materials issued by the Company and the Parent in December 2017, the performance of which was extended for 3 years pursuant to the notification letter issued in December 2020 (the "Undertaking to Ningxia Building Materials"), and (2) the extension of the performance of the non-competition undertaking for the avoidance of industry competition with Tianshan Materials issued by the Company and the Parent in December 2017 (the "Undertaking to Tianshan Materials"). The 2024 Notification Letters informed Ningxia Building Materials and Tianshan Materials that due to the termination of the Proposed Transactions, the Company did not manage to perform its undertakings to avoid industry competition within the previous undertaking periods and thus planned to extend the Undertaking to Ningxia Building Materials and the Undertaking to Tianshan Materials. Such undertakings shall be performed within 2 years from the date on which Ningxia Building Materials and Tianshan Materials approve such extension at their respective shareholders' meetings. Apart from this, other contents of the Undertaking to Ningxia Building Materials and the Undertaking to Tianshan Materials remain unchanged. Please refer to the Company's announcement dated 9 August 2024 for further details of the termination of the Proposed Transactions, as well as the extension in the performance of the non-competition undertakings.

Update on Restructuring of Cement Assets

Reference is made to the announcements dated 24 July 2020, 7 August 2020, 2 March 2021, 23 March 2021, 10 August 2021, 10 September 2021, 28 October 2021, 26 March 2024 and 29 April 2024 and the circular dated 4 March 2021, each issued by the Company and in relation to the restructuring of cement assets of the Company (the "Restructuring").

As stated in the circular dated 4 March 2021, on 2 March 2021, the Company entered into an impairment compensation agreement (the "Impairment Compensation Agreement") with Tianshan Cement (which is currently known as Tianshan Materials), in connection with the provision of impairment compensation to Tianshan Cement in respect of the equity interests in China United Cement Corporation* (中國聯合水泥集團有限公司), South Cement, Southwest Cement and Sinoma Cement (collectively, the "Target Companies") disposed of by the Company to Tianshan Cement pursuant to the Restructuring. If there is an impairment during the impairment compensation period (being the years of 2021, 2022 and 2023), the Company shall compensate Tianshan Cement by means of compensation shares (being the shares in Tianshan Cement as acquired by the Company pursuant to the Restructuring, which shall be bought back by Tianshan Cement at a total consideration of RMB1.00 and be cancelled) with respect to the corresponding impairment amount based on the results of the specific impairment audit reports. There was no such impairment for the years of 2021 and 2022.

II. MATERIAL TRANSACTIONS *(CONTINUED)*

Update on Restructuring of Cement Assets *(Continued)*

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

Pursuant to the impairment compensation agreement, the Company shall (1) compensate an aggregated impairment amount of approximately RMB20,032.8114 million (the "Impairment Compensation Amount") to Tianshan Materials by means of 1,552,931,120 shares in Tianshan Materials (the "Compensation Shares", thereby resulting in a decrease of approximately 3.38% in the Company's shareholding in Tianshan Materials) and (2) return the aggregated amount of the cash dividend attributed to such Compensation Shares during the impairment compensation period (being approximately RMB1,108.7928 million) to Tianshan Materials. Further, pursuant to the profit guarantee agreement dated 10 August 2021 entered into between the Company and Tianshan Materials (the "Profit Guarantee Agreement"), the Company shall make a profit compensation of approximately RMB1,758.4681 million (being the difference between (i) the aggregated amount of the unrealised net profits of the guaranteed assets under the Profit Guarantee Agreement of approximately RMB21,791.2796 million and (ii) the Impairment Compensation Amount stated above) in cash to Tianshan Materials. Accordingly, for the twelve months ended 31 December 2024, the equity attributable to equity holders of the Company decreased by RMB2,765.7257 million while the non-controlling interests increased by the same amount, but there was no material impact on the Company's consolidated statement of profit or loss.

Other Significant Matters *(Continued)*

II. MATERIAL TRANSACTIONS *(CONTINUED)*

Qilianshan Assets Restructuring

Reference is made to the announcements of the Company dated 25 April 2022, 11 May 2022, 28 December 2022, 30 December 2022, 28 February 2023, 30 October 2023, 21 December 2023, the 2022 annual report, 2023 interim report and 2023 annual report in relation to the entering into of relevant agreement of assets restructuring between Qilianshan and China Communications Construction Company Limited* (中國交通建設股份有限公司) ("CCCC") and China Urban-Rural Holding Group Co. Limited* (中國城鄉控股集團有限公司) ("China Urban-Rural"), in connection with Qilianshan's acquisition of 100% equity interests in CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司), CCCC First Highway Consultants Co., Ltd. * (中交第一公路勘察設計研究院有限公司), CCCC Second Highway Consultants Co., Ltd.* (中交第二公路勘察設計研究院有限公司), Southwest Municipal Engineering Design and Research Institute of China* (中國市政工程西南設計研究總院有限公司), China Northeast Municipal Engineering Design & Research Institute Co., Ltd. * (中國市政工程東北設計研究總院有 限公司) and CCCC Urban Energy Research and Design Institute Co., Ltd. * (中交城市能源研究設計 院有限公司) (the "Swapped-in Target Assets") held by CCCC and China Urban-Rural, by swapping 100% equity interests in Gansu Qilianshan Cement Group Company Limited* (甘肅祁連山水泥集團 有限公司) ("Qilianshan Cement") (the "Swapped-out Target Assets") and by Qilianshan issuing shares (the "Consideration Shares") as consideration to acquire the part of Swapped-in Target Assets held by CCCC and China Urban-Rural with the deficiency amount between the value of the Swapped-out Target Assets and the value of the Swapped-in Target Assets (the "Qilianshan Assets Restructuring"). Qilianshan entered into a profit compensation undertakings agreement with CCC and China Urban-Rural, to agree on matters such as the certain profit compensation undertakings and compensation in relation to Swapped-in Target Assets, whereby the actual net profits of the performance commitment period shall not be lower than the committed net profit. During the period from the completion of the Restructuring to 31 December 2024, the actual share of revenue of the relevant performance commitment assets is in compliance with the aforesaid profit guarantee.

III. DISCLOSURE PURSUANT TO RULE 14.36B OF THE LISTING RULES

Acquisition of Carpoly by BNBM

References are made to the announcements of the Company dated 20 September 2023, 29 December 2023, 8 January 2024 and 26 March 2025 in relation to BNBM (an A-share listed subsidiary of the Company), certain shareholder shareholding platforms of Carpoly and certain employee shareholding platforms of Carpoly (together, the "Original Shareholders") entering into a share transfer agreement (the "Carpoly Share Transfer Agreement"), according to which, each of the Original Shareholders agreed to sell, and BNBM agreed to acquire, a total of 78.34% shares in Carpoly at a consideration of RMB4,073,822,613.03 in cash (the "Share Acquisition Price"). Upon completion of the acquisition, BNBM will hold 78.34% of the shares of Carpoly which will become an indirect subsidiary of the Company.

Pursuant to the Carpoly Share Transfer Agreement, the Original Shareholders have made certain performance undertakings that the realised net profit of the relevant performance commitment assets during each undertaking period between 2024 to 2026 will not be less than the committed net profit for that respective period. The committed net profit was RMB413 million (the "2024 Performance Target") for the performance period for the 2024 financial year. However, based on Carpoly's latest audited financial statements, the realised net profit of the relevant performance commitments assets for the financial year ending 31 December 2024 was RMB335,663,063.69, which did not meet the 2024 Performance Target. Consequently, in accordance with the agreed compensation mechanism in the Carpoly Share Transfer Agreement, the shortfall of RMB77,336,936.31 will be deducted as performance compensation from the remaining Share Acquisition Price to be paid by BNBM to the Original Shareholders for the 2024 financial year.

The Company will closely monitor these aforesaid performance undertakings and provide relevant updates if and when appropriate, in compliance with Rule 14.36B of the Listing Rules.

Report of the Supervisory Committee

Dear Shareholders,

During the Reporting Period, the fifth session of the Supervisory Committee of the Company (the "Supervisory Committee") strictly complied with relevant requirements under the Company Law and the Articles of Association of the Company, independently exercised its functions and powers according to law, established a comprehensive supervision system including meeting supervision, financial supervision, duty performance supervision, information disclosure supervision, etc, strictly performed supervision duties, effectively safeguarded the interests of the Company and all Shareholders and effectively promoted improvements in corporate governance, risk management and lawful operation. The specific situation for the year 2024 is reported as follows:

During the Reporting Period, the Supervisory Committee held a total of two meetings; the convening process and voting procedures of the meetings were in compliance with relevant laws and regulations and all current Supervisors attended on-site meetings. Four resolutions were reviewed during the meetings, including the resolutions for the 2023 Supervisory Committee Working Report and audited financial statements of the Company, the profit distribution plan and the final dividend distribution plan for 2023, 2024 Interim Working Report of the Board, reviewed financial reports and 2024 interim report publication and other documents, and matters related to the distribution of 2024 interim dividend.

Lawful operation of the Company, performance of duties by the Board and Senior Management. During the Reporting Period, the Supervisory Committee attended nine Board's meetings and three Shareholders' meetings in total, listened to reports from senior management on the implementation of board resolutions, as well as constructive feedback from shareholders on the company's production and operation, supervised the procedures and contents of the meetings and the Board's implementation of resolutions of Shareholders' meeting in accordance with the regulations. The Supervisory Committee is of the opinion that, the operation and management activities of the Company comply with the relevant provisions of the Company Law, Listing Rules, the Articles of Association of the Company, and there are no violations of laws or regulations, the decision-making procedures and contents are in compliance of laws, and the internal risk management and control systems are optimal. Directors and the senior management of the Company strictly complied with the implemented national laws and regulations, the Articles of Association, resolutions passed at Shareholders' meetings and Board's meetings. They have also been dedicated to their duties with honesty and made prudent decisions. No Directors or senior managers of the Company have been found to have violated laws and regulations, nor have they done anything harmful to the interests of the Company, Shareholders and the legitimate rights and interests of employees.

Supervision over financial matters. During the Reporting Period, the Supervisory Committee supervised financial position and financial risk control of the Company by reviewing the financial reports, operating reports and the profit distribution plan, as well as the audit report issued by the auditors. The Supervisory Committee is of the view that the accounts and the accounting treatment of the Company have complied with the Accounting Law of the People's Republic of China, and requirements set out in the International Financial Reporting Standards. The Supervisory Committee also confirms that the Company has carried out standard financial audits, established and improved financial system, operated proper financial strategies and put in place an effective financial risk management. Having diligently reviewed relevant information including the 2024 financial report with the unqualified opinion issued by the independent auditors as of the date of the report, the Supervisor Committee is of the view that the report follows the principle of consistency and gives a true, accurate, fair and complete view of the financial position and operating results of the Company, without false statements, misleading representations or material omission.

Information disclosure. During the Reporting Period, the Supervisory Committee reviewed the information disclosure position of the Company regularly or from time to time and placed a strong focus on connected transactions, disclosable transactions and other matters of the Company. The Supervisory Committee is of the view that the Company has established a relatively comprehensive information disclosure management system, and can accurately and completely perform its information disclosure duties in accordance with the requirements of relevant laws, regulations and regulatory provisions, and the disclosed contents are truthful, accurate, complete and effective, without false statements, misleading representations or material omission.

Report of the Supervisory Committee *(Continued)*

In 2024, in the face of the complex and severe development environment, the Board of Directors actively performed the function of strategy setting, decision making and risk prevention. The management of the Company, together with all the staff, persevered and overcame difficulties, achieving significant results in various aspects such as operational management, technological innovation, corporate reform, safety, and environmental protection, and also achieving steady development. The Supervisory Committee is satisfied with the work results and economic benefits achieved by the Company and is full of confidence in the future development prospects of the Company.

In the new year, the Supervisory Committee will stay vigilant to the development of the Company, strictly perform its supervisory duties by adhering to the principle of diligence and honesty, closely monitor the actual development of the Company and fully develop the advantages of supervision, as well as concretely safeguard and guarantee the legitimate interests of the Company, Shareholders and staff, to safeguard the ongoing healthy development of the Company.

Supervisory Committee

Beijing, the PRC
27 March 2025

Biographical Details of Directors, Supervisors and Senior Management

DIRECTORS

Mr. Zhou Yuxian

Born in April 1963, is the chairman of the Board and an executive Director of the Company. Mr. Zhou has accumulated extensive experience in materials engineering, corporate reorganization and restructuring, international operation, equity investment, and fund management. Mr. Zhou has been the chairman of the Board and an executive Director of the Company since November 2021 and the chairman of the board of the Parent since November 2019. At present, Mr. Zhou concurrently serves as a joint executive vice president of the China Building Materials Federation* (中國建築材料聯合會). Mr. Zhou obtained a master degree from the School of Materials Science and Engineering, Wuhan University of Technology* (武漢理工大學材料科學與工程學院) in December 2003 and he is a professor-level senior engineer and a specialist entitled to the special government allowance approved by the State Council. Mr. Zhou was granted the honours of a National Outstanding Entrepreneur* (全國優秀企業家) and Chinese Economic News Figures* (中國經濟新聞人物).

Mr. Wei Rushan

Born in December 1974, is the president and executive director of the Company. Mr. Wei has accumulated extensive experience in strategic research, investment management, capital operation, and transformation and development. Mr. Wei has been the president and an executive Director of the Company since December 2022, a deputy general manager of the Parent since March 2021. At present, Mr. Wei concurrently serves as the President of China Building Materials Engineering Construction Association * (中國建材工程建設協會). Mr. Wei obtained a doctoral degree in political economy from the School of Economics of Renmin University of China* (中國人民大學經濟學院) in June 2007. He is a senior economist. Mr. Wei was honored with the First Prize of National Enterprise Management Modernization * (全國企業管理現代化一等獎), the First Prize of National Building Material Enterprise Management Modernization Innovation Achievement* (全國建材企業管理現代化創新成果一等獎).

Mr. Wang Bing

Born in February 1972, is a vice president and an executive Director of the Company. Mr. Wang has accumulated extensive experience in corporate management. He has been the chief compliance officer of the Company since August 2023, the general legal counsel of the Company since December 2021, an executive Director of the Company since November 2021, a vice president of the Company since August 2009. At present, Mr. Wang concurrently serves as a vice chairman of China Real Estate Association* (中國房地產業協會),, and the vice chairman of China Building Materials Federation* (中國建築材料聯合會). Mr. Wang obtained a doctor's degree in management science and engineering from Wuhan University of Technology* (武漢理工大學) in June 2012. Mr. Wang is a professor-grade senior engineer. Mr. Wang was granted the first prize of National Corporate Management Modernization and Innovation Achievements* (國家級企業管理現代化創新成果), the first prize of State-Owned Enterprise Management and Innovation Achievement Award* (全國國企管理創新成果一等獎), China Outstanding Quality Model* (中國傑出質量人), Beijing Model Worker* (北京市勞動模範) and Listed Company Outstanding Leader – Golden Steed Award* (上市公司卓越領軍者－金駿馬獎).

Biographical Details of Directors, Supervisors and Senior Management *(Continued)*

DIRECTORS *(CONTINUED)*

Ms. Miao Xiaoling

Born in August 1978, is a deputy secretary of the party committee of the Company and executive Director. Ms. Miao has accumulated extensive experience in corporate party building and human resources – 1 – management. Ms. Miao has been a deputy secretary of the party committee of the Company since January 2025 to present, the head of the organisation department of the party committee and the general manager of the human resources department of CNBM Parent from May 2020 to present, and a member of the party committee of CNBM Parent from December 2018 to present,. Ms. Miao concurrently serves as a vice chairman of the human resources branch of China Construction Materials Enterprise Management Association. Ms. Miao obtained a doctorate degree in national economics from the School of Economics of Renmin University of China in July 2006 and is a researcher. Ms. Miao was awarded the Outstanding Party Worker of Central State-owned Enterprises for the year 2023, and the Advanced Individual of Central State-owned Enterprises in the Research of Party Building, Ideological and Political Work for the year 2015.

Mr. Wang Yumeng

Born in September 1967, is a non-executive Director of the Company. Mr. Wang has accumulated extensive experience in corporate management and risk management. Mr. Wang has been serving as a non-executive Director of the Company since November 2021, and a deputy general manager of the Parent since August 2019. During his time served as deputy general manager of the Parent, Mr. Wang has been in charge of the strategic development department (international cooperation division) and the legal compliance department of the Parent since February 2023, the safety and environmental protection department of the Parent since February 2020, the corporate management department of the Parent from February 2020 to February 2023, and has assisted in taking charge of the audit department of the Parent from December 2019 to February 2023. At present, Mr. Wang concurrently serves as a vice chairman of China Safety Production Association* (中國安全生產協會). Mr. Wang is a senior economist and a researcher.

Mr. Shen Yungang

Born in September 1966, is a non-executive Director of the Company. Mr. Shen has accumulated extensive experience in investment management. Mr. Shen has been a non-executive Director of the Company since June 2018, a deputy general manager of the equity management department and a deputy general manager of the No. 1 strategic client department of Cinda since October 2016, and a director of Wengfu (Group) Co., Ltd.* (甕福(集團)有限責任公司) since December 2013. Mr. Shen obtained a bachelor's degree in English from Wuhan University of Technology* (武漢理工大學) in June 1990. He is an economist.

Mr. Chen Shaolong

Born in November 1980, is a non-executive Director of the Company. Mr. Chen has accumulated extensive experience in accounting and investment risk management. Mr. Chen has been a non-executive Director of the Company since April 2024, a chairman of Shandong Taishan Information Asset Operation Co., Ltd.* (山東省泰山資料資產運營有限公司) since December 2024, the chief accountant of Taian Taishan Finance Investment Group Co., Ltd. (泰安市泰山財金投資集團有限公司) since January 2024 and a director and president of Taian Taishan Investment Co., Ltd. (泰安市泰山投資有限公司) since November 2018. Mr. Chen obtained a bachelor's degree in management majoring in accounting from Shandong Technology and Business University in July 2003 and is a senior accountant.

Biographical Details of Directors, Supervisors and Senior Management *(Continued)*

DIRECTORS *(CONTINUED)*

Mr. Sun Yanjun

Born in March 1970, is an independent non-executive Director of the Company. Mr. Sun has accumulated extensive experience in business operations management, private equity investment as well as merger and acquisition of overseas listed Chinese companies. Mr. Sun has been an independent non-executive Director of the Company since October 2014, a non-executive director of Yonghui Superstores Co., Ltd.*(永輝超市股份有限公司) since June 2023, a director of Jardine Mathematics Co., Ltd. (怡和管理有限公司) and the chairman of Jardine (China) Co., Ltd. (怡和(中國)有限公司) and a non-executive director of Zhongsheng Group Holdings Limited*(中升集團控股有限公司) since August 2022. Mr. Sun received an MBA degree from the University of Michigan in May 1997.

Mr. Liu Jianwen

Born in May 1959, is an independent non-executive Director of the Company. Mr. Liu has accumulated extensive experience in the fields of fiscal and tax law, economic law and intellectual property law. Mr. Liu has been a distinguished professor of Liaoning University* (遼寧大學) since May 2018, and an independent non-executive Director of the Company since May 2016 and a professor at the school of law of Peking University* (北京大學法學院) since July 1999. At present, Mr. Liu concurrently serves as an independent director of Shandong Hongchuang Aluminum Industry Holding Company Limited* (山東宏創鋁業控股股份有限公司), an independent director of Beijing Aosaikang Pharmaceutical Co., Ltd.* (北京奧賽康藥業股份有限公司), and the independent director of companies related to the electronic materials industry and has experience in corporate management in the building materials industry. Mr. Liu is concurrently serves as the chairman of China Association for Fiscal and Tax Law* (中國財税法學研究會), an expert advisory committee member of the Supreme People's Procuratorate, and a legal consultant of the Ministry of Finance of the People's Republic of China. Mr. Liu obtained a doctorate degree in law from Wuhan University* (武漢大學) in June 1997 and completed his postdoctoral program in law from Peking University* (北京大學) in June 1999. Mr. Liu received the third prize of Qian Duansheng Outstanding Book Award* (錢端升優秀著作三等獎), the first prize of Beijing Philosophy and Social Science Research Outstanding Achievement Award* (北京市哲學社會科學研究優秀成果一等獎) and the second prize of the Outstanding Achievement Award in Philosophy and Social Science Research of National Higher Educational Institutions* (全國高等學校哲學社會科學研究優秀成果二等獎).

Mr. Zhou Fangsheng

Born in December 1949, is an independent non-executive Director of the Company. Mr. Zhou has accumulated extensive experience in corporate management. He has been an independent non-executive Director of the Company since May 2016. At present, Mr. Zhou concurrently serves as an independent supervisor of Sinotrans Limited* (中國外運股份有限公司). Mr. Zhou completed the postgraduate course in Enterprise Management provided by Renmin University of China* (中國人民大學) in July 1995.

Mr. Li Jun

Born in October 1962, is an independent non-executive Director of the Company. Mr. Li has accumulated extensive experience in accounting. Mr. Li has been an independent non-executive Director of the Company since May 2020, the chairman of the board of directors of Beijing Huayu Fund Management Co., Ltd.* (北京華鈺基金管理有限公司) since November 2018. At present, Mr. Li concurrently serves as an independent director of BOCI Securities Limited (中銀國際證券股份有限公司) and an independent director of China Railway Materials Company Limited* (中國鐵路物資股份有限公司). Mr. Li possessed a doctoral degree. He is a Certified Public Accountant in the PRC and a non-practising member of the PRC Certified Public Valuer* (中國註冊資產評估師非執業會員).

Biographical Details of Directors, Supervisors and Senior Management *(Continued)*

DIRECTORS *(CONTINUED)*

Ms. Xia Xue

Born in January 1968, is an independent non-executive Director of the Company. Ms. Xia has extensive research experience in the regulation of securities market, corporate governance of listed companies, legal system for securities and other fields. She has been a senior partner of Zhihe Partners* (至合律師事務所) since January 2020, and an independent non-executive Director of the Company since May 2016. At present, Ms. Xia concurrently serves as an independent director of Shanghai Wanye Enterprises Co., Ltd.* (上海萬業企業股份有限公司) and an arbitrator of the Shanghai Arbitration Commission. Ms. Xia obtained her doctoral degree in law from East China University of Political Science and Law* (華東政法大學) in July 2010.

SUPERVISORS

Mr. Zhang Jianfeng

Born in August 1975, is a Supervisor representing the Shareholders of the Company. Mr. Zhang has accumulated extensive experience in corporate management. Mr. Zhang has been a Supervisor representing the Shareholders of the Company since May 2022, the secretary to the board of directors of BBMG since August 2021, a director of Tangshan Jidong Equipment Engineering Co., Ltd.* (唐山冀東裝備工程股份有限公司) since November 2016, and the head of the board office of BBMG since March 2016. Mr. Zhang obtained his bachelor's degree in arts from Wuhan University of Technology* (武漢工業大學) in June 1998.

Mr. Li Xuan

Born in March 1968, is an independent Supervisor of the Company. Mr. Li has extensive theories and practical experience in the fields of Company Law and commercial litigation and arbitration. Mr. Li has been an independent Supervisor of the Company since May 2016, and the head and associate professor of the Juris Master Education Center of Central University of Finance and Economics* (中央財經大學法律碩士教育中心) since November 2015. At present, Mr. Li concurrently serves as an independent director of Beijing Yandong Microelectronics Company Limited* (北京燕東微電子股份有限公司), an independent Director of BOE Energy Technology Co., Ltd.* (京東方能源科技股份有限公司), a vice president of the Case Law Research Committee of China Law Society* (中國法學會案例法學研究會), an acting director of the Lawyers Law Research Committee of China Law Society* (中國法學會律師法學研究會), a vice chairman of the legislative committee of Beijing Committee of the China Democratic League* (民盟北京市委法制委員會委員副主任), an ombudsman of Beijing Municipal Supervisory Authority* (北京市監察機關人民監督員), He is also a part-time arbitrator and lawyer. He obtained a doctoral degree in litigation law from the School of Civil, Commercial and Economic Law of China University of Political Science and Law* (中國政法大學民商經濟法學院訴訟法學博士學位) in July 2011. Mr. Li was an associate professor of Central University of Finance and Economics and the head of the Office of Legal Affairs. Mr. Li was honored as an Outstanding Young Teacher in Beijing* (北京市優秀青年骨幹教師) and the Model of Teacher Ethics in Beijing* (北京市師德標兵).

Mr. Wei Jianguo

Born in January 1963, is an independent Supervisor of the Company. Mr. Wei has profound theoretical knowledge and rich practical experience in the fields of industrial economy and capital market. Mr. Wei has been independent Supervisor of the Company since May 2022, a counselor of the People's Government of Hubei Province since July 2017, a professor of economics at Wuhan University of Technology* (武漢理工大學) since October 2001, a doctoral supervisor in industrial economics at Wuhan University of Technology since November 2003, and was a member of the Standing Committee of the Ninth CPPCC Hubei Province and a member of the Standing Committee of the 11th and 12th CPPCC Wuhan Municipal Committee. Mr. Wei obtained his doctoral degree in management from Huazhong University of Science and Technology* (華中科技大學) in June 2003, and a visitor scholar at Georgia Institute of Technology, USA between January 2008 to January 2009. Mr. Wei has won many provincial and ministerial awards for scientific research, teaching and political participation.

SUPERVISORS *(CONTINUED)*

Ms. Yu Yuehua

Born in February 1972, concurrently serves as a staff representative Supervisor, the chief auditor and the general manager of the audit department of the Company. Ms. Yu has accumulated extensive experience in project management, finance and audit. Ms. Yu has been a director of Tianshan Materials since February 2025, the chairman of the supervisory committee of Sinoma International since October 2023, the chairman of the supervisory committee of BNBM and a supervisor of BBMG Corporation since May 2023, the chief auditor of the Company since February 2023, a supervisor of Qilianshan Holdings since November 2022, a staff representative Supervisor of the Company since July 2020, and the general manager of the audit department of the Company since September 2018. Ms. Yu received her bachelor's degree in thermal engineering from Harbin University of Science and Technology* (哈爾濱理工大學) in July 1994. She is a Chinese Certified Public Accountant. Ms. Yu has obtained an Advanced Worker of Internal Audit Nationwide* (全國內部審計先進工作者), and awarded Excellent Achievements in Internal Audit Research Projects of National Audit Office of the People's Republic of China* (國家審計署內部審計研究課題優秀成果) and the first prize for outstanding achievements in China's enterprise reform and development* (中國企業改革發展優秀成果).

Ms. Du Guangyuan

Born in September 1978, a staff representative Supervisor and the general manager of the legal compliance department of the Company. Ms. Du has accumulated extensive experience in legal management. Ms. Du has been serving as a director of Tianshan Materials since February 2025, a supervisor of Sinoma International and a director of Sinoma Advanced since February 2022, a staff representative Supervisor of the Company since November 2021, and the general manager of the legal compliance department of the Company since February 2021. At present, Ms. Du concurrently acts as vice chairman of compliance management branch of China Building Materials Enterprises Management Association* (中國建築材料企業管理協會). Ms. Du received her master's degree in law from Peking University in June 2004. Ms. Du was awarded the second prize for National Corporate Management Modernization and Innovation Achievements* (國家級企業管理現代化創新成果) and the Advanced Worker in Legal Affairs of Central Enterprises* (中央企業法律事務先進工作者) by the State-owned Assets Supervision and Administration Commission of the State Council.

SENIOR MANAGEMENT

Mr. Wei Rushan

See biographical details above.

Mr. Wang Bing

See biographical details above.

Mr. Xue Zhongmin

Born in January 1966, is a vice president of the Company. Mr. Xue has accumulated extensive experience in science and technology innovation and corporate management. Mr. Xue has been the director of Zhongfu Shenying since December 2023, a vice president of the Company since May 2018. At present, Mr. Xu concurrently serves as a director of the third board of directors of SAMPE China Beijing Branch* (SAMPE中國北京分會), and an expert from industry consulting database at Shenzhen Stock Exchange. Mr. Xu obtained a doctoral degree in materials processing engineering from Beijing University of Aeronautics & Astronautics* (北京航空航太大學) in March 2006. He is a professor-grade senior engineer and enjoys a special government allowance approved by the State Council and is national-level candidate for the New Century Hundreds of Thousands of Talents Project* (新世紀百千萬人才工程國家級人選). Mr. Xue was awarded a National Outstanding Scientific Worker* (全國優秀科技工作者) and a Science and Technology Innovation Leader of National Building Material Industry* (全國建材行業科技創新領軍者).

Biographical Details of Directors, Supervisors and Senior Management *(Continued)*

SENIOR MANAGEMENT *(CONTINUED)*

Mr. Cai Guobin

Born in August 1967, is a vice president of the Company. Mr. Cai has been the vice president of the Company since August 2009. Mr. Cai has extensive management experience in corporate management. Mr. Cai has been a deputy director of Sinoma Graphite since August 2022, a director of New Tianshan Cement since September 2020, a director of CBM Holdings since May 2017, a director of Jushi Group. since October 2014, the vice chairman of the board of China Jushi since October 2009, and a vice president of the Company since August 2009. Mr. Cai is an accountant who received an EMBA degree from Tsinghua University* (清華大學) in January 2012. Mr. Cai was awarded Outstanding Scientific Decampment Leader *(優秀科學發展帶頭人), Outstanding Entrepreneur of National Building Materials Industry *(全國建材行業優秀企業家), the first prize of National Corporate Management Modernization and Innovation Achievements *(國家級企業管理現代化創新成果), and Outstanding Figure with Contributions in Management and Innovation National Building Materials Enterprises *(全國建材企業管理創新突出貢獻人物稱號).

Ms. Pei Hongyan

Born in December 1973, is a secretary of the Board of Directors of the Company. She has accumulated extensive experience in corporate management. Ms. Pei has been the chairman of the supervisory committee of China Jushi, the chairman of the supervisory committee of Zhongfu Shenying since August 2022, a director of the Finance Company since May 2022, a secretary of the Board of Directors of the Company since March 2022. At present, Ms. Pei concurrently serves as a vice chairman of Beijing Listed Companies Association* (北京上市公司協會). Ms. Pei received a master's degree in management from Dongbei University of Finance and Economics* (東北財經大學) in March 1999. Ms. Pei is a fellow member of the Association of Chartered Certified Accountants and a non-practising member of the Chinese Institute of Certified Public Accountants. Ms. Pei was awarded the first prize of National Corporate Management Modernization and Innovation Achievements* (國家級企業管理現代化創新成果).

Mr. Liu Biao

Born in April 1966, is a vice president of the Company. Mr. Liu has accumulated extensive experience in finance management and corporate management. Mr. Liu has been a vice president of the Company since May 2018. At present, Mr. Liu obtained a master's degree in business administration from Wuhan University* (武漢大學) in June 2007. Mr. Liu is a senior economist and an accountant with the qualification of the Chinese Institute of Certified Public Accountants* (中國註冊會計師), and a non-practising member of the Chinese Institute of Certified Public Accountants* (中國註冊會計師協會). Mr. Liu was awarded the second prize of National Corporate Management Modernization and Innovation Achievements (國家級企業管理現代化創新成果).

Independent Auditor's Report

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大華馬施雲
會計師事務所有限公司

To the shareholders of China National Building Material Company Limited
(a joint stock company incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China National Building Material Company Limited and its subsidiaries (together the "Group") set out on pages 105 to 266, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(CONTINUED)*

Valuation and impairment of property, plant and equipment, right-of-use assets and intangible assets

Refer to Note 15,16 & 19 to the consolidated financial statements

Key audit matter

We identified the valuation and impairment of property, plant and equipment, right-of-use assets and intangible assets as a key audit matter due to the significance of the property, plant and equipment, right-of-use assets and intangible assets balances to the consolidated statement of financial position and the involvement of significant management judgements in the impairment assessment, including assessments of estimated utilisation of the assets, disposal values and discount rates applied to future cash flows.

As at 31 December 2024, the Group has property, plant and equipment, right-of-use assets and intangible assets with aggregate carrying values of RMB204,239.37 million, RMB27,046.94 million and RMB31,290.81 million, accounting for approximately 41.3%, 5.5% and 6.3% of the Group's total assets respectively. With reference to the financial performance of certain cash-generating units, the management considered that indications of impairment of certain property, plant and equipment, right-of-use assets and intangible assets of the Group existed as at 31 December 2024. Accordingly, the management has performed an impairment review on the property, plant and equipment, right-of-use assets and intangible assets with reference to a review of the business, the outlook for the industry and the Group's operating plans. During the year, impairment provision of RMB82.95 million, RMBnil and RMBnil has been recorded to reduce the carrying amounts of certain property, plant and equipment, right-of-use assets and intangible assets to their recoverable amounts, which is the higher of fair value less costs of disposal and value in use, with the assistance from independent professional valuers.

KEY AUDIT MATTERS *(CONTINUED)*

Valuation and impairment of property, plant and equipment, right-of-use assets and intangible assets *(Continued)*

How our audit addressed the Key Audit Matter

Our audit procedures in relation to management's impairment assessment of property, plant and equipment, right-of-use assets and intangible assets included:

– evaluating the independent professional valuers' competence, capabilities and the objectivity of their exercises, and obtaining an understanding of the work of the management's experts;

– assessing the valuation methodology;

– considering the historical financial performance and growth rates of the relevant cash-generating units;

– challenging the reasonableness of key assumptions of both management and valuers based on our understanding of the business and industry;

– reconciling input data and relevant factors to supporting evidences;

– evaluating the discount rate, by assessing the cost of capital for the Company and comparable companies, as well as considering territory specific factors; and

– evaluating sensitivity analysis around the key assumptions for revenue growth rate and discount rate. We calculated the degree to which these assumptions would need to move before an impairment conclusion was triggered. We discussed the likelihood of such a movement with management and agreed with their conclusion that it was unlikely.

We found the assumptions made by the independent professional valuers and management in relation to the value-in-use calculations to be reasonable based on available evidence. The significant inputs involved have been appropriately disclosed in Note 15.

KEY AUDIT MATTERS *(CONTINUED)*

Valuation and impairment of goodwill

Refer to Note 18 to the consolidated financial statements

Key audit matter

We identified the valuation and impairment of goodwill as a key audit matter due to the significance of the goodwill balance to the consolidated financial statements, combined with the significant degree of judgement by the management associated with the determination of the recoverable amount of goodwill in the annual impairment test.

As at 31 December 2024, the Group has goodwill of approximately RMB34,376.63 million, accounting for approximately 7.0% of the Group's total assets.

The management determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated, which is the higher of the value in use or fair value less costs of disposal.

Impairment loss of approximately RMBnil, RMBnil, RMB41.45 million, RMB32.20 million and RMBnil have been recorded in respect of the goodwill allocated to the cement segment, concrete segment, engineering technology services segment, new material operation segment and other segment respectively during the year.

Management's conclusion was based on a value in use model that required significant management judgements including those relating to:

– estimated values used in the model for a valuation, provided by an independent professional valuer; and

– the discount rates used and the underlying cash flows arising estimate of future revenue growth applied to the estimated future cash flows.

KEY AUDIT MATTERS *(CONTINUED)*

Valuation and impairment of goodwill *(Continued)*

How our audit addressed the Key Audit Matter

Our audit procedures in relation to management's impairment assessment of goodwill of the cement and concrete segments included:

– evaluating the independent professional valuers' competence, capabilities and the objectivity of their exercises, and obtaining an understanding of the work of the management's experts;

– assessing the valuation methodology;

– considering the historical financial performance and growth rates of the relevant cash-generating units;

– challenging the reasonableness of key assumptions of both management and valuers based on our understanding of the business and industry;

– reconciling input data and relevant factors to supporting evidences;

– evaluating the discount rate, by assessing the cost of capital for the Company and comparable companies, as well as considering territory specific factors; and

– evaluating sensitivity analysis around the key assumptions for revenue growth rate and discount rate. We calculated the degree to which these assumptions would need to move before an impairment conclusion was triggered. We discussed the likelihood of such a movement with management and agreed with their conclusion that it was unlikely.

We found the assumptions made by the independent professional valuers and management in relation to the value-in-use calculations to be reasonable based on available evidence. The significant inputs involved have been appropriately disclosed in Note 18.

Independent Auditor's Report *(Continued)*

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report *(Continued)*

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore CPA Limited
Certified Public Accountants

Cheung Sai Kit
Practising Certificate Number: P05544

Hong Kong, 27 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
Revenue	6	**181,300,701**	210,216,434
Cost of sales		**(148,591,366)**	(172,770,237)
Gross profit		**32,709,335**	37,446,197
Investment and other income, net	8	**5,533,440**	3,454,100
Selling and distribution costs		**(3,918,324)**	(3,694,350)
Administrative expenses		**(20,624,622)**	(21,122,306)
Finance costs, net	9	**(4,657,818)**	(5,142,062)
Share of results of associates	21	**1,090,929**	1,512,521
Share of results of joint ventures	22	**(9,913)**	(3,356)
(Impairment loss)/reversal of impairment loss under expected credit loss model, net		**(629,675)**	69,178
Profit before income tax	11	**9,493,352**	12,519,922
Income tax expense	12	**(2,079,766)**	(2,119,272)
Profit for the year		**7,413,586**	10,400,650
Profit for the year attributable to:			
Owners of the Company		**2,387,299**	3,863,048
Holders of perpetual capital instruments		**514,421**	551,808
Non-controlling interests		**4,511,866**	5,985,794
Profit for the year		**7,413,586**	10,400,650
		RMB	*RMB*
Earnings per share – basic	14	**0.283**	0.458
Earnings per share – diluted	14	**0.283**	0.450

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
Profit for the year		**7,413,586**	10,400,650
Other comprehensive (expense)/income, net of tax:	12(b)		
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit obligations		**(32,268)**	(1,323)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(135,309)**	(117,440)
Share of associates' other comprehensive (expense)/income		**(714)**	76,391
Share of joint ventures' other comprehensive income/(expense)		**89**	(73)
Changes in fair value on hedging instruments designated as cash flow hedges		**9,944**	(20,874)
Other comprehensive expense for the year, net of tax		**(158,258)**	(63,319)
Total comprehensive income for the year		**7,255,328**	10,337,331
Total comprehensive income attributable to:			
Owners of the Company		**2,267,584**	3,801,338
Holders of perpetual capital instruments		**514,421**	551,808
Non-controlling interests		**4,473,323**	5,984,185
Total comprehensive income for the year		**7,255,328**	10,337,331

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	15	**204,239,365**	198,007,875
Right-of-use assets	16	**27,046,941**	27,006,928
Investment properties	17	**1,492,807**	1,612,203
Goodwill	18	**34,376,630**	32,243,664
Intangible assets	19	**31,290,814**	29,880,940
Interests in associates	21	**33,115,674**	32,751,773
Interests in joint ventures	22	**223,093**	233,073
Financial assets at fair value through profit or loss	23	**3,754,092**	3,766,633
Financial assets at fair value through other comprehensive income	24	**42,969**	18,969
Deposits	25	**2,577,030**	1,739,240
Trade and other receivables	27	**3,205,042**	4,688,417
Deferred income tax assets	33	**8,603,357**	8,437,148
Derivative financial instruments	36	**–**	7,168
		349,967,814	340,394,031
Current assets			
Inventories	26	**16,951,294**	21,128,454
Trade and other receivables	27	**87,592,581**	81,900,454
Financial assets at fair value through profit or loss	23	**9,423,632**	9,934,678
Derivative financial instruments	36	**1,448**	1,463
Amounts due from related parties	28	**2,727,631**	3,270,468
Pledged bank deposits	30	**3,809,312**	4,837,876
Cash and cash equivalents	30	**23,533,564**	27,430,500
		144,039,462	148,503,893
Current liabilities			
Trade and other payables	31(a)	**91,379,837**	93,783,605
Amounts due to related parties	28	**5,814,777**	6,613,726
Borrowings – amount due within one year	32	**82,128,645**	73,980,106
Lease liabilities	34	**418,137**	291,307
Derivative financial instruments	36	**4,689**	72,534
Employee benefits payable	35	**25,817**	28,527
Current income tax liabilities		**1,380,346**	1,544,897
Dividends payable to non-controlling interests		**311,080**	480,596
		181,463,328	176,795,298
Net current liabilities		**(37,423,866)**	(28,291,405)
Total assets less current liabilities		**312,543,948**	312,102,626

Consolidated Statement of Financial Position *(Continued)*

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Borrowings – amount due after one year	32	**109,781,897**	110,925,593
Deferred income	31(b)	**2,278,646**	2,232,550
Lease liabilities	34	**2,148,167**	1,833,522
Employee benefits payable	35	**329,186**	303,804
Deferred income tax liabilities	33	**3,478,167**	3,293,070
		118,016,063	118,588,539
Net assets		**194,527,885**	193,514,087
Capital and reserves			
Share capital	38	**8,434,771**	8,434,771
Reserves		**94,686,353**	96,890,711
Equity attributable to:			
Owners of the Company		**103,121,124**	105,325,482
Holders of perpetual capital instruments	40	**16,322,353**	17,838,445
Non-controlling interests		**75,084,408**	70,350,160
Total equity		**194,527,885**	193,514,087

The consolidated financial statements on pages 105 to 266 were approved and authorised for issue by the Board of Directors on 27 March 2025 and were signed on its behalf by:

Wei Rushan
Director

Liu Yan
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company											
	Share capital	Share premium	Capital reserve (Note 39(a))	Statutory surplus reserve (Note 39(b))	Share-based payments reserve (Note 39(c))	Hedging reserve (Note 39(d))	Exchange reserve (Note 39(e))	Retained earnings	Total	Perpetual capital instruments	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023	8,434,771	1,788,736	13,014,129	13,256,207	20,389	3,049	(261,076)	71,072,462	107,328,667	15,820,411	72,838,844	195,987,922
Profit for the year	–	–	–	–	–	–	–	3,863,048	3,863,048	551,808	5,985,794	10,400,650
Other comprehensive income/(expense), net of tax:												
Actuarial loss on defined benefit obligations (Note 35)	–	–	(1,252)	–	–	–	–	–	(1,252)	–	(71)	(1,323)
Currency translation differences	–	–	–	–	–	–	(124,452)	–	(124,452)	–	7,012	(117,440)
Share of associates' other comprehensive income	–	–	76,391	–	–	–	–	–	76,391	–	–	76,391
Share of joint ventures' other comprehensive expense	–	–	(73)	–	–	–	–	–	(73)	–	–	(73)
Change in the fair value on hedging instruments designated as cash flow hedges	–	–	–	–	–	(12,324)	–	–	(12,324)	–	(8,550)	(20,874)
Total comprehensive (expenses)/income for the year	–	–	75,066	–	–	(12,324)	(124,452)	3,863,048	3,801,338	551,808	5,984,185	10,337,331
Dividends paid (Note 13)	–	–	–	–	–	–	–	(3,188,343)	(3,188,343)	–	–	(3,188,343)
Dividends declared to the non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	(3,890,747)	(3,890,747)
Issue of perpetual capital instruments, net of issuance cost (Note 40)	–	–	–	–	–	–	–	–	–	6,586,804	–	6,586,804
Redemption of perpetual capital instruments (Note 40)	–	–	(17,274)	–	–	–	–	–	(17,274)	(4,582,726)	–	(4,600,000)
Interest paid on perpetual capital instruments (Note 40)	–	–	–	–	–	–	–	–	–	(537,852)	–	(537,852)
Increase in non-controlling interests as a result of acquisitions of subsidiaries (Note 41(a))	–	–	–	–	–	–	–	–	–	–	175,710	175,710
Decrease in non-controlling interests as a result of disposal of subsidiaries (Note 41(b))	–	–	–	–	–	–	–	–	–	–	(4,005)	(4,005)
Contribution from non-controlling interests	–	–	15,499	–	–	–	–	–	15,499	–	635,747	651,246
Share of reserve in associates	–	–	(2,792)	–	–	–	–	–	(2,792)	–	–	(2,792)
Business combination under common control	–	–	(2,106,914)	–	–	–	–	–	(2,106,914)	–	2,321,761	214,847
Deemed partial disposal of interest in subsidiaries without losing control (Note 42(b))	–	–	(336,998)	–	–	–	–	–	(336,998)	–	399,396	62,398
Decrease in non-controlling interests as result of acquisition of additional interest in subsidiaries without change in control (Note 42(a))	–	–	22,367	–	–	–	–	–	22,367	–	(159,809)	(137,442)
Deemed disposal of subsidiaries (Note 41(c))	–	–	(1,268,294)	(26,344)	–	–	–	–	(1,294,638)	–	(7,694,399)	(8,989,037)
Recognition of equity-settled share-based payment of a subsidiary (Note 37)	–	–	–	–	27,674	–	–	–	27,674	–	39,927	67,601
Appropriation to statutory reserve	–	–	–	2,259,101	–	–	–	(2,259,101)	–	–	–	–
Effect of performance guarantee to a non-wholly owned subsidiary (Note 42(c))	–	–	(426,234)	–	–	–	–	–	(426,234)	–	426,234	–
Others	–	–	719,593	64,028	–	–	4,144	715,365	1,503,130	–	(722,684)	780,446
Balance at 31 December 2023	8,434,771	1,788,736	9,688,148	15,552,992	48,063	(9,275)	(381,384)	70,203,431	105,325,482	17,838,445	70,350,160	193,514,087

Consolidated Statement of Changes in Equity *(Continued)*

For the year ended 31 December 2024

	Attributable to owners of the Company											
	Share capital	Share premium	Capital reserve (Note 39(a))	Statutory surplus reserve (Note 39(b))	Share-based payments reserve (Note 39(c))	Hedging reserve (Note 39(d))	Exchange reserve (Note 39(e))	Retained earnings	Total	Perpetual capital instruments	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 31 December 2023 and 1 January 2024	**8,434,771**	**1,788,736**	**9,688,148**	**15,552,992**	**48,063**	**(9,275)**	**(381,384)**	**70,203,431**	**105,325,482**	**17,838,445**	**70,350,160**	**193,514,087**
Profit for the year	–	–	–	–	–	–	–	2,387,299	2,387,299	514,421	4,511,866	7,413,586
Other comprehensive (expense)/income, net of tax:												
Actuarial loss on defined benefit obligations (Note 35)	–	–	(13,834)	–	–	–	–	–	(13,834)	–	(18,434)	(32,268)
Currency translation differences	–	–	–	–	–	–	(111,126)	–	(111,126)	–	(24,183)	(135,309)
Share of associates' other comprehensive expense	–	–	(714)	–	–	–	–	–	(714)	–	–	(714)
Share of joint ventures' other comprehensive income	–	–	89	–	–	–	–	–	89	–	–	89
Change in the fair value on hedging instruments designated as cash flow hedges	–	–	–	–	–	5,870	–	–	5,870	–	4,074	9,944
Total comprehensive (expenses)/income for the year	–	–	(14,459)	–	–	5,870	(111,126)	2,387,299	2,267,584	514,421	4,473,323	7,255,328
Dividends paid (Note 13)	–	–	–	–	–	–	–	(1,931,562)	(1,931,562)	–	–	(1,931,562)
Dividends declared to the non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	(2,885,290)	(2,885,290)
Issue of perpetual capital instruments, net of issuance cost (Note 40)	–	–	–	–	–	–	–	–	–	998,340	–	998,340
Redemption of perpetual capital instruments (Note 40)	–	–	(7,927)	–	–	–	–	–	(7,927)	(2,492,073)	–	(2,500,000)
Interest paid on perpetual capital instruments (Note 40)	–	–	–	–	–	–	–	–	–	(536,780)	–	(536,780)
Increase in non-controlling interests as a result of acquisitions of subsidiaries (Note 41(a))	–	–	–	–	–	–	–	–	–	–	594,186	594,186
Decrease in non-controlling interests as a result of disposal of subsidiaries (Note 41(b))	–	–	–	–	–	–	–	–	–	–	(522,280)	(522,280)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	381,906	381,906
Share of reserve in associates	–	–	37,282	–	–	–	–	–	37,282	–	–	37,282
Deemed partial disposal of interest in subsidiaries without losing control (Note 42(b))	–	–	(463,883)	–	–	–	–	–	(463,883)	–	517,073	53,190
Decrease in non-controlling interests as result of acquisition of additional interest in subsidiaries without change in control (Note 42(a))	–	–	991	–	–	–	–	–	991	–	(6,444)	(5,453)
Recognition of equity-settled share-based payment of subsidiaries (Note 37)	–	–	–	–	25,056	–	–	–	25,056	–	19,471	44,527
Transfer upon lapse of share awards of a subsidiary	–	–	–	–	(890)	–	–	–	(890)	–	–	(890)
Appropriation to statutory reserve	–	–	–	1,200,537	–	–	–	(1,200,537)	–	–	–	–
Increase in non-controlling interests as a result of the effect of performance guarantee to a non0wholly owned subsidiary (Note 42(c))	–	–	(2,765,726)	–	–	–	–	–	(2,765,726)	–	2,765,726	–
Others	–	–	589,813	–	–	–	–	44,904	634,717	–	(603,423)	31,294
Balance at 31 December 2024	8,434,771	1,788,736	7,064,239	16,753,529	72,229	(3,405)	(492,510)	69,503,535	103,121,124	16,322,353	75,084,408	194,527,885

Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before income tax		**9,493,352**	12,519,922
Adjustments for:			
Discount on acquisition of interests in subsidiaries (Note 41(a))	8	**–**	(232)
Gain on disposal of subsidiaries, net	8	**(251,073)**	(3,909)
Loss on deemed disposal of subsidiaries	8	**–**	549,292
Loss/(gain) on deemed disposal of interests in associates	8	**122,479**	(96,355)
(Gain)/loss on disposal of other investments	8	**(54,578)**	187,466
(Increase)/decrease in fair value of financial assets at fair value through profit or loss, net	8	**(137,144)**	955,389
Decrease in fair value of derivative financial instruments, net	8	**22,073**	25,338
Gain on disposal of property, plant and equipment	8	**(277,130)**	(236,615)
Gain on disposal of investment properties	8	**(511,033)**	–
Gain on disposal of right-of-use assets	8	**(176,845)**	–
Gain on disposal of intangible assets	8	**(242,607)**	(450,366)
Waiver of payables	8	**(324,297)**	(603,975)
Finance costs	9	**5,236,794**	5,946,643
Interest income	9	**(578,976)**	(804,581)
Depreciation of property, plant and equipment	11	**11,659,807**	11,865,579
Depreciation of investment properties	11	**59,712**	47,606
Depreciation of right-of-use assets	11	**1,981,904**	2,311,670
Amortisation of intangible assets	11	**2,371,461**	2,002,026
Impairment loss on goodwill	11	**73,654**	176,216
Impairment loss on property, plant and equipment	11	**82,951**	14,193
Impairment loss on intangible assets	11	**–**	277
Loss on goodwill from deregistration of subsidiaries	11	**17,356**	–
Write down of inventories	11	**112,736**	241,496
Net foreign exchange loss	11	**265,133**	207,508
Share of results of associates	21	**(1,090,929)**	(1,512,521)
Share of results of joint ventures	22	**9,913**	3,356
Impairment loss/(reversal of impairment loss) under expected credit loss model, net		**629,675**	(69,178)
Deferred income released to the consolidated statement of profit or loss		**(298,242)**	(332,887)
Defined benefit cost included in current profit and loss	35	**15,404**	25,510
Share-based payment expense	11	**44,527**	67,601
Operating cash flows before working capital changes		**28,256,077**	33,036,469
Decrease in inventories		**4,357,388**	2,419,768
(Increase)/decrease in trade and other receivables		**(3,010,606)**	1,977,406
Decrease/(increase) in amounts due from related parties		**127,280**	(307,531)
Decrease in trade and other payables		**(4,732,006)**	(7,434,261)
(Decrease)/increase in amounts due to related parties		**(226,717)**	1,827,207
Decrease in defined benefit obligations		**(25,000)**	(150,909)
Increase in deferred income		**342,727**	201,000
Cash generated from operations		**25,089,143**	31,569,149
Income tax paid		**(2,472,213)**	(3,348,857)
Interest received		**578,976**	804,581
Net cash generated from operating activities		**23,195,906**	29,024,873

Statement of Cash Flows *(Continued)*

For the year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
Investing activities			
Purchase of financial assets at fair value through profit or loss		**(25,141,023)**	(26,773,943)
Purchase of financial assets at fair value through other comprehensive income		**(24,000)**	(18,969)
Proceeds on disposal of financial assets at fair value through profit or loss		**25,689,885**	23,991,545
Dividends received from financial assets at fair value through profit or loss		**116,711**	81,976
Purchase of property, plant and equipment		**(17,223,109)**	(17,998,106)
Payment for right-of-use assets		**(958,924)**	(715,367)
Purchase of intangible assets		**(3,618,367)**	(3,329,472)
Purchase of investment properties		**(500)**	(93,809)
Proceeds from disposal of property, plant and equipment		**475,676**	1,184,743
Proceeds from disposal of right-of-use assets		**300,538**	–
Proceeds from disposal of investment properties		**705,965**	–
Proceeds from disposal of intangible assets		**297,366**	523,827
Acquisition of interests in associates		**(80,524)**	(507,026)
Acquisition of interests in joint venture		**–**	(110,000)
Dividends received from associates		**710,755**	991,438
Proceeds from disposal of associates		**3,717**	273,255
Payment for acquisition of subsidiaries, net of cash and cash equivalents acquired	41(a)	**(3,506,720)**	(224,858)
Net cash inflow from disposal of subsidiaries	41(b)	**518,963**	5,408
Net cash outflow from deemed disposal of subsidiaries	41(c)	**–**	(2,503,695)
Business combination under common control		**–**	(767,411)
Repayment from/(advance to) related parties		**403,207**	(267,211)
Decrease/(increase) in pledged bank deposits		**1,028,570**	(693,267)
Other cash inflow/(outflow) for investing activities		**25,090**	(388,414)
Net cash used in investing activities		**(20,276,724)**	(27,339,356)

Statement of Cash Flows *(Continued)*

For the year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
Financing activities			
Proceeds from issue of perpetual capital instruments, net of issuance cost		**998,340**	6,586,804
Redemption of perpetual capital instruments		**(2,500,000)**	(4,600,000)
Interest paid		**(5,457,177)**	(5,803,821)
Interest paid on perpetual capital instruments		**(536,780)**	(537,852)
Dividends paid to shareholders		**(1,931,562)**	(3,188,343)
Dividends paid to non-controlling interests of subsidiaries		**(3,054,806)**	(4,425,865)
Payment for acquisition of additional interests in subsidiaries	42(a)	**(5,453)**	(137,442)
Contributions from non-controlling interests		**381,906**	651,246
Net borrowings raised		**104,300,263**	125,276,286
Repayment of borrowings		**(97,604,800)**	(114,208,678)
Repayment of lease liabilities		**(491,376)**	(493,144)
Advances to related parties, net		**(721,375)**	(259,682)
Deemed partial disposal of interest in subsidiaries without losing control	42(b)	**53,190**	62,398
Net cash used in financing activities		**(6,569,630)**	(1,078,093)
Net (decrease)/increase in cash and cash equivalents		**(3,650,448)**	607,424
Effect of foreign exchange rate changes		**(246,488)**	(167,373)
Cash and cash equivalents at beginning of the year		**27,430,500**	26,990,449
Cash and cash equivalents at end of the year		**23,533,564**	27,430,500

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

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

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

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

The Company is an investment holding company. Particulars of the Company's principal subsidiaries are set out in Note 20. Hereinafter, the Company and its subsidiaries are collectively referred to as the "Group".

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS ("IFRSs")

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

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS ("IFRSs") *(CONTINUED)*

2.1 Amendments to IFRSs that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to IAS 7 "Statement of Cash Flows" stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

In addition, IFRS 7 "Financial Instruments: Disclosures" was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by IAS 7.44H (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS ("IFRSs") *(CONTINUED)*

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures[4]
Amendments to IAS 21	Lack of Exchangeability[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective for annual periods beginning on or after a date to be determined

Except for the new IFRSs mentioned below, the directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements". This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18 and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of the consolidated financial statements

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.2 Basis of consolidation *(Continued)*

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3.2.1 Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial instruments" ("IFRS 9"), when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.3 Business combinations or asset acquisitions

3.3.1 Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3.3.2 Business combination

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition- date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed, with limited exceptions, are recognised at their fair value

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.3 Business combinations or asset acquisitions *(Continued)*

3.3.2 Business combination *(Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to fair value at the acquisition date (i. e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 3.3.3 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

3.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.5 Investments in associates and joint ventures *(Continued)*

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.6 Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

3.8 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i. e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.8 Revenue from contracts with customers *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to the same contract are accounted for a presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.8 Revenue from contracts with customers *(Continued)*

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i. e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i. e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Further details of the Group's revenue recognition policies are disclosed in Note 6.

3.9 Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of offices, plant and machinery and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.9 Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.9 Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities (Continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right- of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- the lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modification”)

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.9 Leases *(Continued)*

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 "Revenue from Contacts with Customers" ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.9 Leases *(Continued)*

The Group as a lessor *(Continued)*

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under IFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform for a finance lease that is not accounted for as a separate lease, the Group applies the same accounting policies as those applicable to financial instruments (see accounting policy below).

3.10 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.10 Foreign currencies *(Continued)*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss. Settlements of monetary items which formed part of net investment in foreign operations without changes in the Group's ownership interests is not considered as partial disposals.

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.12 Government grants

Government grants, which take many forms including VAT refunds, are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.12 Government grants *(Continued)*

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "investment and other income, net".

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3.13 Retirement benefits costs, termination benefits and short-term employee benefits

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.13 Retirement benefits costs, termination benefits and short-term employee benefits *(Continued)*

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i. e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.14 Share-based payments

Equity-settled share-based payments transactions

Shares/share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting condition is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of shares/share options expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date. The amount previously recognised in share-based payments will be transferred to retained earnings.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to retained earnings.

3.15 Taxation

Income tax expense represents the sum of current and deferred income tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.15 Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax assets related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.15 Taxation *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxation entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.16 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than property, plant and equipment under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.16 Property, plant and equipment *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

3.17 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3.18 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.18 Intangible assets *(Continued)*

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.19 Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible asset with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.19 Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(Continued)*

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.20 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 30.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.21 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non- incremental costs which the Group must incur to make the sale.

3.22 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made on the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.23 Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations ("IFRS 3") applies.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Investment and other income, net" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Investment and other income, net" line item.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, bills receivable, other receivables, contract assets, amounts due from related parties, pledged bank deposits and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk *(Continued)*

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over five years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and contract assets are each assessed as a separate group. Loans to related parties are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets *(Continued)*

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Investment and other income, net' line item (note 8) as part of the net foreign exchange gains/(losses);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Investment and other income, net' line item as part of the gain/(loss) from changes in fair value of financial assets (note 8).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables, amount due to related parties, borrowings, and dividend payable to non-controlling interests are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial guarantee contract (Continued)

Financial guarantee contracts issued by the Group are measured initially at their fair values and if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Investment and other income, net' line item in profit or loss (note 8) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss. Unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the mature of hedge relationship.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derivative financial instruments (Continued)

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Assessment of hedging relationship and effectiveness (Continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In assessing the economic relationship between the hedged item and the hedging instrument, the Group assumes that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "investment and other income, net" line item.

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions are ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3.25 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company’s shareholders or directors, where appropriate.

3.26 Related parties

(a) A person or a close member of that person’s family is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company’s parent.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

3.26 Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

4.1 Critical judgements in applying accounting policies

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

Control over principal subsidiaries

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

BNBM is a subsidiary of the Group although the Group has only 37.83% (2023: 37.83%) equity interests and voting rights in BNBM. BNBM is listed on the Shenzhen Stock Exchange, PRC. The remaining 62.17% (2023: 62.17%) equity interests of BNBM are owned by thousands of shareholders that are unrelated to the Group. Details of BNBM are set out in Note 20.

Sinoma International Engineering Company Limited ("Sinoma International")

Sinoma International is a subsidiary of the Group although the Group has only 40.97% (2023: 40.96%) equity interests and voting rights in Sinoma International. Sinoma International is listed on the Shanghai Stock Exchange, PRC. The remaining 59.03% (2023: 59.04%) equity interests of Sinoma International are owned by thousands of shareholders that are unrelated to the Group. Details of Sinoma International are set out in Note 20.

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

Ningxia Building Materials is a subsidiary of the Group although the Group has only 49.03% (2023: 49.03%) equity interests and voting rights in Ningxia Building Materials. Ningxia Building Materials is listed on the Shanghai Stock Exchange, PRC. The remaining 50.97% (2023: 50.97%) equity interests of Ningxia Building Materials are owned by thousands of shareholders that are unrelated to the Group. Details of Ningxia Building Materials are set out in Note 20.

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

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

4.1 Critical judgements in applying accounting policies *(Continued)*

Significant influence over associates

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

Note 21 describes that Shanghai Yaohua is an associate of the Group although the Group only owns 12.74% (2023: 12.74%) equity interests in Shanghai Yaohua. The Group has significant influence over Shanghai Yaohua by appointing 1 out of the 5 executive directors to the board of directors of that company.

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

Note 21 describes that Gansu Shangfeng is an associate of the Group although the Group only owns 14.50% (2023: 14.50%) equity interests in Gansu Shangfeng. The Group has significant influence over Gansu Shangfeng by appointing 1 out of the 6 executive directors to the board of directors of that company.

China Shanshui Cement Group Limited ("Shanshui Cement")

Note 21 describes that Shanshui Cement is an associate of the Group although the Group only owns 12.94% (2023: 12.94%) equity interests in Shanshui Cement. The Group has significant influence over Shanshui Cement by entering into significant master agreements on continuing connected transaction with that company.

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

Note 21 describes that CCCC Design & Consulting is an associate of the Group although the Group only owns 9.04% (2023: 10.06%) equity interests in CCCC Design & Consulting. The Group has significant influence over CCCC Design & Consulting by appointing 1 out of the 6 executive directors to the board of directors of that company.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

4.2 Key sources of estimation uncertainty

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

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

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

As at 31 December 2024, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets were approximately RMB204,239.37 million, RMB27,046.94 million and RMB31,290.81 million (2023: RMB198,007.88 million, RMB27,006.93 million and RMB29,880.94 million) respectively, after taking into account the impairment losses. Details of the impairment of property, plant and equipment, right-of-use assets, and intangible assets are disclosed in Notes 15, 16 and 19 respectively.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use and fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss/further impairment loss may arise. Furthermore, the estimated cash flows and discount rates are subject to higher degree of estimation uncertainty due to volatility in financial market and how the climate-related matters may progress and evolve. As at 31 December 2024, the carrying amount of goodwill is approximately RMB34,376.63 million (2023: RMB32,243.66 million). Details of the recoverable amount calculation are disclosed in Note 18.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

4.2 Key sources of estimation uncertainty *(Continued)*

Deferred tax asset

As at 31 December 2024, a deferred tax asset of approximately RMB2,468.88 million (2023: RMB2,091.04 million) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately RMB26,748.76 million (2023: RMB25,970.62 million) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. The uncertainty would depend on the volatility in financial market and how the climate-related matters may progress and solve. In cases where the actual profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Provision of ECL for trade receivables and contract assets

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

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in Notes 5(b) and 27.

Write down of inventories

Inventories are stated at lower of cost and net realisable value. During the year, allowance of approximately RMB112.74 million (2023: RMB241.50 million) is recognised to the carrying amount of inventories.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

4.2 Key sources of estimation uncertainty *(Continued)*

Fair value measurements and valuation processes

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

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

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of investment properties and financial instruments. Relevant information about the utilisation of valuation techniques and input in the process of determining the fair value of each asset and liability is disclosed in Notes 5.3 and 17.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk, liquidity risk and capital risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the Group's financial performance. The Group seeks to minimise the effects of some of these risks by using derivative financial instruments.

(a) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency risk, interest rate risk and equity price risk. There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(i) Foreign currency risk

The Group's functional currency is RMB in which most of the transactions are denominated. However, certain cash and cash equivalents and borrowings are denominated in foreign currencies. Collections of the Group's revenue from overseas operations and payments for purchases of certain machinery and equipment and certain expenses are also denominated in foreign currencies.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign exchange risk. During the year, management of the Group has entered into certain foreign currency forward contracts, however they do not qualify for hedge accounting, therefore, they are deemed as financial assets or financial liabilities held for trading. The particulars of the outstanding foreign currency forward contracts as at the end of the reporting period are disclosed in Note 36.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
United States Dollar ("USD")	**783,019**	828,254	**4,098,733**	4,533,261
European Dollar ("EUR")	**1,355,248**	1,359,923	**2,703,287**	3,249,684
Mongolian Tugriks ("MNT")	**3,469**	871,493	**61,083**	48,181
Egyptian Pounds ("EGP")	**149,423**	568,597	**275,993**	118,174
Nigerian Naira ("NGN")	**–**	–	**247,425**	254,301

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(i) Foreign currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 2.74% (2023: 7.64%) increase or decrease in RMB against the relevant foreign currencies. 2.74% (2023: 7.64%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of reporting period for a 2.74% (2023: 7.64%) change in foreign currency rates. A negative number below indicates a decrease in profit where RMB strengthen 2.74% (2023: 7.64%) against the relevant currency. For a 2.74% (2023: 7.64%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be positive.

Effect on profit after tax

	2024 ***RMB'000***	2023 *RMB'000*
USD	**71,020**	235,114
EUR	**28,874**	119,922
MNT	**1,234**	(52,246)
EGP	**2,711**	(28,583)
NGN	**5,300**	16,138

The change in exchange rate does not affect other component of equity.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to pledged bank deposits, fixed rate borrowings and lease liabilities.

The Group is also exposed to cast flow interest rate risk due to the fluctuation of the prevailing market interest rates on bank borrowings which carry at prevailing market interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The interest rate risk on bank balances is minimal as the fluctuation of the prevailing market interest rate is insignificant.

The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balance, HIBOR arising from the Group's Hong Kong dollar denominated borrowings and PRC loan prime rate arising from the Group's Renminbi denominated borrowings.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. During the year, the Group has entered into certain interest rate swaps designated as cash flow hedge for its exposure to interest rate risk.

(i) Total interest revenue/income from financial assets that are measured at amortised cost is as follows:

	2024	2023
	RMB'000	*RMB'000*
Financial assets at amortised cost	**578,976**	804,581

(ii) Interest expense on financial liabilities not measured at fair value through profit or loss:

	2024	2023
	RMB'000	*RMB'000*
Financial liabilities at amortised cost	**5,236,794**	5,946,643

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates, including derivatives which are designated as effective hedging instruments at the end of the reporting period. For variable-rate bank borrowings, the analysis is prepared assuming the financial instruments outstanding at the end of the reporting period, which amounted of approximately RMB100,002.55 million (2023: RMB89,793.67 million) were outstanding for the whole year. A 26 basis point (2023: 36 basis points) increase or decrease in variable-rate bank borrowings and interest rate swaps designated to hedge cash flow interest rate risk are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 26 (2023: 36) basis points higher and all other variables were held constant, the Group's net profit for the year ended 31 December 2024 would have decreased by approximately RMB205.67 million (2023: RMB268.43 million). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings. For a 26 (2023: 36) basis points lower, there would be an equal and opposite impact on the profit, and the balances above would be negative.

(iii) Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as financial assets at fair value through profit or loss in Note 23 as at 31 December 2024. The Group's listed investments are listed on the stock exchanges of Hong Kong, Shenzhen and Shanghai and are valued at quoted market prices at the end of the reporting period.

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(iii) *Equity price risk (Continued)*

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period date, and its respective highest and lowest point during the year was as follows:

	31 December 2024	**High/low 2024**	31 December 2023	High/low 2023
Hong Kong Stock Exchange				
– Hang Seng Index	**20,060**	**23,242/14,794**	17,047	22,701/15,972
Shenzhen Stock Exchange				
– Component Index	**10,415**	**11,864/7,684**	9,525	12,246/9,106
Shanghai Stock Exchange				
– Composite Index	**3,352**	**3,674/2,635**	2,975	3,419/2,882

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in Note 5.3(a).

The following table details the Group's sensitivity to a 10% increase in the fair values of listed equity securities against the Group's profit after tax with all other variables held constant on their carrying amounts at the end of the reporting period.

	2024			2023		
	Carrying amount of equity investments *RMB'000*	**Increase in net profit** *RMB'000*	**Increase in other comprehensive income** *RMB'000*	Carrying amount of equity investments *RMB'000*	Increase in net profit *RMB'000*	Increase in other comprehensive income *RMB'000*
Investments listed in:						
Stock Exchanges of Hong Kong, Shenzhen and Shanghai	**2,769,793**	**216,300**	**–**	3,012,714	250,275	–

For a 10% decrease in the fair values of the equity investments, there would be an equal and opposite impact on the net profit or, where appropriate, other comprehensive income.

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment

As at 31 December 2024 and 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective financial assets stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. There are no significant changes in the quality of that collateral as a result of deterioration or changes in the collateral policies of the entity during both reporting periods.

(i) Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customers. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix.

The Group has no significant concentration of credit risk. Trade receivable and contract asset (including amounts due from related parties with trading nature) consist of a large number of customers, spread across diverse geographical areas.

(ii) Bills receivable, other receivables, deposits, amounts due from related parties, pledged bank deposits and cash and cash equivalents

The Group performs impairment assessment under ECL model on bills receivable, other receivables, deposits, amounts due from related parties, pledged bank deposits and cash and cash equivalents based on 12m ECL.

For other receivables, deposits and amounts due from related parties, the management makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The credit risk on bills receivable is limited because the bills are guaranteed by banks for payments and the banks are either the state-owned banks or other creditworthy financial institutions in the PRC.

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

(ii) Bills receivable, other receivables, deposits, amounts due from related parties, pledged bank deposits and cash and cash equivalents (Continued)

The credit risk on other receivables deposits and amounts due from related parties is limited because the counterparties have no historical default record and the directors expect that the general economic conditions will not significantly change for the 12 months after the reporting date.

The credit risk on pledged bank deposits and cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The table below is the internal credit policy of the Group:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There has been significant increase in credit risk since initial recognition through information developed internally or externally resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the assets is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

2024	Notes	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amounts** *RMB'000*
Trade and other receivables	27			
– Trade receivables		**Note**	**Lifetime ECL**	**56,442,301**
– Contract assets		**Note**	**Lifetime ECL**	**9,155,853**
– Bills receivable		**Low risk**	**12m ECL**	**11,671,216**
– Other receivables and deposits		**Low risk**	**12m ECL**	**22,661,142**
Deposits	25	**Low risk**	**12m ECL**	**2,577,030**
Amounts due from related parties	28	**Low risk**	**12m ECL**	**3,243,444**

2023	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts *RMB'000*
Trade and other receivables	27			
– Trade receivables		Note	Lifetime ECL	57,884,514
– Contract assets		Note	Lifetime ECL	5,742,212
– Bills receivable		Low risk	12m ECL	10,533,764
– Other receivables and deposits		Low risk	12m ECL	22,005,975
Deposits	25	Low risk	12m ECL	1,739,240
Amounts due from related parties	28	Low risk	12m ECL	3,474,271

Note:

For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix.

As part of the Group's credit risk management, except for debtors with significant outstanding balances or credit-impaired, the Group uses debtors' ageing to assess the impairment for its customers in relation to its operation because of a large number of small customers with common risk characteristics that are representative of customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit and ECL for trade receivables and contract assets which are assessed collectively based on provision matrix as at 31 December 2024 and 2023.

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

As at 31 December 2024	**Weighted average loss rate**	**Gross carrying amount** *RMB'000*	**Loss allowance** *RMB'000*	**Net carrying amount** *RMB'000*
ECL assessed collectively based on debtors' ageing				
Within two months	**1.06%**	**6,951,455**	**73,723**	**6,877,732**
More than two months but within one year	**1.72%**	**23,428,854**	**403,869**	**23,024,985**
Between one and two years	**4.52%**	**10,786,371**	**487,770**	**10,298,601**
Between two and three years	**5.36%**	**5,140,915**	**275,435**	**4,865,480**
Over three years	**44.82%**	**7,154,191**	**3,206,506**	**3,947,685**
		53,461,786	**4,447,303**	**49,014,483**
ECL assessed individually		**12,136,368**	**4,855,853**	**7,280,515**
		65,598,154	**9,303,156**	**56,294,998**

As at 31 December 2023	Weighted average loss rate	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*	Net carrying amount *RMB'000*
ECL assessed collectively based on debtors' ageing				
Within two months	0.96%	10,113,219	96,639	10,016,580
More than two months but within one year	1.79%	21,731,770	388,898	21,342,872
Between one and two years	3.18%	10,012,584	318,742	9,693,842
Between two and three years	5.32%	4,783,821	254,411	4,529,410
Over three years	48.47%	6,284,428	3,045,957	3,238,471
		52,925,822	4,104,647	48,821,175
ECL assessed individually		10,700,904	4,829,702	5,871,202
		63,626,726	8,934,349	54,692,377

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

During the year ended 31 December 2024, impairment allowance on trade receivables and contract assets is provided based on the provision matrix. Impairment loss of approximately RMB235.49 million (2023: RMB171.11 million) was recognised for trade receivables and impairment loss of approximately RMB234.49 million (2023: RMB21.51 million) was recognised for contract assets.

Movements in lifetime ECL that has been recognised for trade receivables and contract assets, under the simplified approach is as follows:

	RMB'000
As at 1 January 2023	9,516,304
Impairment loss under expected credit loss model, net	192,617
Amounts written off as uncollectible	(482,614)
Disposal of a subsidiary	(291,958)
As at 31 December 2023 and 1 January 2024	8,934,349
Impairment loss under expected credit loss model, net	**469,983**
Amounts written off as uncollectible	**(95,496)**
Disposal of a subsidiary	**(5,680)**
As at 31 December 2024	**9,303,156**

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Movements of the loss allowances for bills receivable, other receivables and amounts due from related parties are as follows:

	RMB'000
As at 1 January 2023	8,164,029
Reversal of impairment loss under expected credit loss model, net	(261,795)
Amounts written off as uncollectible	(144,627)
Disposal of a subsidiary	(74,225)
As at 31 December 2023 and 1 January 2024	7,683,382
Impairment loss under expected credit loss model, net	**159,692**
Amounts written off as uncollectible	**(514,580)**
Disposal of a subsidiary	**(38,381)**
As at 31 December 2024	**7,290,113**

(c) Liquidity risk

In managing of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

As at 31 December 2024, the Group has net current liabilities and capital commitments of approximately RMB37,423.87 million (2023: RMB28,291.41 million) and RMB1,396.08 million (2023: RMB4,191.45 million) (Note 43), respectively. The Group is exposed to liquidity risk as a significant percentage of the Group's funding is sourced through short-term bank borrowings. The directors manage liquidity risk by monitoring the utilisation of borrowings, ensuring compliance with loan covenants and issuing new shares, domestic corporate bonds and debentures. In addition, the Group has obtained committed credit facilities from banks. As at 31 December 2024, the Group had unused banking facilities and bonds registered but not yet issued, of approximately RMB393,067.55 million (2023: RMB345,877.30 million).

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Effective interest rate %	Within one year RMB'000	One to two years RMB'000	Two to three years RMB'000	Three to four years RMB'000	Four to five years RMB'000	After five years RMB'000	Total undiscounted cashflow RMB'000	Carrying amount RMB'000
As at 31 December 2024									
Trade and other payables	-	91,379,837	-	-	-	-	-	91,379,837	91,379,837
Amounts due to related parties									
– Interest-free	-	4,731,523	-	-	-	-	-	4,731,523	4,731,523
– Fixed rate	2.94%	123,696	-	133,796	-	-	403,330	660,822	641,940
– Variable rate	3.22%	165,379	2,281	-	283,283	-	-	450,943	441,314
Borrowings									
– Fixed rate bank loans	2.14%	28,872,843	13,906,426	8,346,040	249,377	958,622	449,702	52,783,010	50,969,992
– Variable rate bank loans	2.81%	36,036,665	21,507,898	19,431,845	8,644,042	8,278,442	12,998,129	106,897,021	100,002,550
– Other borrowings from non-financial institutions	4.14%	627,639	124,181	-	-	-	-	751,820	438,000
– Bonds	2.81%	16,025,704	3,646,761	8,290,838	7,134,959	8,786,635	-	43,884,897	40,500,000
Lease liabilities	4.10%	421,702	423,223	339,033	306,118	229,909	1,820,383	3,540,368	2,566,304
Dividends payable to non-controlling interests	-	311,080	-	-	-	-	-	311,080	311,080
		178,696,068	39,610,770	36,541,552	16,617,779	18,253,608	15,671,544	305,391,321	291,982,540
Derivative financial instruments									
– net settlement									
Foreign exchange forward contracts	-	4,689	-	-	-	-	-	4,689	4,689

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

	Effective interest rate %	Within one year RMB'000	One to two years RMB'000	Two to three years RMB'000	Three to four years RMB'000	Four to five years RMB'000	After five years RMB'000	Total undiscounted cashflow RMB'000	Carrying amount RMB'000
As at 31 December 2023									
Trade and other payables	–	93,783,605	–	–	–	–	–	93,783,605	93,783,605
Amounts due to related parties									
– Interest-free	–	5,420,547	16,360	–	–	–	–	5,436,907	5,436,907
– Fixed rate	3.03%	264,352	12,561	424,153	–	–	–	701,066	656,660
– Variable rate	3.16%	330,152	45,164	85,474	94,041	–	–	554,831	520,159
Borrowings									
– Fixed rate bank loans	2.79%	28,705,353	12,728,659	16,232,194	1,383,573	112,494	1,615,855	60,778,128	55,287,367
– Variable rate bank loans	2.76%	25,774,223	19,782,052	24,717,172	2,867,502	9,069,178	14,276,743	96,486,870	89,793,669
– Other borrowings from non-financial institutions	3.19%	854,705	318,038	111,478	–	–	–	1,284,221	924,663
– Bonds	3.36%	20,397,066	10,058,855	7,829,590	–	–	3,961,055	42,246,566	38,900,000
Lease liabilities	4.26%	304,111	272,559	226,882	181,174	125,065	1,054,304	2,164,095	2,124,829
Dividends payable to non-controlling interests	–	480,596	–	–	–	–	–	480,596	480,596
		176,314,710	43,234,248	49,626,943	4,526,290	9,306,737	20,907,957	303,916,885	287,908,455
Derivative financial instruments									
– net settlement									
Foreign exchange forward contracts	–	72,534	–	–	–	–	–	72,534	72,534

5.2 Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure the Group consists of debt, which includes the borrowings disclosed in Note 32, cash and cash equivalents disclosed in Note 30, equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings and perpetual capital instruments.

The management of the Group reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associates with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.3 Fair value measurements of financial instruments

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

Certain of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

For assets that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value hierarchy as at 31 December 2024

	Level 1 ***RMB'000***	**Level 2** ***RMB'000***	**Level 3** ***RMB'000***	**Total** ***RMB'000***
Assets				
Derivative financial instruments	**–**	**1,448**	**–**	**1,448**
Financial assets at fair value through profit or loss	**2,769,793**	**–**	**10,407,931**	**13,177,724**
Financial assets at fair value through other comprehensive income	**–**	**–**	**42,969**	**42,969**
Total assets	**2,769,793**	**1,448**	**10,450,900**	**13,222,141**
Liability				
Derivative financial instruments	**–**	**4,689**	**–**	**4,689**
Total liability	**–**	**4,689**	**–**	**4,689**

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.3 Fair value measurements of financial instruments *(Continued)*

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

Fair value hierarchy as at 31 December 2023

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

During the years ended 31 December 2024 and 2023, there were no significant transfers between levels of the financial assets and financial liabilities.

During the years ended 31 December 2024 and 2023, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quotes prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. The instruments included in level 1 comprise primarily equity investments on the Hong Kong Stock Exchange, the Shenzhen Stock Exchange and the Shanghai Stock Exchange, which are classified as trading securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.3 Fair value measurements of financial instruments *(Continued)*

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

Information about Level 3 fair value measurements

Financial assets	Fair value as at 31 December 2024	Fair value as at 31 December 2023	Valuation technique(s) and key input(s)	Relationship of unobservable inputs to fair value
Structured deposits	Bank deposits in Mainland China with non-closely related embedded derivative: RMB7,140,066,000	Bank deposits in Mainland China with non-closely related embedded derivative: RMB7,555,969,000	Discounted cash flows Key unobservable inputs are: Expected yields of 0.85% to 2.87% (2023: 1.05% to 3.09%) of money markets and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks (Note (i))	The higher the discount rate, the lower the fair value The higher the expected yield, the higher the fair value
Unlisted equity investments classified as financial assets at fair value through profit or loss	Unlisted equity investments: RMB1,045,804,000	Unlisted equity investments: RMB1,086,776,000	Market approach: Price-to-Book (P/B) Ratio Key unobservable input: Discount rate for lack of marketability – 16.34% to 16.79% (2023: 24.00% to 25.73%) (Note (ii))	The higher the discount rate, the lower the fair value
Unlisted funds classified as financial assets at fair value through profit or loss	Unlisted funds of RMB2,222,061,000	Unlisted funds: RMB2,045,852,000	Net asset value	N/A
Unlisted equity investments classified as financial assets at fair value through other comprehensive income	Unlisted equity investments: RMB42,969,000	Unlisted equity investments: RMB18,969,000	With reference to recent transaction price	N/A

Notes:

(i) The management considers that the impact of the fluctuation in expected yields of the money market instruments and debt instruments to the fair value of the structured deposits was insignificant as the deposits have short maturities, and therefore no sensitivity analysis is presented.

(ii) The fair value of unlisted equity instruments is determined using the price/earnings ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2024, it is estimated that with all other variable held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the Group's profit or loss by approximately RMB9.35 million (2023: RMB12.31 million).

(iii) The unlisted fund is redeemable at a redemption price equals to the net assets value.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.3 Fair value measurements of financial instruments *(Continued)*

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

Reconciliation of level 3 fair value measurements

	Financial assets at fair value through profit or loss *RMB'000*	Financial assets at fair value through other comprehensive income *RMB'000*
At 1 January 2023	7,881,357	–
Decrease in fair value of financial assets at fair value through profit or loss, net	(31,711)	–
Additions	26,773,944	18,969
Disposal	(23,927,163)	–
Exchange re-alignment	(7,830)	–
At 31 December 2023 and 1 January 2024	10,688,597	18,969
Increase in fair value of financial assets at fair value through profit or loss, net	**144,149**	**–**
Additions	**25,141,023**	**24,000**
Disposal	**(25,559,812)**	**–**
Exchange re-alignment	**(6,026)**	**–**
At 31 December 2024	**10,407,931**	**42,969**

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

The management of the Group considers that the carrying amounts of financial assets and financial liabilities at cost or amortised cost were not materially different from their fair value.

6. REVENUE

	2024	2023
	RMB'000	*RMB'000*
Sale of goods	**154,047,628**	172,646,629
Provision of engineering services	**24,320,519**	35,026,156
Rendering of other services	**2,932,554**	2,543,649
	181,300,701	210,216,434

The Group's revenue recognition policies are disclosed as follows:

Sale of goods

The revenue of the Group from sale of goods is recognised at a point in time. Under the transfer-of-control approach in IFRS 15, revenue from sales of cement, concrete, fibreglass, composite and light building materials is generally recognised when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the goods, which also represented the point of time when goods delivered. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Provision of engineering technology services

The revenue of the Group from provision of engineering technology services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation. The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RMB78,727.26 million (2023: RMB61,976.95 million). This amount represents revenue expected to be recognised in the future from construction contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the construction work is completed, which is expected to occur within 3 years.

7. SEGMENTS INFORMATION

(a) Operating segments

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

Principal activities are as follows:

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

No information about geographic location of the Group's operations and assets is presented as such information is not regularly provided to management for resource allocation and performance assessment purposes.

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

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

7. SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(Continued)*

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

For the year ended 31 December 2024

	Cement	Concrete	New materials	Engineering technology services	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Consolidated statement of profit or loss							
Revenue							
External sales							
At a point of time	66,336,024	24,527,333	47,604,968	102,714	6,116,173	–	144,687,212
Over time	–	–	925,532	35,687,957	–	–	36,613,489
	66,336,024	24,527,333	48,530,500	35,790,671	6,116,173	–	181,300,701
Inter-segment sales (Note)	212,963	25,240	21,158	9,673,660	12,296,470	(22,229,491)	–
	66,548,987	24,552,573	48,551,658	45,464,331	18,412,643	(22,229,491)	181,300,701
Adjusted EBITDA	14,860,604	2,107,616	8,801,741	3,006,356	106,459	–	28,882,776
Depreciation and amortisation	(10,987,523)	(867,002)	(3,377,007)	(512,757)	(268,883)		(16,013,172)
Unallocated other income, net							260,262
Unallocated administrative expenses							(59,712)
Share of results of associates	33,233	16,213	35,624	58,885	946,974		1,090,929
Share of results of joint ventures	(8,815)	–	(1,650)	–	552		(9,913)
Finance costs, net	(3,151,000)	(737,221)	(451,605)	35,450	(388,687)		(4,693,063)
Unallocated finance costs, net							35,245
Profit before income tax							9,493,352
Income tax expense							(2,079,766)
Profit for the year							7,413,586

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

7. SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(Continued)*

For the year ended 31 December 2024 *(Continued)*

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

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering technology services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Other information						
Addition to non-current assets (Note):						
Property, plant and equipment	9,024,344	304,173	7,669,676	1,134,772	75,186	18,208,151
Right-of-use assets	1,340,831	21,859	416,034	82,716	29,575	1,891,015
Intangible assets	3,431,098	12,146	208,001	34,434	39,085	3,724,764
Goodwill	254,437	–	1,984,354	–	–	2,238,791
Unallocated						500
	14,050,710	338,178	10,278,065	1,251,922	143,846	26,063,221
Addition to non-current assets through acquisition of subsidiaries	822,899	–	2,274,328	–	–	3,097,227
Depreciation and amortisation:						
Property, plant and equipment	7,682,600	559,732	2,821,504	412,008	183,963	11,659,807
Right-of-use assets	1,370,923	279,331	242,960	50,990	37,700	1,981,904
Intangible assets	1,934,000	27,939	312,543	49,759	47,220	2,371,461
Unallocated						59,712
	10,987,523	867,002	3,377,007	512,757	268,883	16,072,884

Note: Non-current assets excluded interests in associates, interests in joint ventures, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, non-current deposits, non-current trade and other receivables, deferred income tax assets and derivatives financial instruments.

7. SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(Continued)*

For the year ended 31 December 2024 *(Continued)*

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering technology services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Impairment loss under expected credit loss model, net of reversal	78,630	110,660	67,731	352,257	20,397	629,675
Impairment of goodwill	–	–	32,201	41,453	–	73,654
Impairment of property, plant and equipment	14,696	18,007	6,850	–	43,398	82,951
(Reversal of write down)/write down of inventories	(8,450)	347	78,591	8,468	33,780	112,736
Consolidated statement of financial position						
Assets						
Segment assets	229,610,948	47,754,612	85,134,943	40,249,872	7,252,692	410,003,067
Interests in associates	6,982,978	491,694	3,070,867	2,601,588	19,968,547	33,115,674
Interests in joint ventures	120,513	–	102,580	–	–	223,093
Unallocated assets						50,665,442
Total consolidated assets						494,007,276
Liabilities						
Segment liabilities	138,759,882	20,392,785	38,200,200	32,461,196	7,196,107	237,010,170
Unallocated liabilities						62,469,221
Total consolidated liabilities						299,479,391

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

7. SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(Continued)*

For the year ended 31 December 2023

	Cement	Concrete	New materials	Engineering technology services	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Consolidated statement of profit or loss							
Revenue							
External sales							
At a point of time	89,643,220	28,805,785	46,034,555	75,981	9,285,008	–	173,844,549
Over time	–	–	537,545	35,834,340	–	–	36,371,885
	89,643,220	28,805,785	46,572,100	35,910,321	9,285,008	–	210,216,434
Inter-segment sales (Note)	331,013	98,959	1,050,957	9,194,252	13,885,340	(24,560,521)	–
	89,974,233	28,904,744	47,623,057	45,104,573	23,170,348	(24,560,521)	210,216,434
Adjusted EBITDA	16,661,259	2,446,001	9,885,767	3,961,597	(862,570)	–	32,092,054
Depreciation and amortisation	(11,605,612)	(809,388)	(3,025,980)	(497,669)	(240,626)	–	(16,179,275)
Unallocated other income, net							287,646
Unallocated administrative expenses							(47,606)
Share of results of associates	355,208	7,442	147,935	(9,521)	1,011,457	–	1,512,521
Share of results of joint ventures	(3,533)	–	(1,538)	–	1,715	–	(3,356)
Finance costs, net	(3,538,695)	(751,718)	(455,327)	36,691	(486,182)	–	(5,195,231)
Unallocated finance costs, net							53,169
Profit before income tax							12,519,922
Income tax expense							(2,119,272)
Profit for the year							10,400,650

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

7. SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(Continued)*

For the year ended 31 December 2023 *(Continued)*

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering technology services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Other information						
Addition to non-current assets:						
Property, plant and equipment	25,998,354	598,911	21,759	18,396	125	26,637,545
Right-of-use assets	506,155	45,688	613,634	67,902	20,196	1,253,575
Intangible assets	2,996,999	10,744	816,095	37,347	7,293	3,868,478
Goodwill	–	19,775	–	3,376	–	23,151
Unallocated						93,809
	29,501,508	675,118	1,451,488	127,021	27,614	31,876,558
Addition to non-current assets through acquisition of subsidiaries	437,571	–	–	4,215	–	441,786
Depreciation and amortisation:						
Property, plant and equipment	8,181,401	547,665	2,594,354	343,305	198,854	11,865,579
Right-of-use assets	1,747,471	220,141	216,325	98,446	29,287	2,311,670
Intangible assets	1,676,740	41,582	215,301	55,918	12,485	2,002,026
Unallocated						47,606
	11,605,612	809,388	3,025,980	497,669	240,626	16,226,881

Note: Non-current assets excluded interests in associates, interests in joint ventures, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, non-current deposits, non-current trade and other receivables, deferred income tax assets and derivatives financial instruments.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

7. SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(Continued)*

For the year ended 31 December 2023 *(Continued)*

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering technology services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Reversal of impairment loss under expected credit loss model, net of reversal	(512,009)	49,802	38,132	352,156	2,741	(69,178)
Impairment of goodwill	–	33,684	6,488	136,044	–	176,216
Impairment of property, plant and equipment	182	1,737	11,646	628	–	14,193
Impairment of Intangible assets	–	–	277	–	–	277
(Reversal of write down)/write down of inventories	628,573	713	(361,359)	(1,355)	(25,076)	241,496
Consolidated statement of financial position						
Assets						
Segment assets	233,381,088	45,017,591	77,199,128	36,726,900	7,951,508	400,276,215
Interests in associates	7,628,018	660,245	2,952,898	2,036,903	19,473,709	32,751,773
Interests in joint ventures	128,776	–	104,297	–	–	233,073
Unallocated assets						55,636,863
Total consolidated assets						488,897,924
Liabilities						
Segment liabilities	141,773,348	17,641,087	34,783,611	29,672,666	8,913,563	232,784,275
Unallocated liabilities						62,599,562
Total consolidated liabilities						295,383,837

7. SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(Continued)*

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

	2024 ***RMB'000***	2023 *RMB'000*
Adjusted EBITDA for reportable segments	**28,776,317**	32,954,624
Adjusted EBITDA/(LBITDA) for other segments	**106,459**	(862,570)
Total segments profit	**28,882,776**	32,092,054
Depreciation of property, plant and equipment	**(11,659,807)**	(11,865,579)
Depreciation of right-of-use assets	**(1,981,904)**	(2,311,670)
Amortisation of intangible assets	**(2,371,461)**	(2,002,026)
Corporate items	**200,550**	240,040
Operating profit	**13,070,154**	16,152,819
Finance costs, net	**(4,657,818)**	(5,142,062)
Share of results of associates	**1,090,929**	1,512,521
Share of results of joint ventures	**(9,913)**	(3,356)
Profit before income tax	**9,493,352**	12,519,922

(b) Geographical segments

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

Revenue from external customers

	2024 ***RMB'000***	2023 *RMB'000*
PRC	**154,378,073**	181,819,066
Europe	**4,148,497**	2,144,923
Middle East	**4,912,297**	2,946,717
Southeast Asia	**4,960,931**	5,517,894
Oceania	**1,182,085**	964,552
Africa	**8,489,474**	12,941,833
Americas	**1,288,254**	1,320,709
Others	**1,941,090**	2,560,740
	181,300,701	210,216,434

(c) Information of major customers

No single customer accounted for 10% or more of the total revenue for the years ended 31 December 2024 and 2023.

8. INVESTMENT AND OTHER INCOME, NET

	2024 *RMB'000*	2023 *RMB'000*
Government subsidies:		
– VAT refunds (Note (a))	**810,469**	1,027,864
– Government grants (Note (b))	**1,814,550**	1,564,887
– Interest subsidy	**39,724**	9,460
Discount on acquisition of interests in subsidiaries (Note 41(a))	**–**	232
Gain on disposal of subsidiaries, net (Note 41(b))	**251,073**	3,909
Loss on deemed disposal of subsidiaries (Note 41(c))	**–**	(549,292)
Gain/(loss) on disposal of other investments	**54,578**	(187,466)
(Loss)/gain on deemed disposal of interests in associates	**(122,479)**	96,355
Increase/(decrease) in fair value of financial assets at fair value through profit or loss, net	**137,144**	(955,389)
Decrease in fair value of derivative financial instruments, net	**(22,073)**	(25,338)
Net rental income from:		
– Investment properties (Note 17)	**34,424**	50,640
– Land and building	**64,434**	115,423
– Equipment	**124,896**	131,200
Gain on disposal of property, plant and equipment	**277,130**	236,615
Gain on disposal of investment properties	**511,033**	–
Gain on disposal of intangible assets	**242,607**	450,366
Gain on disposal of right-of-use assets	**176,845**	–
Technical and other service income	**720,957**	534,837
Claims received	**112,145**	130,786
Waiver of payables	**324,297**	603,975
Others	**(18,314)**	215,036
	5,533,440	3,454,100

Notes:

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

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

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

9. FINANCE COSTS, NET

	2024	2023
	RMB'000	*RMB'000*
Interest expenses on bank borrowings	**3,739,444**	4,337,587
Interest expenses on bonds and other borrowings	**1,717,200**	1,841,758
Interest expenses on lease liabilities	**127,461**	123,989
Less: interest capitalised to construction in progress	**(347,311)**	(356,691)
	5,236,794	5,946,643
Interest income:		
– interest on bank deposits	**(429,475)**	(612,897)
– interest on loans receivable	**(149,501)**	(191,684)
	(578,976)	(804,581)
Finance costs, net	**4,657,818**	5,142,062

Borrowing costs capitalised for the year ended 31 December 2024 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 2.92% (2023: 3.53%) per annum to expenditure on the qualifying assets.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and supervisors' emoluments

Year ended 31 December 2024

	Fees RMB'000	Salaries allowance and benefits-in-kind RMB'000	Discretionary bonuses RMB'000	Retirement plan contributions RMB'000	Share appreciation rights RMB'000	Total RMB'000
Executive directors						
Mr. Zhou Yuxian	–	–	–	–	–	–
Mr. Wei Rushan	–	–	–	–	–	–
Mr. Liu Yan (Note a)	–	858	660	66	–	1,584
Mr. Wang Bing	–	912	660	66	–	1,638
Non-executive directors						
Mr. Li Xinhua (Note b)	–	–	–	–	–	–
Mr. Chang Zhangli (Note c)	–	–	–	–	–	–
Mr. Wang Yumeng	–	–	–	–	–	–
Mr. Shen Yungang	–	–	–	–	–	–
Ms. Fan Xiaoyan (Note d)	–	–	–	–	–	–
Mr. Xiao Jiaxiang (Note a)	147	–	–	–	–	147
Mr. Chen Shaolong (Note e)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Sun Yanjun	300	–	–	–	–	300
Mr. Liu Jianwen	300	–	–	–	–	300
Mr. Zhou Fangsheng (Note f)	175	–	–	–	–	175
Ms. Xia Xue	300	–	–	–	–	300
Mr. Li Jun	300	–	–	–	–	300
Supervisors						
Mr. Qu Xiaoli (Note c)	–	–	–	–	–	–
Mr. Zhang Jianfeng	–	–	–	–	–	–
Ms. Yu Yuehua	–	603	144	66	–	813
Ms. Zeng Xuan (Note g)	–	454	144	55	–	653
Ms. Du Guangyuan	–	541	144	66	–	751
Independent supervisors						
Mr. Li Xuan	200	–	–	–	–	200
Mr. Wei Jianguo	200	–	–	–	–	200
	1,922	3,368	1,752	319	–	7,361

10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

(a) Directors' and supervisors' emoluments *(Continued)*

Year ended 31 December 2024 *(Continued)*

Notes:

(a) Resigned on 16 January 2025.

(b) Resigned on 25 October 2024.

(c) Resigned on 28 August 2024.

(d) Resigned on 29 April 2024.

(e) Appointed on 29 April 2024.

(f) Resigned on 1 August 2024. His resignation will take effect upon the approval of the shareholders at a shareholders' meeting of the appointment of a new independent non-executive director replacing Mr.Zhou. No termination benefits are paid during the year.

(g) Resigned on 6 November 2024.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

(a) Directors' and supervisors' emoluments *(Continued)*

Year ended 31 December 2023

	Fees RMB'000	Salaries allowance and benefits-in-kind RMB'000	Discretionary bonuses RMB'000	Retirement plan contributions RMB'000	Share appreciation rights RMB'000	Total RMB'000
Executive directors						
Mr. Zhou Yuxian	–	–	–	–	–	–
Mr. Wei Rushan	–	–	–	–	–	–
Mr. Liu Yan	–	1,004	660	65	–	1,729
Mr. Xiao Jiaxiang (Note a)	–	1,228	300	49	–	1,577
Mr. Wang Bing	–	1,030	660	65	–	1,755
Non-executive directors						
Mr. Li Xinhua	–	–	–	–	–	–
Mr. Chang Zhangli	–	–	–	–	–	–
Mr. Wang Yumeng	–	–	–	–	–	–
Mr. Shen Yungang	–	–	–	–	–	–
Ms. Fan Xiaoyan	–	–	–	–	–	–
Mr. Xiao Jiaxiang (Note a)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Sun Yanjun	300	–	–	–	–	300
Mr. Liu Jianwen	300	–	–	–	–	300
Mr. Zhou Fangsheng	300	–	–	–	–	300
Ms. Xia Xue	300	–	–	–	–	300
Mr. Li Jun	300	–	–	–	–	300
Supervisors						
Ms. Zhan Yanjing (Note b)	–	–	–	–	–	–
Mr. Qu Xiaoli	–	–	–	–	–	–
Mr. Zhang Jianfeng	–	–	–	–	–	–
Ms. Yu Yuehua	–	591	144	65	–	800
Ms. Zeng Xuan	–	578	144	65	–	787
Ms. Du Guangyuan	–	563	144	65	–	772
Independent supervisors						
Mr. Li Xuan	200	–	–	–	–	200
Mr. Wei Jianguo	200	–	–	–	–	200
	1,900	4,994	2,052	374	–	9,320

Notes:

(a) Re-designated from executive director to non-executive director on 27 October 2023.

(b) Resigned on 10 July 2023.

10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, none (2023: none) of the director of the Company whose emoluments is included in the disclosures below. The emoluments in respect of five (2023: five) individuals were as follows:

	2024	2023
	RMB'000	*RMB'000*
Salaries, allowances and benefits-in-kind	**5,096**	5,891
Discretionary bonuses	**9,971**	9,414
Retirement plan contributions	**267**	210
	15,334	15,515

Their emoluments paid by the Group are within the following bands:

	Number of the five highest paid individuals	
	2024	2023
HKD3,000,001 – HKD3,500,000	**5**	3
HKD3,500,001 – HKD4,000,000	**–**	2

No emoluments were paid by the Group to the directors, supervisors nor the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and none of the directors and supervisors has waived any emoluments for both years.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

11. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2024 **RMB'000**	2023 RMB'000
Depreciation of:		
Property, plant and equipment	**11,659,807**	11,865,579
Investment properties	**59,712**	47,606
Right-of-use assets	**1,981,904**	2,311,670
	13,701,423	14,224,855
Amortisation of intangible assets	**2,371,461**	2,002,026
Total depreciation and amortisation	**16,072,884**	16,226,881
Impairment loss on goodwill*	**73,654**	176,216
Impairment loss on property, plant and equipment*	**82,951**	14,193
Impairment loss on intangible assets*	**–**	277
Loss on goodwill from deregistration of subsidiaries	**17,356**	–
Cost of inventories recognised as expenses	**131,786,360**	160,242,744
Auditor's remuneration		
– Audit services	**3,892**	4,099
– Non-audit service	**1,558**	1,551
Total auditor's remuneration	**5,450**	5,650
Staff costs including directors' remunerations		
– Salaries, bonus and other allowances	**19,577,602**	19,514,654
– Equity-settled share-based payment expenses	**44,527**	67,601
– Retirement plan contributions	**2,296,839**	2,422,173
Total staff costs	**21,918,968**	22,004,428
Write down of inventories, net	**112,736**	241,496
Net foreign exchange loss	**265,133**	207,508

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

12. INCOME TAX EXPENSE

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

	2024 **RMB'000**	2023 RMB'000
Current income tax	**2,276,264**	2,525,362
Deferred income tax	**(196,498)**	(406,090)
	2,079,766	2,119,272

PRC income tax is calculated at 25% (2023: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC for both years, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rates of 15% entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective/enacted but not effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

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

	2024 **RMB'000**	2023 RMB'000
Profit before income tax	**9,493,352**	12,519,922
Tax at domestic income tax rate of 25% (2023: 25%)	**2,373,338**	3,129,981
Tax effect of:		
Share of results of associates	**(272,732)**	(378,130)
Share of results of joint ventures	**2,478**	839
Tax effect of expenses not deductible for tax purposes	**473,339**	505,556
Tax effect of income not taxable for tax purposes	**(288,565)**	(576,907)
Tax effect of tax losses not recognised	**1,269,581**	1,839,785
Utilisation of tax losses previously not recognised	**(142,437)**	(338,255)
Income tax credits granted to subsidiaries on acquisition of certain qualified equipment	**(4,650)**	(20,522)
Effect of different tax rates of subsidiaries	**(1,330,586)**	(2,043,075)
	2,079,766	2,119,272

12. INCOME TAX EXPENSE *(CONTINUED)*

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

	2024			2023		
	Before taxation ***RMB'000***	**Taxation credited (Note 33)** ***RMB'000***	**Net of taxation** ***RMB'000***	Before taxation *RMB'000*	Taxation credited (Note 33) *RMB'000*	Net of taxation *RMB'000*
Actuarial (loss)/gain on defined benefit obligations	**(32,829)**	**561**	**(32,268)**	(1,560)	237	(1,323)
Currency translation differences	**(135,309)**	**–**	**(135,309)**	(117,440)	–	(117,440)
Share of associates' other comprehensive (expense)/income	**(714)**	**–**	**(714)**	76,391	–	76,391
Share of joint ventures' other comprehensive income/(expense)	**89**	**–**	**89**	(73)	–	(73)
Change in the fair value on hedging instruments designated as cash flow hedges	**13,423**	**(3,479)**	**9,944**	(23,108)	2,234	(20,874)
Other comprehensive (expense)/income	**(155,340)**	**(2,918)**	**(158,258)**	(65,790)	2,471	(63,319)

13. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Dividends paid – RMB0.229 (2023: RMB0.378) per share by the Company	**1,931,562**	3,188,343
Proposed final dividend – RMB0.158 (2023: RMB0.229) per share by the Company (see below)	**1,199,697**	1,931,562

The final dividend of RMB1,199,697,000 in total (pre-tax) has been proposed by the board of directors on 27 March 2025 and is subject to approval of the shareholders of the Company in the forthcoming annual general meeting.

14. EARNINGS PER SHARE – BASIC AND DILUTED

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

	2024	2023
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**2,387,299**	3,863,048
Effect of dilutive potential ordinary shares: Adjustment to the share of profit of subsidiaries based on the potential dilution of their shareholdings	**–**	(67,357)
Earnings for the purpose of diluted earnings per share	**2,387,299**	3,795,691

	2024	2023
	'000	*'000*
Weighted average number of ordinary shares in issue	**8,434,771**	8,434,771
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,434,771**	8,434,771

15. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
As at 1 January 2023	19,989,383	131,832,639	134,276,923	3,221,150	289,320,095
Additions	21,083,209	2,787,370	2,537,174	229,792	26,637,545
Acquisition of subsidiaries (Note 41(a))	86,542	104,844	55,683	6,742	253,811
Transfer from construction in progress	(16,179,195)	6,654,787	9,485,340	39,068	–
Transfer to construction in progress for reconstruction	125,822	(104,541)	(163,329)	(114)	(142,162)
Disposals	(695,231)	(3,811,587)	(6,126,498)	(751,414)	(11,384,730)
Disposals of subsidiaries (Note 41(b))	–	(4,520)	(5,582)	(15,619)	(25,721)
Deemed disposal of subsidiaries (Note 41(c))	(712,024)	(6,084,799)	(6,925,473)	(254,576)	(13,976,872)
Transfer from investment properties (Note 17)	–	12,089	–	–	12,089
Transfer to investment properties (Note 17)	(26,392)	(114,763)	–	–	(141,155)
As at 31 December 2023 and 1 January 2024	23,672,114	131,271,519	133,134,238	2,475,029	290,552,900
Additions	**15,339,650**	**1,617,097**	**1,084,579**	**166,825**	**18,208,151**
Acquisition of subsidiaries (Note 41(a))	**10,770**	**1,212,260**	**563,311**	**1,506**	**1,787,847**
Transfer from construction in progress	**(11,118,489)**	**4,478,458**	**6,624,964**	**20,026**	**4,959**
Transfer to construction in progress for reconstruction	**990,149**	**(531,631)**	**(1,490,342)**	**(2,360)**	**(1,034,184)**
Disposals	**(47,512)**	**(1,505,238)**	**(2,811,450)**	**(492,354)**	**(4,856,554)**
Disposals of subsidiaries (Note 41(b))	**(106,349)**	**(313,540)**	**(301,417)**	**(25,878)**	**(747,184)**
Transfer from investment properties (Note 17)	**–**	**22,665**	**–**	**–**	**22,665**
Transfer to investment properties (Note 17)	**(2,489)**	**(465,009)**	**–**	**–**	**(467,498)**
As at 31 December 2024	**28,737,844**	**135,786,581**	**136,803,883**	**2,142,794**	**303,471,102**

15. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Construction in progress *RMB'000*	Land and buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Depreciation and impairment					
As at 1 January 2023	790,533	33,645,385	58,525,951	1,536,995	94,498,864
Charge for the year	–	3,999,650	7,616,182	249,747	11,865,579
Disposals	(28,583)	(1,662,053)	(4,522,647)	(611,304)	(6,824,587)
Impairment loss recognised	183	461	12,791	758	14,193
Deemed disposal of subsidiaries (Note 41(c))	–	(1,817,392)	(4,816,005)	(169,844)	(6,803,241)
Disposal of subsidiaries (Note 41(b))	–	(3,809)	(3,853)	(14,838)	(22,500)
Transfer to construction in progress for reconstruction	–	(81,023)	(61,025)	(114)	(142,162)
Transfer from construction in progress	(2,035)	11	2,024	–	–
Transfer from investment properties (Note 17)	–	8,053	–	–	8,053
Transfer to investment properties (Note 17)	–	(49,174)	–	–	(49,174)
As at 31 December 2023 and 1 January 2024	760,098	34,040,109	56,753,418	991,400	92,545,025
Charge for the year	**–**	**3,895,290**	**7,559,437**	**205,080**	**11,659,807**
Disposals	**(36,065)**	**(843,589)**	**(2,204,134)**	**(449,318)**	**(3,533,106)**
Impairment loss recognised	**462**	**44,976**	**37,494**	**19**	**82,951**
Disposal of subsidiaries (Note 41(b))	**(57,399)**	**(88,629)**	**(171,948)**	**(24,415)**	**(342,391)**
Transfer to construction in progress for reconstruction	**–**	**(145,201)**	**(887,468)**	**(1,515)**	**(1,034,184)**
Transfer from construction in progress	**(8,513)**	**7,069**	**6,403**	**–**	**4,959**
Transfer from investment properties (Note 17)	**–**	**3,952**	**–**	**–**	**3,952**
Transfer to investment properties (Note 17)	**–**	**(155,276)**	**–**	**–**	**(155,276)**
As at 31 December 2024	**658,583**	**36,758,701**	**61,093,202**	**721,251**	**99,231,737**
Carrying amount					
As at 31 December 2024	**28,079,261**	**99,027,880**	**75,710,681**	**1,421,543**	**204,239,365**
As at 31 December 2023	22,912,016	97,231,410	76,380,820	1,483,629	198,007,875

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

The carrying amount of land and buildings shown above comprises leasehold interests in land situated in the PRC under medium term leases.

Depreciation is provided to allocate the cost of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, as follows:

Land and buildings	2.38%
Plant and machinery	5.28% to 9.50%
Motor vehicles	9.50%

At the reporting date, the carrying amount of the Group's property, plant and equipment pledged to secure the bank borrowings granted to the Group is analysed as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Construction in progress	**1,738,800**	566,622
Land and buildings	**956,265**	857,490
Plant and machinery	**60,507**	161,200
Total	**2,755,572**	1,585,312

At 31 December 2024, land and buildings with carrying amount of approximately RMB6,181.79 millions (2023: approximately RMB5,389.41 millions) are still in the process of applying the title certificates.

15. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Impairment assessment

For the years ended 31 December 2024 and 2023, the management of the Group performed impairment assessments on property, plant and equipment, together with right-of-use assets, intangible assets and goodwill allocated to certain groups of CGUs. The management of the Group assessed the recoverable amounts of these groups of CGUs with reference to value-in-use calculations determined by the management with the assistance of independent professional valuers not connected with the Group.

Particulars of the value-in-use calculations are disclosed as per Note 18.

During the years ended 31 December 2024 and 2023, the value in use of certain groups of CGUs of engineering technology service and new material operations (2023: concrete, engineering technology service and new material operations) were estimated to be lower than the carrying amount for the respective groups of CGUs assessed for impairment. Accordingly, the management determined that impairment loss was allocated to goodwill of these operations, detail of which as per Note 18. No impairment loss was allocated to property, plant and equipment of these groups of CGUs for the years ended 31 December 2024 and 2023.

For the remaining groups of CGUs of cement, concrete and other operations (2023: cement and other operations), the recoverable amounts were estimated to be higher than the carrying amounts of the respective groups of CGUs and accordingly, the management determined that there is no impairment loss on property, plant and equipment recognised in these groups of CGUs for the years ended 31 December 2024 and 2023.

In addition to the impairment assessments performed on the groups of CGUs described above, the Group also conducted a review of the Group's production assets and identified certain assets owned by certain subsidiaries were idle and/or obsolete and that it was expected that these assets would not generate future benefit to the Group. Accordingly, impairment loss of property, plant and equipment of approximately RMB82.95 million (2023: approximately RMB14.19 million) had been recognised for the year ended 31 December 2024 in respect of those assets.

16. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*	**Leased properties** *RMB'000*	**Plant and machinery** *RMB'000*	**Motor vehicles** *RMB'000*	**Total** *RMB'000*
As at 31 December 2024 Carrying amount	**21,540,227**	**3,018,467**	**2,338,984**	**149,263**	**27,046,941**
As at 31 December 2023 Carrying amount	21,050,574	2,752,876	3,040,219	163,259	27,006,928
For the year ended 31 December 2024 Depreciation charge	**645,707**	**397,218**	**924,978**	**14,001**	**1,981,904**
For the year ended 31 December 2023 Depreciation charge	692,541	347,757	1,255,984	15,388	2,311,670

16. RIGHT-OF-USE ASSETS *(CONTINUED)*

	2024 *RMB'000*	2023 *RMB'000*
Expense relating to short-term leases	**107,845**	80,642
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	**814**	1,695
Variable lease payments not included in the measurement of lease liabilities	**2,146**	4,163
Total cash outflow for leases	**602,181**	579,644
Additions to right-of-use assets	**1,891,015**	1,253,575
Additions upon acquisition of subsidiaries (Note 41(a))	**478,531**	158,768

The Group leases various offices, plant and machinery and motor vehicles for its operations. Lease contracts are entered into for fixed term of 1 year to 50 years (2023: 2 years to 50 years) with no extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for all leasehold lands except for those with a total carrying amount of approximately RMB369.82 million (2023: RMB1,424.96 million) where the applications are still in the process.

The Group regularly enters into short-term leases for office, plant and machinery and motor vehicles. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

As at 31 December 2024, the Group has leasehold lands with a carrying amount of approximately RMB90.40 million (2023: RMB136.08 million) to secure bank borrowings granted to the Group.

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases. At the lease commencement date, the Group has included the fixed amounts expected to be payable by the Group as a lessee under residual value guarantees in the measurement of lease liability. There is no further future cash outflows to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities.

17. INVESTMENT PROPERTIES

	RMB'000
Cost	
As at 1 January 2023	1,978,809
Additions	93,809
Disposal	(12,755)
Deemed disposal of subsidiaries (Note 41(c))	(3,148)
Transfer from property, plant and equipment (Note 15)	141,155
Transfer to property, plant and equipment (Note 15)	(12,089)
Transfer from right-of-use assets	13,036
Transfer to right-of-use assets	(1,254)
As at 31 December 2023 and 1 January 2024	2,197,563
Additions	**500**
Disposal	**(341,409)**
Disposal of subsidiaries (Note 41(b))	**(243,050)**
Transfer from property, plant and equipment (Note 15)	**467,498**
Transfer to property, plant and equipment (Note 15)	**(22,665)**
Transfer from right-of-use assets	**66,880**
Transfer to right-of-use assets	**(554)**
As at 31 December 2024	**2,124,763**

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

17. INVESTMENT PROPERTIES *(CONTINUED)*

	RMB'000
Depreciation	
As at 1 January 2023	494,642
Charge for the year	47,606
Disposal	(2,122)
Deemed disposal of subsidiaries (Note 41(c))	(1,301)
Transfer from property, plant and equipment (Note 15)	49,174
Transfer to property, plant and equipment (Note 15)	(8,053)
Transfer from right-of-use assets	5,892
Transfer to right-of-use assets	(478)
As at 31 December 2023 and 1 January 2024	585,360
Charge for the year	**59,712**
Disposal	**(146,477)**
Disposal of subsidiaries (Note 41 (b))	**(39,810)**
Transfer from property, plant and equipment (Note 15)	**155,276**
Transfer to property, plant and equipment (Note 15)	**(3,952)**
Transfer from right-of-use assets	**21,974**
Transfer to right-of-use assets	**(127)**
As at 31 December 2024	**631,956**
Carrying amount	
As at 31 December 2024	**1,492,807**
As at 31 December 2023	1,612,203

17. INVESTMENT PROPERTIES *(CONTINUED)*

The cost of investment properties is depreciated over their estimated useful lives at an estimated rate of 2.38% (2023: 2.38%) per annum.

As at 31 December 2024, the Group has pledged investment properties with carrying amount of RMBnil (2023: approximately RMB1.01 million) to secure bank borrowings granted to the Group.

The fair value of the Group's investment properties as at 31 December 2024 was approximately RMB4,489.14 million (2023: RMB4,234.35 million). The fair value has been arrived at based on valuations carried out by independent qualified professional valuers not connected with the Group.

The fair value was determined based on either the income capitalisation approach or direct comparison approach within the level 3 fair value hierarchy. For income capitalisation approach, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted, ranging from 5.5% to 8.1% (2023: 6.3% to 7.0%), is made by reference to the yield rates observed by the valuer for the similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties. The higher the capitalisation rate, the lower the fair value. For direct comparison approach, the fair value was estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement. There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

At the end of the reporting period, investment properties with carrying amount of approximately RMB830.44 million (2023: RMB442.87 million), were assessed by income capitalisation approach, which categorised under level 3 fair value hierarchy, with fair value of approximately RMB3,646.58 million (2023: RMB1,696.78 million); the remaining investment properties were assessed by direct comparison approach, which were categorised under level 2 fair value hierarchy, with fair value of approximately RMB842.56 million (2023: RMB2,537.57 million). During the year ended 31 December 2024, the fair value hierarchy of certain investment properties with fair value of RMB2,716.55 million (2023: RMBnil) had been transferred from level 2 to level 3 due to less comparable transactions noted during the year.

The property rental income earned by the Group during the year from its investment properties, all of which are leased out under operating leases, amounted to approximately RMB67.90 million (2023: RMB75.61 million). Direct operating expenses arising on the investment properties amounted to approximately RMB33.48 million (2023: RMB24.97 million).

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For the year ended 31 December 2024

18. GOODWILL

	2024 **RMB'000**	2023 RMB'000
At 1 January	**32,243,664**	32,634,463
Arising from acquisition of subsidiaries (Note 41(a))	**2,238,791**	23,151
Deemed disposal of subsidiary (Note 41(c))	**–**	(254,366)
Impairment loss recognised	**(73,654)**	(176,216)
De-registration of a subsidiary	**(17,356)**	–
Exchange difference	**(14,815)**	16,632
At 31 December	**34,376,630**	32,243,664

Goodwill is allocated to the cash-generating units ("CGUs") that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated as follows:

	2024 **RMB'000**	2023 RMB'000
Cement	**25,663,812**	25,422,046
Concrete	**5,429,797**	5,434,482
New materials	**2,496,405**	544,252
Engineering technology services	**727,541**	782,137
Others	**59,075**	60,747
	34,376,630	32,243,664

The Group tests goodwill annually for impairment, or more frequently, if there are indications that goodwill might be impaired.

18. GOODWILL *(CONTINUED)*

For the purpose of impairment assessment for the years ended 31 December 2024 and 2023, the recoverable amounts of the groups of CGUs as at the end of the reporting period were estimated with reference to value-in-use calculations determined by the management with the assistance of independent professional valuers not connected with the Group. The basis of the recoverable amounts of the groups of CGUs and their major underlying assumptions are summarised below:

Cement and Concrete

The recoverable amounts of the groups of CGUs of cement and concrete operations have been determined based on the value-in-use calculation. Their recoverable amounts are based on certain similar key assumptions. Both value-in-use calculations use cash flow projections based on financial budgets approved by the management covering a five-year period with growth rate of 5% to 21% (2023: 2% to 19%), and pre-tax discount rates of 9% to 11% (2023: 9% to 12%). Both sets of cash flows beyond the five-year period are extrapolated using zero growth rate. This growth rate is based on the industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Cash flow projections during the budget period for both cement and concrete are also based on the budgeted sales and expected gross margins during the budget period. Expected cashflows, which include budgeted sales and gross margin have been determined based on past performance and management's expectations for the market development.

New materials, Engineering technology services and Others

The recoverable amounts of the groups of CGUs of other operations have been determined based on the value-in-use calculation. Their value-in-use calculations use cash flow projections based on financial budgets approved by the management covering a five-year period with growth rates of 0% to 14% (2023: 0% to 18%) and pre-tax discount rates of 8% to 29% (2023: 10% to 27%). Their sets of cash flows beyond the five-year period are extrapolated using zero growth rate. These growth rates are based on the industry growth forecasts and do not exceed the average long-term growth rates for the relevant industry. Cash flow projections during the budget period for these operations are also based on the budgeted sales and expected gross margins during the budget period. Expected cashflows, which include budgeted sales and gross margin have been determined based on past performance and management's expectations for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of each CGU or groups of CGUs to exceed its recoverable amount.

During the year ended 31 December 2024, the Group recognised impairment loss of approximately RMBnil (2023: RMBnil), RMBnil (2023: RMB33.68 million), RMB41.45 million (2023: RMB136.05 million), RMB32.20 million (2023: RMB6.49 million) and RMBnil (2023: RMBnil) in relation to goodwill allocated to the CGU of cement segment, concrete segment, engineering technology service segment, new material segment and other segment, respectively. Losses have been incurred by certain CGUs of engineering technology service segment and new material segment (2023: concrete segment, engineering technology service segment and new material segment) and the recoverable amount of these CGUs are less than their respective carrying amount as at the end of the reporting period prior to the recognition of impairment loss for the year. All the impairment losses of the CGUs were allocated to goodwill belonging to the respective CGU. The management does not expect these subsidiaries to operate at a profit in the foreseeable future.

As at 31 December 2024 and 2023, the recoverable amounts of the remaining groups of CGUs were estimated to be higher than the carrying amounts of the respective groups of CGUs and accordingly, the management determined that there is no impairment loss in these groups of CGUs for the years ended 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

19. INTANGIBLE ASSETS

	Mining rights *RMB'000*	Patents and trademarks *RMB'000*	Total *RMB'000*
Cost			
As at 1 January 2023	35,023,839	4,910,453	39,934,292
Additions	3,211,270	657,208	3,868,478
Acquisition of subsidiaries (Note 41(a))	–	29,207	29,207
Disposals	(875,996)	(46,818)	(922,814)
Deemed disposals of a subsidiary (Note 41(c))	(508,326)	(74,046)	(582,372)
Exchange difference	(1,125)	18,928	17,803
As at 31 December 2023 and 1 January 2024	36,849,662	5,494,932	42,344,594
Additions	**3,151,410**	**573,354**	**3,724,764**
Acquisition of subsidiaries (Note 41(a))	**171,682**	**659,167**	**830,849**
Disposals	**(679,587)**	**(217,608)**	**(897,195)**
Disposals of a subsidiary (Note 41(b))	**(623,426)**	**–**	**(623,426)**
Exchange difference	**(147)**	**(13,733)**	**(13,880)**
As at 31 December 2024	**38,869,594**	**6,496,112**	**45,365,706**

19. INTANGIBLE ASSETS *(CONTINUED)*

	Mining rights *RMB'000*	Patents and trademarks *RMB'000*	Total *RMB'000*
Depreciation and impairment			
As at 1 January 2023	8,125,235	2,869,144	10,994,379
Charge for the year	1,633,561	368,465	2,002,026
Disposals	(261,164)	(46,571)	(307,735)
Deemed disposal of subsidiaries (Note 41(c))	(229,970)	(10,514)	(240,484)
Impairment loss recognised	–	277	277
Exchange difference	1,305	13,886	15,191
As at 31 December 2023 and 1 January 2024	9,268,967	3,194,687	12,463,654
Charge for the year	**1,832,718**	**538,743**	**2,371,461**
Disposals	**(445,500)**	**(53,430)**	**(498,930)**
Disposals of a subsidiary (Note 41(b))	**(251,378)**	**–**	**(251,378)**
Exchange difference	**526**	**(10,441)**	**(9,915)**
As at 31 December 2024	**10,405,333**	**3,669,559**	**14,074,892**
Carrying amount			
As at 31 December 2024	**28,464,261**	**2,826,553**	**31,290,814**
As at 31 December 2023	27,580,695	2,300,245	29,880,940

19. INTANGIBLE ASSETS *(CONTINUED)*

Intangible assets is allocated to the cash-generating units ("CGUs") that are expected to benefit from the business combination. The carrying amount of Intangible assets had been allocated as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Cement	**28,051,970**	27,065,267
Concrete	**206,222**	160,223
New materials	**1,656,982**	1,264,026
Engineering technology services	**203,490**	222,171
Others	**1,172,150**	1,169,253
	31,290,814	29,880,940

Patents and trademarks included above have finite useful lives, over which the assets are amortised. The amortisation rates of patents and trademarks are ranging from 1.43% to 33% per annum. Mining rights are amortised over its concession period from 1 to 30 years.

As at 31 December 2024, the Group has pledged intangible assets with carrying amount of approximately RMB5,998.37 million (2023: RMB5,655.23 million) to secure bank borrowings granted to the Group.

Impairment assessment

For the years ended 31 December 2024 and 2023, the management of the Group performed impairment assessments on intangible assets, together with property, plant and equipment, right-of-use assets and goodwill allocated to certain groups of CGUs. The management of the Group assessed the recoverable amounts of these groups of CGUs with reference to value-in-use calculations determined by the management with the assistance of independent professional valuers not connected with the Group.

Particulars of the value-in-use calculations are disclosed as per Note 18.

During the years ended 31 December 2024 and 2023, the value in use of certain groups of CGUs of engineering technology service and new material operations (2023: concrete, engineering technology service and new material operations) were estimated to be lower than the carrying amount for the respective groups of CGUs assessed for impairment. Accordingly, the management determined that impairment loss was allocated to goodwill of these operations, detail of which as per Note 18. No impairment was allocated to intangible assets of these groups of CGUs for the years ended 31 December 2024 and 2023.

For the remaining groups of CGUs of cement, concrete and other operations (2023: cement and other operations), the recoverable amounts were estimated to be higher than the carrying amounts of the respective groups of CGUs and accordingly, the management determined that there is no impairment loss recognised in these groups of CGUs for the years ended 31 December 2024 and 2023.

In addition to the impairment assessments performed on the groups of CGUs described above, the management conducted a review of the Group's intangible assets and determined that certain assets will not generate future benefit to the Group. Accordingly, impairment loss of RMBnil (2023: RMB0.28 million) is recognised for the year ended 31 December 2024 in respect of those intangible assets

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

20. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2024 and 2023, which are established and operated in the PRC, are as follows:

Name of subsidiary	Legal status	Nominal value of paid-in capital	Registered capital	Attributable equity interest to the Company Direct 2024 %	Direct 2023 %	Indirect 2024 %	Indirect 2023 %	Principal activities
Tianshan Material Co., Ltd. (formerly known as Xinjiang Tianshan Cement Co., Ltd.) ("Tianshan Materials") (Note (i))	Joint stock company with limited liability company	RMB7,110,491,694 (2023: RMB8,663,422,814)	RMB7,110,491,694 (2023: RMB8,663,422,814)	**81.14**	84.52	**-**	–	Production and sale of cement
China United Cement Corporation Limited ("China United Cement")	Limited liability company	RMB8,000,000,000	RMB8,000,000,000	**-**	–	**81.14**	84.52	Production and sale of cement
South Cement	Limited liability company	RMB11,013,633,369	RMB11,013,633,369	**-**	–	**81.14**	84.52	Production and sale of cement
Zhejiang South Cement	Limited liability company	RMB4,500,000,000	RMB4,500,000,000	**-**	–	**81.14**	84.52	Production and sale of cement
Hunan South Cement	Limited liability company	RMB5,000,000,000	RMB5,000,000,000	**-**	–	**81.14**	84.52	Production and sale of cement
South New Materials	Limited liability company	RMB2,410,000,000	RMB3,000,000,000	**-**	–	**64.91**	67.61	Production and sale of composite materials
Jiangxi South	Limited liability company	RMB3,000,000,000	RMB3,000,000,000	**-**	–	**81.14**	84.52	Production and sale of cement
North Cement	Limited liability company	RMB4,000,000,000	RMB4,000,000,000	**70.00**	70.00	**3.73**	3.89	Production and sale of cement
Southwest Cement Limited ("Southwest Cement")	Limited liability Company	RMB11,672,940,193	RMB11,672,940,193	**-**	–	**81.14**	84.52	Production and sale of cement
Guizhou Southwest	Limited liability company	RMB5,000,000,000	RMB5,000,000,000	**-**	–	**81.14**	84.52	Production and sale of cement
Yunnan Southwest	Limited liability company	RMB5,000,000,000	RMB5,000,000,000	**-**	–	**81.14**	84.52	Production and sale of cement
Sinoma Cement (Note (ii))	Limited liability company	RMB4,338,800,000 (2023: RMB2,353,280,000)	RMB10,000,000,000 (2023: RMB3,088,800,000)	**-**	–	**65.07**	75.26	Production and sale of cement
Ningxia Building Materials (Note (iii))	Joint stock company with limited liability	RMB478,181,042	RMB478,181,042	**49.03**	49.03	**-**	–	Production and sale of cement

20. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Details of the Company's principal subsidiaries as at 31 December 2024 and 2023, which are established and operated in the PRC, are as follows: *(Continued)*

Name of subsidiary	Legal status	Nominal value of paid-in capital	Registered capital	Attributable equity interest to the Company Direct 2024 %	Direct 2023 %	Indirect 2024 %	Indirect 2023 %	Principal activities
BNBM (Note (iv))	Joint stock company with limited liability	RMB1,689,507,842	RMB1,689,507,842	**37.83**	37.83	**-**	–	Production and sale of light building materials
Taishan Gypsum (Note (v))	Limited liability company	RMB155,625,000	RMB155,625,000	**-**	–	**37.83**	37.83	Production and sale of light building materials
Sinoma Science & Technology (Note (vi))	Joint stock company with limited liability	RMB1,678,123,584	RMB1,678,123,584	**60.24**	60.24	**-**	–	Production and sale of composite materials
CTG	Limited liability company	RMB4,581,724,537	RMB4,581,724,537	**-**	–	**60.24**	60.24	Production and sale of fibreglass
Sinoma Wind Power	Limited liability company	RMB754,193,524	RMB754,193,524	**-**	–	**62.59**	62.59	Production and sale of turbine blades
Lianyungang Zhongfu	Limited liability company	RMB2,613,075,349	RMB2,613,075,349	**-**	–	**62.59**	62.59	Production and sale of composite materials
Sinoma International (Note (vii))	Joint stock company with limited liability	RMB2,642,021,768 (2023: 2,642,317,423)	RMB2,642,021,768 (2023: 2,642,317,423)	**40.97**	40.96	**-**	–	Production and sale of engineering services
Chengdu Design & Research	Limited liability company	RMB60,000,000	RMB60,000,000	**-**	–	**40.97**	40.96	Production and sale of building materials
CNBM Investment	Limited liability company	RMB3,000,000,000	RMB3,000,000,000	**100.00**	100.00	**-**	–	Sale of light building materials
Sinoma Graphite New Materials Co., Ltd.	Limited liability company	RMB2,000,000,000	RMB2,000,000,000	**100.00**	100.00	**-**	–	Production and sale of graphite
BNBM Carpoly Coating Group Company Limited (formerly known as Carpoly Chemical Group Co., Ltd.) ("BNBM Carpoly") (Note (viii))	Limited liability company	RMB390,742,430	RMB390,742,430	**-**	–	**29.63**	–	Production and sale of coatings

20. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Details of the Company's principal subsidiaries as at 31 December 2024 and 2023, which are established and operated in the PRC, are as follows: *(Continued)*

Notes:

(i) Tianshan Materials is a joint stock company listed on the Shenzhen Stock Exchange. The shareholding was diluted due to the effect of performance guarantee to Tianshan Materials during the year ended 31 December 2024. Details refer to Note 42(c).

(ii) During the year ended 31 December 2024, part of the shareholdings of Sinoma Cement have been transferred from an non-wholly owned subsidiary to another non-wholly owned subsidiary. After that the Group's effective equity interests in Sinoma Cement were diluted from 75.26% to 67.10%. Details refer to Note 42(b).

(iii) Ningxia Building Materials is joint stock company listed on the Shanghai Stock Exchange.

(iv) BNBM is a joint stock company listed on the Shenzhen Stock Exchange.

(v) Taishan Gypsum is considered to be controlled by the Company because it is indirectly held by another subsidiary of the Company.

(vi) Sinoma Science & Technology is a joint stock company listed on the Shenzhen Stock Exchange.

(vii) Sinoma International is a joint stock company listed on the Shanghai Stock Exchange.

(viii) On 29 February 2024, the Group acquired 29.63% equity interests of BNBM Carpoly. Details refer to Note 41(a).

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

20. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

As at 31 December 2024, certain subsidiaries of the Company which had outstanding issued debt securities as follows:

Name	**Total face value of debt securities** *RMB'000*	**Maturity date**
South Cement	4,100,000	29 April 2025 – 23 November 2026
Southwest Cement	3,100,000	22 April 2026 – 15 July 2029
Sinoma Science & Technology	2,400,000	21 March 2025 – 7 August 2027
Tianshan Materials	5,000,000	22 September 2025 – 5 June 2029
Sinoma International	1,700,000	2 November 2025 – 5 September 2029
BNBM	1,000,000	18 April 2025

As at 31 December 2023, certain subsidiaries of the Company which had outstanding issued debt securities as follows:

Name	**Total face value of debt securities** *RMB'000*	**Maturity date**
South Cement	5,500,000	9 April 2024 – 23 November 2026
Southwest Cement	4,500,000	22 April 2024 – 22 April 2026
Sinoma Science & Technology	3,600,000	22 January 2024 – 21 March 2025
Tianshan Materials	2,000,000	25 September 2025
Sinoma International	1,500,000	10 September 2024 – 2 November 2025
East China Materials	1,010,000	27 September 2024 – 27 December 2024
BNBM	1,000,000	27 October 2024

Summarised financial information in respect of each of the Group's sub-group that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

20. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

(i) BNBM and its subsidiaries (Non-controlling interests holding %: 62.17% (2023: 62.17%))

	2024	2023
	RMB'000	*RMB'000*
Current assets	**12,136,563**	12,237,741
Non-current assets	**22,861,716**	18,335,727
Current liabilities	**(7,636,135)**	(5,549,264)
Non-current liabilities	**(642,058)**	(1,306,339)
	26,720,086	23,717,865
Non-controlling interests	**17,005,597**	14,881,773
Equity attributable to owners of the Company	**9,714,489**	8,836,092
	26,720,086	23,717,865
Revenue	**24,961,391**	21,654,469
Expenses	**(21,235,390)**	(18,017,927)
Profit for the year	**3,726,001**	3,636,542
Profit attributable to owners of the Company	**1,379,639**	1,364,085
Profit attributable to the non-controlling interests	**2,346,362**	2,272,457
Profit for the year	**3,726,001**	3,636,542
Other comprehensive (expense)/income attributable to owners of the Company	**(2,214)**	7,559
Other comprehensive (expense)/income attributable to the non-controlling interests	**(2,432)**	12,844
Other comprehensive (expense)/income for the year	**(4,646)**	20,403
Total comprehensive income attributable to owners of the Company	**1,377,425**	1,371,644
Total comprehensive income attributable to the non-controlling interests	**2,343,930**	2,285,301
Total comprehensive income for the year	**3,721,355**	3,656,945
Dividends paid to non-controlling interests	**887,656**	699,539
Net cash inflow from operating activities	**5,134,466**	4,734,387
Net cash outflow from investing activities	**(2,836,082)**	(2,531,787)
Net cash outflow from financing activities	**(2,136,332)**	(2,222,966)
Net cash inflow/(outflow)	**162,052**	(20,366)

20. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

(ii) Sinoma International and its subsidiaries (Non-controlling interests holding %: 59.03% (2023: 59.04%))

	2024	2023
	RMB'000	*RMB'000*
Current assets	**42,977,890**	37,570,587
Non-current assets	**14,542,873**	15,237,975
Current liabilities	**(32,259,468)**	(28,481,420)
Non-current liabilities	**(2,516,004)**	(3,716,019)
	22,745,291	20,611,123
Non-controlling interests	**14,094,308**	12,789,663
Equity attributable to owners of the Company	**8,650,983**	7,821,460
	22,745,291	20,611,123
Revenue	**45,746,167**	45,437,299
Expenses	**(42,523,011)**	(42,289,052)
Profit for the year	**3,223,156**	3,148,247
Profit attributable to owners of the Company	**1,222,185**	1,178,804
Profit attributable to the non-controlling interests	**2,000,971**	1,969,443
Profit for the year	**3,223,156**	3,148,247
Other comprehensive income attributable to owners of the Company	**25,920**	6,877
Other comprehensive income attributable to the non-controlling interests	**23,274**	18,463
Other comprehensive income for the year	**49,194**	25,340
Total comprehensive income attributable to owners of the Company	**1,248,105**	1,185,681
Total comprehensive income attributable to the non-controlling interests	**2,024,245**	1,987,906
Total comprehensive income for the year	**3,272,350**	3,173,587
Dividends paid to non-controlling interests	**805,922**	606,577
Net cash inflow from operating activities	**2,290,170**	3,535,858
Net cash outflow from investing activities	**(1,401,185)**	(903,550)
Net cash outflow from financing activities	**(2,167,601)**	(1,708,027)
Net cash (outflow)/inflow	**(1,278,616)**	924,281

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

20. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

(iii) Tianshan Materials and its subsidiaries (Non-controlling interests holding %: 18.86% (2023: 15.48%))

	2024	2023
	RMB'000	*RMB'000*
Current assets	**25,908,012**	27,143,551
Non-current assets	**227,886,815**	226,844,732
Current liabilities	**(81,427,953)**	(83,198,590)
Non-current liabilities	**(72,666,315)**	(72,769,657)
	99,700,559	98,020,036
Non-controlling interests	**32,418,992**	29,060,966
Equity attributable to owners of the Company	**67,281,567**	68,959,070
	99,700,559	98,020,036
Revenue	**83,972,892**	104,185,196
Expenses	**(84,623,473)**	(98,457,182)
(Loss)/profit for the year	**(650,581)**	5,728,014
(Loss)/profit attributable to owners of the Company	**(485,539)**	4,803,282
(Loss)/profit attributable to the non-controlling interests	**(165,042)**	924,732
(Loss)/profit for the year	**(650,581)**	5,728,014
Other comprehensive (expense)/income attributable to owners of the company	**(2,723)**	12,505
Other comprehensive income attributable to the non-controlling interests	**745**	649
Other comprehensive (expense)/income for the year	**(1,978)**	13,154
Total comprehensive (expense)/income attributable to owners of the Company	**(488,262)**	4,815,787
Total comprehensive (expense)/income attributable to the non-controlling interests	**(164,297)**	925,381
Total comprehensive (expense)/income for the year	**(652,559)**	5,741,168
Dividends paid to non-controlling interests	**685,182**	742,516
Net cash inflow from operating activities	**12,460,375**	16,951,277
Net cash outflow from investing activities	**(8,730,896)**	(9,134,946)
Net cash outflow from financing activities	**(5,834,204)**	(4,220,391)
Net cash (outflow)/inflow	**(2,104,725)**	3,595,940

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

21. INTERESTS IN ASSOCIATES

	2024 **RMB'000**	2023 RMB'000
Cost of investments in associates		
– listed in the PRC	**3,560,683**	3,644,790
– listed in Hong Kong	**740,095**	740,095
– unlisted	**12,237,671**	12,174,822
Share of post-acquisition profit, net of dividend received	**16,577,225**	16,192,066
	33,115,674	32,751,773
Fair value of listed investments (Note)	**16,440,496**	14,997,067
Share of results of associates	**1,090,929**	1,512,521

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

As at 31 December 2024, the cost of investments in associates included goodwill of associates of approximately RMB2,168.32 million (2023: RMB2,231.94 million).

21. INTERESTS IN ASSOCIATES *(CONTINUED)*

Set out below are the associates of the Group as at 31 December 2024, which in the opinion of the directors are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group:

Name of associate	Principal place of business	Nominal value of registered capital	Voting right/Attributable direct equity interests to the Group		Principal activities
			2024	2023	
			%	%	
China Jushi (Note (i))	the PRC	RMB4,003,136,728	**26.99**	26.97	Production of fibreglass
Shangdong Quanxing Jingshi Cement Company Limited (formerly known as Shandong Quanxing China United Cement Company Limited) ("Shandong Quanxing")	the PRC	RMB2,000,000,000	**49.00**	49.00	Sales and production of cement
Jiangxi Nanfang Wannianqing Cement Company Limited ("Nanfang Wannianqing") (Note (ii))	the PRC	RMB1,000,000,000	**50.00**	50.00	Production of cement
Shanghai Yaohua (Note (iii))	the PRC	RMB934,916,069	**12.74**	12.74	Production of fibreglass
Gansu Shangfeng (Note (iv))	the PRC	RMB969,395,450	**14.50**	14.50	Production of cement
China Shanshui Cement Group Limited ("Shanshui Cement") (Note (v))	the PRC	USD100,000,000	**12.94**	12.94	Production of cement
CNBM Institute for Glass and New Materials Group Co., Limited ("CNBM Institute")	the PRC	RMB3,715,904,078	**45.08**	45.08	Provision and sale of engineering services
CCCC Design & Consulting (Note (vi))	the PRC	RMB2,061,708,481	**9.04**	10.06	Provision of infrastructure design and consultation services

Notes:

(i) China Jushi is a joint stock company listed on the Shanghai Stock Exchange. The voting has increased due to acquisition of 873,607 shares of China Jushi with a total consideration of approximately RMB10.00 million.

(ii) Nanfang Wannianqing was considered as an associate of the Group because South Cement can only nominate 2 out of 5 directors of the Board of Directors. Therefore, the Group only have significant influence but not control in Nanfang Wannianqing.

(iii) Shanghai Yaohua was considered as an associate of the Group because China Composite appoint 1 out of the 5 executive directors to the board of directors of that Company.

(iv) Gansu Shangfang is a joint stock company listed on the Shenzhen stock Exchange. Gansu Shangfeng was considered as an associate of the Group because South Cement appoint 1 out of the 6 executive directors to the board of directors of that company.

(v) Shanshui Cement is a joint stock company listed on the Hong Kong Stock Exchange. Shanshui Cement was considered as an associate of the Group because China Building Material Holdings Co., Limited has significant influence over Shanshui Cement by entering into significant master agreements on continuing connected transaction with that company.

(vi) CCCC Design & Consulting is a joint stock company listed on the Shanghai Stock Exchange. CCCC Design & Consulting was considered as an associate of the Group because the Company and Gansu Qilianshan Building Materials Holdings Co., Ltd. ("Qilianshan Holdings", a subsidiary of the Company) together appoint 1 out of 6 executive directors to the board of directors of that company. The voting right is diluted from 10.06% to 9.04% due to issuance of shares by CCCC Design & Consulting to other shareholders, resulting in gain on deemed disposal of RMB106.58 million.

21. INTERESTS IN ASSOCIATES *(CONTINUED)*

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

(i) China Jushi

	2024 ***RMB'000***	2023 *RMB'000*
Current assets	**13,355,519**	13,387,905
Non-current assets	**40,022,564**	38,686,054
Current liabilities	**(14,847,303)**	(14,452,762)
Non-current liabilities	**(7,082,658)**	(7,622,965)
Non-controlling interests	**(1,407,274)**	(1,356,230)
Revenue	**15,855,767**	14,875,802
Profit for the year	**2,529,421**	3,157,311
Other comprehensive income for the year	**71,232**	106,231
Total comprehensive income for the year	**2,600,653**	3,263,542
Dividends received from the associate during the year	**296,928**	562,544

Reconciliation of the above summarised financial information to the carrying amount of the interest in China Jushi recognised in the consolidated financial statements:

	2024 ***RMB'000***	2023 *RMB'000*
Net assets of the associate	**31,448,122**	29,998,232
Non-controlling interests of the associate	**(1,407,274)**	(1,356,230)
	30,040,848	28,642,002
Proportion of the Group's ownership interest in China Jushi	**26.99%**	26.97%
Group's share of net assets of the associate	**8,108,025**	7,724,748
Goodwill	**18,693**	18,693
Carrying amount of the Group's interest in China Jushi	**8,126,718**	7,743,441
Fair value (Note)	**12,308,179**	10,613,836

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

21. INTERESTS IN ASSOCIATES *(CONTINUED)*

(ii) Shangdong Quan Xing

	2024	2023
	RMB'000	*RMB'000*
Current assets	**4,676,352**	4,530,688
Non-current assets	**4,514,365**	4,531,309
Current liabilities	**(3,581,085)**	(3,664,006)
Non-current liabilities	**(1,167,662)**	(805,603)
Non-controlling interests	**(469,368)**	(447,635)
Revenue	**1,620,091**	2,006,581
Loss for the year	**(111,982)**	(87,691)
Total comprehensive expense for the year	**(111,982)**	(87,691)
Dividends received from the associate during the year	**–**	31,325

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shangdong Quan Xing recognised in the consolidated financial statements:

	2024	2023
	RMB'000	*RMB'000*
Net assets of the associate	**4,441,970**	4,592,388
Non-controlling interests of the associate	**(469,368)**	(447,635)
	3,972,602	4,144,753
Proportion of the Group's ownership interest in Shangdong Quan Xing	**49.00%**	49.00%
Group's share of net assets of the associate	**1,946,575**	2,030,929
Carrying amount of the Group's interest in Shangdong Quan Xing	**1,946,575**	2,030,929

Notes to the Consolidated Financial Statements *(Continued)*

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21. INTERESTS IN ASSOCIATES *(CONTINUED)*

(iii) Nanfang Wannianqing

	2024	2023
	RMB'000	*RMB'000*
Current assets	**4,270,468**	4,272,867
Non-current assets	**3,634,417**	3,676,104
Current liabilities	**(1,300,729)**	(1,548,512)
Non-current liabilities	**(259,824)**	(236,950)
Non-controlling interests	**(891,172)**	(858,310)
Revenue	**3,492,457**	5,350,592
Profit for the year	**110,979**	200,793
Other comprehensive income for the year	**1,279**	8,429
Total comprehensive income for the year	**112,258**	209,222
Dividends received from the associate during the year	**50,000**	100,000

Reconciliation of the above summarised financial information to the carrying amount of the interest in Nanfang Wannianqing recognised in the consolidated financial statements:

	2024	2023
	RMB'000	*RMB'000*
Net assets of the associate	**6,344,332**	6,163,509
Non-controlling interests of the associate	**(891,172)**	(858,310)
	5,453,160	5,305,199
Proportion of the Group's ownership interest in Nanfang Wannianqing	**50.00%**	50.00%
Group's share of net assets of the associate	**2,726,580**	2,652,600
Carrying amount of the Group's interest in Nanfang Wannianqing	**2,726,580**	2,652,600

21. INTERESTS IN ASSOCIATES *(CONTINUED)*

(iv) CNBM Institute

	2024	2023
	RMB'000	*RMB'000*
Current assets	**28,566,098**	27,854,897
Non-current assets	**17,090,964**	15,727,415
Current liabilities	**(33,223,277)**	(31,598,141)
Non-current liabilities	**(5,922,837)**	(5,919,050)
Non-controlling interests	**(541,455)**	(543,809)
Revenue	**13,820,866**	16,305,279
Profit for the year	**470,887**	575,303
Other comprehensive (expense)/income for the year	**(11,879)**	31,392
Total comprehensive income for the year	**459,008**	606,695

Reconciliation of the above summarised financial information to the carrying amount of the interest in CNBM Institute recognised in the consolidated financial statements:

	2024	2023
	RMB'000	*RMB'000*
Net assets of the associate	**6,510,948**	6,065,121
Non-controlling interests of the associate	**(541,455)**	(543,809)
	5,969,493	5,521,312
Proportion of the Group's ownership interest in CNBM Institute	**45.08%**	45.08%
Group's share of net assets of the associate	**2,691,047**	2,489,007
Goodwill	**937,497**	937,497
Carrying amount of the Group's interest in CNBM Institute	**3,628,544**	3,426,504

21. INTERESTS IN ASSOCIATES *(CONTINUED)*

(v) Shanshui Cement

	2024	2023
	RMB'000	*RMB'000*
Current assets	**8,050,237**	8,430,042
Non-current assets	**22,172,082**	22,343,372
Current liabilities	**(9,253,262)**	(10,735,580)
Non-current liabilities	**(2,776,851)**	(1,634,470)
Non-controlling interests	**(16,559)**	(74,030)
Revenue	**14,509,866**	18,116,387
Loss for the year	**(189,041)**	(1,050,106)
Other comprehensive (expense)/income for the year	**(13,079)**	51,957
Total comprehensive expense for the year	**(202,120)**	(998,149)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shanshui Cement recognised in the consolidated financial statements:

	2024	2023
	RMB'000	*RMB'000*
Net assets of the associate	**18,192,206**	18,403,364
Non-controlling interests of the associate	**(16,559)**	(74,030)
	18,175,647	18,329,334
Proportion of the Group's ownership interest in Shanshui Cement	**12.94%**	12.94%
Group's share of net assets of the associate	**2,351,929**	2,371,816
Carrying amount of the Group's interest in Shanshui Cement	**2,351,929**	2,371,816
Fair value (Note)	**259,067**	287,227

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

21. INTERESTS IN ASSOCIATES *(CONTINUED)*

(vi) CCCC Design & Consulting

	2024 *RMB'000*	2023 *RMB'000*
Current assets	**21,031,094**	17,871,234
Non-current assets	**9,711,793**	9,620,868
Current liabilities	**(12,207,444)**	(11,648,739)
Non-current liabilities	**(3,174,807)**	(3,045,893)
Non-controlling interests	**(335,980)**	(335,252)
Revenue	**12,433,828**	13,511,484
Profit for the year/period	**1,780,596**	1,794,704
Other comprehensive expense for the year/period	**(8,892)**	(39,154)
Total comprehensive income for the year/period	**1,771,704**	1,755,550
Profit and total comprehensive income for the year/period from date of acquisition attributable to owners	**76,232**	521,770

Reconciliation of the above summarised financial information to the carrying amount of the interest in CCCC Design & Consulting recognised in the consolidated financial statements:

	2024 *RMB'000*	2023 *RMB'000*
Net assets of the associate	**15,360,636**	12,797,470
Non-controlling interests of the associate	**(335,980)**	(335,252)
	15,024,656	12,462,218
Proportion of the Group's ownership interest in CCCC Design & Consulting	**9.04%**	10.06%
Group's share of net assets of the associate	**1,358,229**	1,253,699
Goodwill	**563,256**	626,878
Fair value adjustment	**473,563**	545,973
Carrying amount of the Group's interest in CCCC Design & Consulting	**2,395,048**	2,426,550
Fair value (Note)	**1,838,365**	2,091,504

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

21. INTERESTS IN ASSOCIATES *(CONTINUED)*

(vii) Aggregate information of associates that are not individually material:

	2024 **RMB'000**	2023 *RMB'000*
The Group's share of results from continuing operations	**72,054**	368,193
The Group's share of other comprehensive (expense)/income	**(1,970)**	34,780
The Group's share of total comprehensive income	**70,084**	402,973
Aggregate carrying amount of the Group's interests in these associates	**11,940,280**	12,099,933

22. INTERESTS IN JOINT VENTURES

	2024 **RMB'000**	2023 *RMB'000*
Cost of investments in joint ventures – unlisted	**252,553**	252,553
Share of post-acquisition losses, net of dividend received	**(29,460)**	(19,480)
	223,093	233,073
Share of results of joint ventures	**(9,913)**	(3,356)

All joint ventures are accounted for using the equity method in the consolidated financial statements.

The financial information and carrying amount in aggregate, of the Group's interests in joint ventures that are not individually material are set out below:

	2024 **RMB'000**	2023 *RMB'000*
The Group's share of results from continuing operations	**(9,913)**	(3,356)
The Group's share of other comprehensive income/(expenses)	**89**	(73)
The Group's share of total comprehensive expense	**(9,824)**	(3,429)
Aggregate carrying amount of the Group's interests in these joint ventures	**223,093**	233,073

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 **RMB'000**	2023 *RMB'000*
Financial assets at fair value through profit or loss:		
– Equity shares listed outside Hong Kong	**2,273,537**	1,610,536
– Equity shares listed in Hong Kong	**496,256**	1,402,178
– Structured deposits (Note)	**7,140,066**	7,555,969
– Unlisted equity and fund investments	**3,267,865**	3,132,628
	13,177,724	13,701,311

	2024 **RMB'000**	2023 *RMB'000*
Analysed for reporting purposes:		
Non-current portion	**3,754,092**	3,766,633
Current portion	**9,423,632**	9,934,678
	13,177,724	13,701,311

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

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 **RMB'000**	2023 *RMB'000*
Unlisted equity investments	**42,969**	18,969

The directors of the Company have elected to designate these unlisted equity instruments as financial assets at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. No dividends and distribution were received on these investments during the year (2023: RMBnil).

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For the year ended 31 December 2024

25. DEPOSITS

	2024	2023
	RMB'000	*RMB'000*
Investment deposits for acquisition of entities	**151,799**	76,274
Deposits paid to acquire property, plant and equipment	**1,270,468**	765,819
Deposits paid to acquire intangible assets	**923,404**	686,295
Deposits paid to acquire right-of-use assets	**231,359**	210,852
	2,577,030	1,739,240

26. INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Raw materials	**6,321,093**	8,298,384
Work-in-progress	**3,633,809**	4,464,782
Finished goods	**6,833,283**	8,148,205
Consumables	**163,109**	217,083
	16,951,294	21,128,454

27. TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables, net of allowance for credit losses (Note (a))	**47,530,229**	49,221,948
Bills receivable (Note (c))	**11,671,177**	10,533,744
Contract assets (Note 29(a))	**8,764,769**	5,470,429
Other receivables, deposits and prepayments	**22,831,448**	21,362,750
	90,797,623	86,588,871
Analysed for reporting purposes:		
Non-current portion	**3,205,042**	4,688,417
Current portion	**87,592,581**	81,900,454
	90,797,623	86,588,871

27. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Notes:

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

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

	2024 **RMB'000**	2023 RMB'000
Within two months	**6,519,099**	9,156,966
More than two months but within one year	**21,822,297**	22,311,030
Between one and two years	**11,534,849**	11,033,089
Between two and three years	**4,631,271**	4,610,748
Over three years	**3,022,713**	2,110,115
	47,530,229	49,221,948

(b) As at 1 January 2023, trade receivables from contracts with customers amounted to RMB53.25 million.

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

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

	2024 **RMB'000**	2023 RMB'000
RMB	**85,677,165**	80,972,776
EUR	**1,870,162**	2,676,788
USD	**2,042,972**	2,031,056
Others	**1,207,324**	908,251
	90,797,623	86,588,871

(e) As at 31 December 2024, bills receivable of approximately RMB81.55 million (2023: approximately RMB1,103.12 million) are pledged to secure bank borrowings granted to the Group.

Details of impairment assessment of trade and other receivables are set out in Note 5.1(b).

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

28. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	2024 ***RMB'000***	2023 *RMB'000*
Amounts due from related parties		
Trading in nature:		
– Fellow subsidiaries	**1,102,035**	1,037,126
– Associates	**338,744**	463,279
– Joint ventures	**169,179**	181,750
– Immediate holding company	**506**	4,076
– Non-controlling interests of subsidiaries	**94,133**	157,996
	1,704,597	1,844,227
Non-trading in nature:		
– Fellow subsidiaries	**803,866**	1,124,443
– Associates	**116,944**	174,544
– Joint ventures	**24,165**	36,220
– Immediate holding company	**1,280**	3
– Non-controlling interests of subsidiaries	**76,779**	91,031
	1,023,034	1,426,241
	2,727,631	3,270,468
Amounts due to related parties		
Trading in nature:		
– Fellow subsidiaries	**1,891,101**	2,160,735
– Associates	**168,946**	82,449
– Joint ventures	**66,725**	64,888
– Immediate holding company	**7,974**	5,664
– Non-controlling interests of subsidiaries	**38,365**	73,257
	2,173,111	2,386,993
Non-trading in nature:		
– Fellow subsidiaries	**2,379,136**	2,806,969
– Associates	**7,942**	57,914
– Joint ventures	**260**	–
– Immediate holding company	**945,548**	875,317
– Non-controlling interests of subsidiaries	**308,780**	486,533
	3,641,666	4,226,733
	5,814,777	6,613,726

28. AMOUNTS DUE FROM/(TO) RELATED PARTIES *(CONTINUED)*

All amounts are unsecured and repayable on demand. The trading nature portion of amounts due from and to related parties is aged within one year.

As at 31 December 2024, amounts due from related parties of approximately RMB511.56 million carrying the fixed interest rate of 4.30% to 5.00% per annum (2023: RMB555.75 million carrying the fixed interest rate of 3.85% to 5.00% per annum). The remaining balances of amounts due from related parties are interest-free.

As at 31 December 2024, amounts due to related parties of approximately RMB641.94 million and RMB441.31 million (2023: RMB656.66 million and RMB520.16 million) carry the fixed interest rate of 2.92% to 3.08% (2023: 2.56% to 3.75%) per annum and variable interest rate of 2024: 2.76% to 4.75% (2023: 2.76% to 2.92%) per annum respectively. The remaining balances of amounts due to related parties are interest-free.

29. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2024 ***RMB'000***	2023 *RMB'000*
Arising from performance under engineering technology services contracts, included in trade and other receivables (Note 27)	**8,363,835**	5,134,512
Retention receivables, included in trade and other receivables (Note 27)	**400,934**	335,917
	8,764,769	5,470,429

As at 1 January 2023, contract assets amounted to RMB4,109.31 million.

During the year ended 31 December 2024, the Group billed RMB3,006.24 million (2023: RMB2,419.56 million) contract assets brought forward from last year.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

As at 31 December 2024, there were significant amount of contract assets arising from completion of engineering technology services contracts but have not completed formal settlement and acceptance of services.

Contract assets, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on expected settlement dates.

Typical payment terms which impact on the amount of contract assets recognised in respect of project contract work are as follows:

The Group's engineering technology services contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 15% to 30% of total contract sum as part of its credit risk management policies.

The Group also typically agrees to a retention period ranging from 1 to 2 years for 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

29. CONTRACT ASSETS AND CONTRACT LIABILITIES *(CONTINUED)*

(b) Contract liabilities

	2024 **RMB'000**	2023 RMB'000
Receipt in advance of performance from engineering technology services contracts	**3,678,339**	3,681,667
Advance from customers	**6,918,800**	6,351,308
	10,597,139	10,032,975

Typical payment terms which impact on the amount of contract liabilities recognised in respect of project contract work are as follows:

When the Group receives a deposit before the project contract work commences, this will give rise to contract liabilities at the start of a project contract, until the revenue recognised on the project exceeds the amount of the deposit. It is common practice on the Group's project contracts to require a deposit before work commences.

Movements in contract liabilities:

	RMB'000
At 1 January 2023	10,519,709
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	(9,261,055)
Increase in contract liabilities as a result of receipt in advance of project contract work and advance from customers	8,774,321
At 31 December 2023 and 1 January 2024	10,032,975
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	**(8,989,326)**
Increase in contract liabilities as a result of receipt in advance of project contract work and advance from customers	**9,553,490**
At 31 December 2024	**10,597,139**

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RMB78,727.26 million (2023: RMB61,976.95 million). This amount represents revenue expected to be recognised in the future from engineering technology services contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the engineering technology services are completed, which is expected to occur within 3 years.

30. CASH AND CASH EQUIVALENTS/PLEDGED BANK DEPOSITS

Cash and cash equivalents/pledged bank deposits denominated in non-functional currencies of the relevant group entities are as follows:

	2024	2023
	RMB'000	*RMB'000*
USD	**2,029,712**	2,502,205
HKD	**142,504**	112,284
EUR	**831,910**	572,874
IDR	**110,532**	105,405
NGN	**146,299**	153,966
XOF	**38,758**	43,128
RUB	**42,510**	72,977
EGP	**85,827**	378,467
ZAR	**122,636**	192,766
INR	**294,405**	254,518
AED	**168,733**	81,996
ETB	**63,165**	66,206
DZD	**46,199**	61,443
Others	**692,784**	438,351
	4,815,974	5,036,586

As at 31 December 2024, the Group pledged approximately RMB3,809.31 million (2023: approximately RMB4,837.88 million), which is denominated in RMB, to secure the bank borrowings due within one year and the short-term banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Bank balances and pledged bank deposits carry interest at market rates which range from 0.03% to 11.00% (2023: range from 0.05% to 8.00%) per annum.

31. TRADE AND OTHER PAYABLES AND DEFERRED INCOME

(a) Trade and other payables

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

	2024 RMB'000	2023 RMB'000
Within two months	**19,035,700**	12,181,924
More than two months but within one year	**18,937,280**	25,892,155
Between one and two years	**4,257,376**	5,262,802
Between two and three years	**2,211,528**	1,015,371
Over three years	**1,918,460**	1,774,779
Trade payables	**46,360,344**	46,127,031
Bills payable	**13,181,420**	15,906,107
Contract liabilities (Note 29(b))	**10,597,139**	10,032,975
Other payables	**21,240,934**	21,717,492
	91,379,837	93,783,605

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

(b) Deferred income

Deferred income mainly represents the PRC local government grants received from relevant PRC authorities for fixed asset investments and research and development expenses, such as re-location compensation, cement and clinker plants, residual heat generation plants and new materials research and development. The subsidies are recognised in the consolidated statement of profit or loss over the estimated useful lives of the respective property, plant and equipment. There are no unfulfilled conditions and contingencies relating to the grants.

32. BORROWINGS

	2024	2023
	RMB'000	*RMB'000*
Bank borrowings	**150,972,542**	145,081,036
Bonds	**40,500,000**	38,900,000
Borrowings from other financial institutions	**438,000**	924,663
	191,910,542	184,905,699
Secured	**4,549,237**	6,076,799
Unsecured	**187,361,305**	178,828,900
	191,910,542	184,905,699
Analysed for reporting purposes:		
– Non-current portion	**109,781,897**	110,925,593
– Current portion	**82,128,645**	73,980,106
	191,910,542	184,905,699

32. BORROWINGS *(CONTINUED)*

The exposure of the fixed rate and variable rate bank and other borrowings and bonds and the contractual maturity dates are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Fixed rate bank borrowings repayable:		
Within one year	**30,937,248**	28,486,612
Between one and two years	**11,339,152**	11,443,648
Between two and three years	**7,254,921**	13,029,076
Between three and four years	**220,894**	733,105
Between four and five years	**837,977**	255,299
More than five years	**379,800**	1,339,627
	50,969,992	55,287,367
Variable rate bank borrowings repayable:		
Within one year	**35,470,716**	25,484,663
Between one and two years	**20,346,292**	18,510,752
Between two and three years	**18,043,093**	21,922,228
Between three and four years	**7,807,338**	3,587,708
Between four and five years	**7,271,206**	7,883,402
More than five years	**11,063,905**	12,404,916
	100,002,550	89,793,669
Bonds and other borrowings repayable:		
Within one year	**15,720,681**	20,008,831
Between one and two years	**3,524,181**	9,607,636
Between two and three years	**7,696,496**	7,208,196
Between three and four years	**6,500,000**	–
Between four and five years	**7,496,642**	–
More than five years	**–**	3,000,000
	40,938,000	39,824,663
	191,910,542	184,905,699

32. BORROWINGS *(CONTINUED)*

As at 31 December 2024, borrowings of approximately RMB8,092.00 million (2023: RMB6,850.00 million) are provided by China Building Materials Group Finance Co., Ltd., an associate of the Group, carrying interest rates ranging from 2.00% to 3.45% (2023: 2.20% to 3.70%) per annum.

As at 31 December 2024, the Group's variable rate bank borrowings of approximately RMB98,580.52 million and RMB990.82 million (2023: approximately RMB86,455.07 million and RMB2,032.61 million) are carrying interest with reference to PRC loan prime rate and HIBOR respectively.

	2024	2023
	RMB'000	*RMB'000*
Effective interest rate per annum:		
Fixed rate borrowings	**1.00%-11.00%**	0.75%-10.50%
Variable rate borrowings	**1.85%-8.00%**	0.90%-6.08%

As at 31 December 2024, bank borrowings of approximately RMB1,276.92 million (2023: approximately RMB8,958.38 million) were guaranteed by independent third parties.

As at 31 December 2024, certain bank borrowings are denominated in foreign currencies, including HKD, EUR and USD of approximately RMB157.42 million, RMB427.43 million and RMB550.13 million, respectively (2023: approximately RMB2,186.66 million, RMB960.99 million and RMB623.52 million, respectively).

The bank borrowings of approximately RMB4,111.24 million (2023: approximately RMB5,152.14 million) are secured by the following assets of the Group:

	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment (Note 15)	**2,755,572**	1,585,312
Right-of-use assets (Note 16)	**90,401**	136,083
Investment properties (Note 17)	**–**	1,007
Intangible assets (Note 19)	**5,998,369**	5,655,232
Pledged bank deposits (Note 30)	**3,809,312**	4,837,876
Bills receivable (Note 27)	**81,553**	1,103,124
	12,735,207	13,318,634

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 181 to 365 days after loans granted by the banks with interest rates ranging from 2.40% to 2.95% 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.

The carrying amount of the financial liabilities presented as part of "bank borrowings" that are subject to supplier finance arrangements, of which suppliers have already received payment from the finance provider, is RMB3,908,493,000, with range of payment due dates of 181 to 365 days.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

33. DEFERRED INCOME TAX

The followings are the major deferred income tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Fair value adjustments on properties *RMB'000*	Fair value adjustments on intangible assets *RMB'000*	Fair value adjustments on prepaid lease payments *RMB'000*	Write-down of inventories and trade and other receivables *RMB'000*	Impairment for properties *RMB'000*	Tax losses *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at 1 January 2023	(619,713)	(1,295,209)	(353,301)	1,945,589	2,518,714	1,702,916	722,682	4,621,678
Arising from acquisition of subsidiaries (Note 41(a))	(8,857)	(19)	(18,958)	–	–	–	–	(27,834)
Disposal of a subsidiary (Note 41(b))	–	–	–	(2,355)	(1,364)	–	–	(3,719)
Deemed disposal of subsidiaries (Note 41(c))	19,720	45,838	–	(35,713)	(11,409)	–	(36,567)	(18,131)
Credit to the consolidated statement of profit or loss (Note 12(a))	(443,381)	314,019	277,085	(31,893)	173,340	383,131	(266,211)	406,090
Charge to the consolidated other comprehensive income (Note 12(b))	–	–	–	–	–	–	2,471	2,471
Exchange realignment	(10,482)	(2,560)	–	(17,746)	1,993	4,989	44,325	20,519
Others	155,055	(995)	–	–	–	–	(11,056)	143,004
As at 31 December 2023 and 1 January 2024	(907,658)	(938,926)	(95,174)	1,857,882	2,681,274	2,091,036	455,644	5,144,078
Arising from acquisition of subsidiaries (Note 41(a))	**(230,514)**	**-**	**(26,762)**	**47,007**	**116**	**-**	**4,403**	**(205,750)**
Disposal of a subsidiary (Note 41(b))	**-**	**-**	**-**	**(264)**	**-**	**-**	**(50)**	**(314)**
Credit/(charge) to the consolidated statement of profit or loss (Note 12(a))	**80,958**	**54,915**	**-**	**(68,491)**	**7,017**	**382,250**	**(260,151)**	**196,498**
Credit to the consolidated other comprehensive income (Note 12(b))	**-**	**-**	**-**	**-**	**-**	**-**	**(2,918)**	**(2,918)**
Exchange realignment	**526**	**-**	**-**	**(960)**	**-**	**(4,403)**	**(1,567)**	**(6,404)**
As at 31 December 2024	**(1,056,688)**	**(884,011)**	**(121,936)**	**1,835,174**	**2,688,407**	**2,468,883**	**195,361**	**5,125,190**

33. DEFERRED INCOME TAX *(CONTINUED)*

	2024 **RMB'000**	2023 RMB'000
For presentation purpose:		
Deferred income tax assets	**8,603,357**	8,437,148
Deferred income tax liabilities	**(3,478,167)**	(3,293,070)
	5,125,190	5,144,078

The Group has unused tax losses that were not recognised as deferred income tax assets due to the unpredictability of future profits streams. The unused tax losses can be carried forward for five years from the year of the incurrence and an analysis of their expiry dates are as follows:

	2024 **RMB'000**	2023 RMB'000
Unused tax losses expiring in:		
2024	**–**	2,597,633
2025	**1,920,566**	3,110,811
2026	**2,557,489**	2,910,290
2027	**6,118,938**	6,918,477
2028	**7,383,362**	10,433,406
2029	**8,768,403**	–
	26,748,758	25,970,617

34. LEASE LIABILITIES

	2024 **RMB'000**	2023 RMB'000
Lease liabilities payable:		
Within one year	**418,137**	291,307
More than one year but less than two years	**305,599**	242,417
More than two years but less than five years	**660,704**	533,121
More than five years	**1,181,864**	1,057,984
	2,566,304	2,124,829
Less: Amount due for settlement within 12 months shown under current liabilities	**(418,137)**	(291,307)
Amount due for settlement after 12 months shown under non-current liabilities	**2,148,167**	1,833,522

Notes to the Consolidated Financial Statements *(Continued)*

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35. EMPLOYEE BENEFITS PAYABLE

The Group operates unfunded defined benefit plan for qualifying former employees. The Group paid supplemental pension subsidies or pension contributions to its employees in the PRC who retired prior to 31 December 2006. In addition, the Group is committed to make periodic benefits payments to certain former employees who were terminated or early retired in accordance with various rationalisation programmes adopted by the Group prior to 31 December 2006. The Group ceased to pay the supplemental pension subsidies and other post-employment medical benefits to its retired employees and early retired employees in the PRC who leave the Group after 31 December 2006.

The plan is administrated by the Group and contributed from 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 45-60.

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 most recent actuarial valuation report of the present value of the defined benefit obligation as at 31 December 2024 and 2023 was issued by Mr. Liang Yonghua, partner of Ernst & Young (China) Advisory Limited and a fellow of the Society of Actuaries and Mr. Huang Renjie, director of Ernst & Young (China) Advisory Limited and a fellow of Institute and Faculty of Actuaries. The present value of the defined benefit obligation, related past service cost were measured using the Projected Unit Credit Cost method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Discount rate	**From 1.20% to 1.95%**	From 2.25% to 2.85%
Benefit increase rates	**From 1% to 10%**	From 1% to 10%
Mortality for current early retiree		
– Male	**0.14%**	0.14%
– Female	**0.06%**	0.06%
Mortality for current retiree		
– Male	**0.47%**	0.47%
– Female	**0.15%**	0.15%

35. EMPLOYEE BENEFITS PAYABLE *(CONTINUED)*

The assumptions on mortality are set based on actuarial advice in accordance with published statistics and experience in each territory.

The actuarial valuation showed that the market value of plan assets was RMBnil (2023: RMBnil) and that the actuarial value of these assets represented 0% (2023: 0%) of the benefits that had accrued to members.

Amounts recognised in profit or loss or other comprehensive income in respect of the defined benefit plan are as follows:

	2024 **RMB'000**	2023 RMB'000
Service cost:		
– Current service cost	**5,160**	5,209
– Past service cost and losses from settlements	**1,396**	10,587
Net interest expenses	**8,848**	9,714
Components of defined benefit cost recognised in profit or loss	**15,404**	25,510
Remeasurement of net defined benefit liabilities:		
Actuarial losses recognised for the year	**32,829**	1,560
Components of defined benefit cost recognised in other comprehensive expenses	**32,829**	1,560
Total	**48,233**	27,070

The net interest expenses of approximately RMB8.85 million (2023: approximately RMB9.71 million) are included in administrative expenses in profit or loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

35. EMPLOYEE BENEFITS PAYABLE *(CONTINUED)*

The movements of employee benefit payable are as follows:

	2024	2023
	RMB'000	*RMB'000*
As at 1 January	**332,331**	493,877
Interest expense	**8,848**	9,714
Remeasurements:		
– Adjustments for restrictions on the defined benefit asset	**5,160**	5,209
– Actuarial losses recognised in the period/year	**32,829**	1,560
– Past service cost, including losses on curtailments	**1,396**	10,587
Benefits paid	**(25,561)**	(151,146)
Deemed disposal of subsidiaries (Note 41(c))	**–**	(37,470)
As at 31 December	**355,003**	332,331
Analysed for reporting purposes:		
Non-current portion	**329,186**	303,804
Current portion	**25,817**	28,527
	355,003	332,331

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes other respective assumptions occurring at the end other reporting period, while holding all other assumptions constant.

35. EMPLOYEE BENEFITS PAYABLE *(CONTINUED)*

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by RMB27.58 million (increase by RMB27.58 million) (2023: decrease by RMB23.56 million (increase by RMB23.56 million)).

- If the benefits increase rates increase (decrease) by 0.5%, the defined benefit obligation would increase by RMB27.97 million (decrease by RMB27.97 million) (2023: increase by RMB20.97 million (decrease by RMB20.97 million)).

- If the mortality changes to 95% of original assumption, the defined benefit obligation would increase by RMB7.33 million (decrease by RMB7.33 million) (2023: increase by RMB6.16 million (decrease by RMB6.16 million)).

The sensitivity analysis presented above may not be representative other actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The weighted average duration of the defined benefit obligation is 21.7 years (2023: 22.7 years).

The Group expects to make a contribution of approximately RMB25.82 million (2023: approximately RMB28.53 million) to the defined benefit plan during the next financial year.

36. DERIVATIVE FINANCIAL INSTRUMENTS

	2024 **RMB'000**	2023 RMB'000
Derivative financial assets		
Held for trading derivatives that are not designated in hedge accounting relationships:		
– Foreign currency forward contracts	**69**	14
Derivatives that are designated and effective as hedging instruments carried at fair value:		
– Interest rate swaps	**1,379**	8,617
	1,448	8,631
Analysed for reporting purposes:		
Non-current portion	**–**	7,168
Current portion	**1,448**	1,463
	1,448	8,631
Derivative financial liabilities		
Held for trading derivatives that are not designated in hedge accounting relationships:		
– Foreign currency forward contracts	**4,689**	72,534

36. DERIVATIVE FINANCIAL INSTRUMENTS *(CONTINUED)*

Major terms of the foreign currency forward contracts are as follows:

31 December 2024

Notional amounts	Maturities	Exchange rates
Sell USD5,751,000	8 April 2025	EUR1.046 : USD 1
Sell USD10,000,000	20 June 2025	RMB7.130 : USD 1
Sell USD9,000,000	22 July 2025	RMB7.090 : USD 1
Sell USD8,000,000	20 May 2025	RMB7.150 : USD 1

31 December 2023

Notional amounts	Maturities	Exchange rates
Sell USD20,000,000	12 January 2024	RMB6.7200 : USD 1
Sell USD50,000,000	26 February 2024	RMB6.7100 : USD 1

Major terms of interest rate swaps are as follow:

31 December 2024

Notional amounts	Maturities	Floating interest rate	Fixed interest rate
EUR107,000,000	20 February 2025	From Euribor	to 0.43%

31 December 2023

Notional amounts	Maturities	Floating interest rate	Fixed interest rate
EUR107,000,000	20 February 2025	From Euribor	to 0.43%

37. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share award scheme of subsidiaries of the Company

During the year ended 31 December 2024, the Group recognised a share award expense of RMB44.53 million (2023: RMB67.60 million) and reversal of share award expenses of RMB0.89 million (2023: RMBnil) due to lapse of certain 2022 Awarded Shares.

Sinoma International

On 11 April 2022, Sinoma International's share award scheme (the "2022 Share Award Scheme") was adopted pursuant to a resolution passed on 24 March 2022 for the primary purpose of providing incentives to directors and eligible employees of Sinoma International (the "Awardees"). Under the 2022 Share Award Scheme, 46,549,115 shares of Sinoma International (collectively referred to as the "2022 Awarded Shares") were granted to the Awardees and the board of director of Sinoma International have right to further grant 10,000,000 shares of Sinoma International to eligible employees within 12 months from the resolution passed. The Awardees are required to pay RMB5.97 per 2022 Awarded Share at the date of grant. Subject to the acceptance of the Awardees, that the Awardees remain as employees of Sinoma International on the vesting date of the 2022 Awarded Shares and fulfil certain conditions under the 2022 Share Award Scheme. The closing price of Sinoma International's shares immediately before 11 April 2022, the date of grant, was RMB9.41 per share.

On 10 April 2023, under the Share Award Scheme, 9,807,253 shares of Sinoma International (collectively referred to as the "2023 Awarded Shares") were further granted to the Awardees. The Awardees are required to pay RMB5.74 per 2023 Awarded Share at the date of grant. Subject to the acceptance of the Awardees, that the Awardees remain as employees of Sinoma International on the vesting date of the 2023 Awarded Shares and fulfil certain conditions under the 2023 Share Award Scheme. The closing price of Sinoma International's shares immediately before 10 April 2023, the date of grant, was RMB9.48 per share.

The 2022 Awarded Shares and 2023 Awarded Shares are granted and lapsed as below:

	Date of grant	Vesting period	Awarded Shares under restriction at 1 January 2023	Granted during the year	Awarded Shares under restriction at 31 December 2023 and 1 January 2024	Lapsed during the year	Awarded Shares under restriction at 31 December 2024
			'000	*'000*	*'000*	*'000*	*'000*
2022 Awarded Shares	11 April 2022	11 April 2022 to 10 April 2025	46,549	–	46,549	(296)	46,253
2023 Awarded Shares	10 April 2023	10 April 2023 to 9 April 2026	–	9,807	9,807	–	9,807
			46,549	9,807	56,356	(296)	56,060

The share award outstanding at 31 December 2024 had a weighted average remaining contractual life of 0.65 years (2023: 1.46 years).

The fair value of the 2023 Awarded Shares and 2024 Awarded Shares were based on the closing price per share of Sinoma International at the date of grant. No other feature of the 2022 Awarded Shares and 2023 Awarded Shares were incorporated into the measurement of the fair values.

The above outstanding Award Shares were excluded from the computation of diluted earnings per share as they are anti-dilutive for the years ended 31 December 2024 and 31 December 2023.

38. SHARE CAPITAL

	Domestic share (Note (a))		H Shares (Note (b))		
	Number of shares	Amount	Number of shares	Amount	Total capital
		RMB'000		*RMB'000*	*RMB'000*
Registered and paid up shares of RMB1.0 each					
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**3,876,624,162**	**3,876,624**	**4,558,146,500**	**4,558,147**	**8,434,771**

Notes:

(a) Domestic shares are ordinary shares subscribed for and credited as fully paid up in RMB by PRC government and/or PRC incorporated entities only.

(b) H shares are ordinary shares listed in the Hong Kong Stock Exchange subscribed for, traded in and credited as fully paid up in HKD by persons other than PRC government and/or PRC incorporated entities only.

(c) Unlisted Foreign Shares are non-overseas listed ordinary shares subscribed for and credited as fully paid up in foreign currency by persons other than PRC government and/or PRC incorporated entities only.

Other than the specific requirements on the holders of the shares as set out in Notes (a), (b) and (c), the shares mentioned above rank pari passu in all respects with each other.

39. RESERVES

(a) Capital reserve

Capital reserve mainly comprised: (i) the excess/deficiency of the carrying amount of net assets over the purchase consideration for subsidiaries acquired under common control, and (ii) the excess/deficiency of the considerations paid for/received from over the changes in the carrying amounts of non-controlling interests in the acquisitions of further interests in subsidiaries or disposal of part interests in subsidiaries, respectively.

(b) Statutory surplus reserve fund

According to relevant laws and regulations of the PRC, the Company and its subsidiaries established in the PRC are required to make an appropriation at the rate of 10 percent of the profit after income tax of the respective company, prepared in accordance with PRC accounting standards, to the statutory surplus reserve fund until the balance has reached 50 percent of the registered capital of the respective company. Upon approval from the authorities, the statutory surplus reserve fund can be used to offset accumulated losses or to increase share capital, when it is utilised to increase share capital, the remaining balance of the statutory surplus reserve cannot fall below 25 percent of the share capital.

(c) Share-based payments reserve

The share-based payments reserve represents the fair value of restricted shares granted which are yet to be vested and share options granted which are yet to be exercised, as further explained in the accounting policies as set out in Note 3.14. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained earnings when the related shares are vested and related options are expired or are forfeited.

(d) Hedging reserve

The hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain and loss arising from changes in fair value of the hedging instrument that are recognised and accumulated under the heading of hedging reserve will be reclassified to profit or loss when the hedged transaction affects the profit or loss or when the hedged forecast transaction is no longer expected to occur. When the hedged forecast transaction results in the recognition of a non- financial item, the cumulative gain or loss is included in the initial measurement of the cost of such item.

(e) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3.10.

40. PERPETUAL CAPITAL INSTRUMENTS

	Principal *RMB'000*	Distribution/ appropriation *RMB'000*	Total *RMB'000*
Balance as at 1 January 2023	15,545,787	274,624	15,820,411
Issuance of perpetual capital instruments	6,586,804	–	6,586,804
Redemption of perpetual capital instruments	(4,582,726)	–	(4,582,726)
Profit attributable to holders of perpetual capital instruments	–	551,808	551,808
Distributions made to holders of perpetual capital instruments	–	(537,852)	(537,852)
Balance as at 31 December 2023 and 1 January 2024	**17,549,865**	**288,580**	**17,838,445**
Issuance of perpetual capital instruments	**998,340**	**–**	**998,340**
Redemption of perpetual capital instruments	**(2,492,073)**	**–**	**(2,492,073)**
Profit attributable to holders of perpetual capital instruments	**–**	**514,421**	**514,421**
Distributions made to holders of perpetual capital instruments	**–**	**(536,780)**	**(536,780)**
Balance as at 31 December 2024	**16,056,132**	**266,221**	**16,322,353**

During the year ended 31 December 2024, the Company issued the perpetual interest-bearing debentures in an aggregate principal amount of RMB1,000 million (2023: RMB6,600.00 million) with coupon rates ranging from 2.50% to 5.70% (2023: ranging from 2.73% to 5.70%). The net proceeds after deducting the issuance cost amounted to approximately RMB998.34 million (2023: RMB6,586.80 million). On each interest payment date of the perpetual interest-bearing debentures, the Company can elect to defer payment of interest due and all interest deferred pursuant to this term and its fruits to the next interest payment date without any limitation on the number of times of such deferral, unless the Company declares dividend to it shareholders. The aforesaid deferral of interest shall not constitute a default by the Company. Interest shall accrue on the deferred interest at the prevailing coupon rate over the period of deferral. The perpetual interest-bearing debentures have no maturity date and will continue indefinitely until redeemed by the Company in accordance with their terms. The Company is entitled to redeem the perpetual capital instruments at par value plus payable interest (including all deferred interest) on the fifth and each of the subsequent interest payment dates of the perpetual interest-bearing debentures. If the Company does not exercise the right of redemption, the coupon rate will be reset every two to three years from the third to fourth interest-bearing year onwards.

Interest payment of RMB536.78 million (2023: RMB537.85 million) has been paid by the Group to the holders of the above-mentioned perpetual capital instruments during the year ended 31 December 2024.

41. ACQUISITION AND DISPOSALS OF SUBSIDIARIES

(a) Acquisition of subsidiaries not under common control

During the year ended 31 December 2024, the Group acquired 3 (2023: 3) subsidiaries and acquired certain assets through acquisition of subsidiaries. The acquired subsidiaries and business are principally engaged in the production and sale of cement, concrete and new materials.

These acquisitions have been accounted for using the acquisition method.

Summary of net assets acquired in the transactions during the year, goodwill and discount on acquisition arising, are as follows:

	2024 Fair value *RMB'000*	2023 Fair value *RMB'000*
Net assets acquired:		
Property, plant and equipment (Note 15)	**1,787,847**	253,811
Right-of-use assets (Note 16)	**478,531**	158,768
Intangible assets (Note 19)	**830,849**	29,207
Interest in associates	**17,639**	–
Deferred income tax assets (Note 33)	**57,001**	–
Inventories	**307,319**	–
Financial assets at fair value through profit or loss	**–**	16,442
Trade and other receivables	**1,201,575**	91,946
Amounts due from the related parties	**10,987**	–
Pledged bank deposits	**6**	–
Cash and cash equivalents	**288,923**	37,382
Trade and other payables	**(946,755)**	(112,846)
Current income tax liabilities	**(32,596)**	(4,845)
Amounts due to the related parties	**(16,080)**	–
Borrowings	**(285,760)**	–
Lease liabilities	**(4,687)**	–
Deferred income	**(1,611)**	–
Deferred income tax liabilities (Note 33)	**(262,751)**	(27,834)
Net assets	**3,430,437**	442,031
Non-controlling interests	**(594,186)**	(175,710)
Discount on acquisition of interests in subsidiaries (Note 8)	**–**	(232)
Goodwill (Note 18)	**2,238,791**	23,151
Total consideration	**5,075,042**	289,240

41. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

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

	2024	2023
	RMB'000	*RMB'000*
Total consideration satisfied by:		
Cash	**3,795,643**	262,240
Other payables	**1,271,829**	27,000
Transferred from prepayment	**7,570**	–
	5,075,042	289,240
Net cash outflow arising on acquisition:		
Cash consideration paid	**(3,795,643)**	(262,240)
Less: cash and cash equivalents acquired	**288,923**	37,382
	(3,506,720)	(224,858)

Notes:

The goodwill arising on the acquisition of these companies is mainly attributable to the benefit of expected revenue growth and future market development, and the synergies in consolidating the Group's cement, concrete and new materials operations. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

The discount on acquisition was the result of losses incurred by those subsidiaries in prior years' operations and the additional capital to be injected by the Group required to expand the production facilities in future.

The receivables acquired (which principally comprised trade and other receivables, amounts due from the related parties, pledged bank deposits and cash and cash equivalents) with a fair value of RMB1,501.49 million (2023: approximately RMB129.33 million) at the date of acquisition had gross contractual amounts of approximately RMB1,501.69 million (2023: RMB130.01 million). The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to approximately RMB0.20 million (2023: RMB0.68 million).

The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of acquired subsidiaries and amounted to approximately RMB594.19 million (2023: RMB175.71 million).

During the year ended 31 December 2024, included in the revenue and profit for the year are approximately RMB3,662.11 million and RMB488.56 million respectively attributable to the additional business mainly generated by these newly acquired companies.

Regarding the acquisition occurred during the year ended 31 December 2024, had these business combinations been effected at 1 January 2024, the revenue of the Group would be approximately RMB181,300.70 million and profit for the year of the Group would be approximately RMB7,413.59 million. The management considers these 'pro-forma' an approximate measure of the performance of the combined group on recognised basis and reference point for comparison in future periods.

During the year ended 31 December 2023, included in the revenue and profit for the year are approximately RMB84.84 million and RMB3.6 million respectively attributable to the additional business mainly generated by these newly acquired companies.

Regarding the acquisition occurred during the year ended 31 December 2023, had these business combinations been effected at 1 January 2023, the revenue of the Group would be approximately RMB210,291.68 million and profit for the year of the Group would be approximately RMB10,400.74 million. The management considers these 'pro-forma' an approximate measure of the performance of the combined group on recognised basis and reference point for comparison in future periods.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

41. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

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

Details of the Group's significant acquisitions during the year ended 31 December 2024 are as follows:

BNBM Carpoly (北新嘉寶莉塗料集團股份有限公司) (formerly known as 嘉寶莉化工集團股份有限公司)

On 29 December 2023, BNBM, a partially owned subsidiary, entered into a sale and purchase agreement with several independent third parties to acquire approximately 78.34% equity interests of BNBM Carpoly at a cash consideration of approximately RMB4,073.82 million. BNBM Carpoly is principally engaged in research and development, production and sales of coatings and related products, and was acquired with the objective of improving the Group's business in coating new materials. The transaction has been completed on 29 February 2024.

Xinjiang Bohai Cement Co., Ltd. (新疆博海水泥有限公司) ("Xinjiang Bohai Cement")

On 28 March 2024, Xinjiang Tianfeng Investment Co., Ltd., a partially owned subsidiary, entered into a sale and purchase agreement with several independent third parties to acquire the entire equity interests of Xinjiang Bohai Cement at a consideration of approximately RMB993.65 million. Xinjiang Bohai Cement is principally engaged in production and sale of cement and concrete and was acquired with the objective of improving the synergies of the Group's business. The transaction has been completed on 31 March 2024.

These transactions have been accounted for as acquisition of business using the acquisition method.

41. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

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

Net assets acquired in the transactions are as follows:

	BNBM Carpoly Fair value *RMB'000*	Xinjiang Bohai Cement Fair value *RMB'000*
Net assets acquired:		
Property, plant and equipment	**1,193,411**	**587,209**
Right-of-use assets	**425,960**	**52,571**
Intangible assets	**654,957**	**175,891**
Interest in associates	**17,639**	**–**
Deferred income tax assets	**51,944**	**5,057**
Inventories	**279,703**	**27,616**
Trade and other receivables	**1,194,080**	**7,153**
Amounts due from the related parties	**–**	**10,987**
Pledged bank deposits	**–**	**6**
Cash and cash equivalents	**255,879**	**33,044**
Trade and other payables	**(865,934)**	**(80,820)**
Current income tax liabilities	**(20,349)**	**(12,247)**
Amounts due to the related parties	**–**	**(16,081)**
Borrowings	**(285,245)**	**(515)**
Lease liabilities	**(4,687)**	**–**
Deferred income	**(1,611)**	**–**
Deferred income tax liabilities	**(212,093)**	**(50,658)**
Net assets acquired	**2,683,654**	**739,213**

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

41. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

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

	BNBM Carpoly Fair value *RMB'000*	XinJiang Bohai cement Fiar value *RMB'000*
Non-controlling interests	**(594,186)**	**–**
Goodwill	**1,984,354**	**254,437**
Total consideration	**4,073,822**	**993,650**
Total consideration satisfied by:		
Cash	**2,851,676**	**943,967**
Other payables	**1,222,146**	**49,683**
	4,073,822	**993,650**
Net cash outflow arising on acquisition:		
Cash consideration paid	**(2,851,676)**	**(943,967)**
Less: cash and cash equivalents acquired	**255,879**	**33,044**
	(2,595,797)	**(910,923)**

Notes:

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

Included in the revenue and profit for the year ended 31 December 2024 are approximately RMB3,662.11 million and profit of RMB488.56 million respectively attributable to the additional business generated by the newly acquired company.

Had these business combinations been effective at 1 January 2024, the revenue and profit for the year ended 31 December 2024 of the Group would be approximately RMB181,300.70 million and profit of RMB7,413.59 million, respectively. The management of the Company considers these 'pro-forma' an approximate measure of the performance of the combined group on an annualised basis and reference point for comparison in future periods.

41. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

(b) Disposal of subsidiaries

During the year ended 31 December 2024, the Group disposed its equity interests in 6 (2023: 2) subsidiaries to third parties. The net assets of the disposed subsidiaries at the date of disposal were as follows:

	2024	2023
	RMB'000	*RMB'000*
Net assets disposed of:		
Property, plant and equipment (Note 15)	**404,793**	3,221
Right-of-use assets	**49,851**	390
Investment properties (Note 17)	**203,240**	–
Intangible assets (Note 19)	**372,048**	–
Deferred income tax assets (Note 33)	**314**	3,719
Inventories	**14,355**	1,372
Trade and other receivables	**86,534**	22,029
Amount due from related parties	**23,337**	–
Cash and cash equivalents	**345,962**	2,884
Trade and other payables	**(309,902)**	(24,424)
Current income tax liabilities	**(1,198)**	(406)
Amounts due to related parties	**(3,245)**	–
Borrowings	**(619)**	–
Lease liabilities	**(1,673)**	(397)
Net assets disposed of:	**1,183,797**	8,388

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

41. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

(b) Disposal of subsidiaries *(Continued)*

	2024	2023
	RMB'000	*RMB'000*
Consideration received:		
Cash received	**864,925**	8,292
Other payables	**2,500**	–
Deferred cash consideration (Note)	**45,165**	–
	912,590	8,292
Gain on disposal of subsidiaries		
Consideration received and receivable	**912,590**	8,292
Non-controlling interests	**522,280**	4,005
Net assets disposed of	**(1,183,797)**	(8,388)
Gain on disposal of subsidiaries, net (Note 8)	**251,073**	3,909
Net cash inflow of cash arising from disposal of subsidiaries:		
Cash consideration	**864,925**	8,292
Cash and cash equivalents disposed of	**(345,962)**	(2,884)
Net cash inflow from disposal of subsidiaries	**518,963**	5,408

Note: The deferred cash consideration is expected to be received within 1 year without any restrictions.

41. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

(b) Disposal of subsidiaries *(Continued)*

Details of the Group's significant disposal during the year ended 31 December 2024 is as follows:

Hunan Miluo Southern New Materials Technology Co., Ltd. (湖南汨羅南方新材料科技股份有限公司) ("Hunan Miluo Southern New Materials")

On 12 December 2024, South New Materials, a partially owned subsidiary, entered into a sale and purchase agreement with an independent third party to sell approximately 49.00% equity interests of Hunan Miluo Southern New Materials at a cash consideration of approximately RMB590.41 million. The transaction has been completed on 17 December 2024.

Net assets disposed in the transaction are as follows:

	2024 Carrying amount RMB'000
Net assets disposed of:	
Property, plant and equipment	**279,490**
Right-of-use assets	**19,216**
Intangible assets	**372,048**
Inventories	**665**
Trade and other receivables	**61,477**
Amount due from related parties	**8,190**
Cash and cash equivalents	**343,620**
Trade and other payables	**(35,050)**
Amounts due to related parties	**(3,245)**
Net assets disposed of:	**1,046,411**

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

41. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

(b) Disposal of subsidiaries *(Continued)*

	2024 **RMB'000**
Consideration received:	
Cash received	**590,405**
Gain on disposal of a subsidiary	
Consideration received and receivable	**590,405**
Non-controlling interests	**512,741**
Net assets disposed of	**(1,046,411)**
Gain on disposal of a subsidiary	**56,735**
Net cash inflow of cash arising from disposal of a subsidiary:	
Cash consideration	**590,405**
Cash and cash equivalents disposed of	**(343,620)**
	246,785

(c) Deemed disposal of subsidiaries

On 29 November 2023, CCCC Design & Consulting, China Communications Construction Company Limited ("CCCC"), a company controlled by the PRC government, and China Urban and Rural Holding Group Co., Ltd. ("China Urban-Rural"), a subsidiary of CCCC, completed the assets restructuring agreement, pursuant to which, CCCC Design & Consulting disposed 100% equity interests in Gansu Qilianshan Cement Group Company Limited to CCCC and China Urban-Rural, CCCC and China Urban-Rural disposed 100% of equity interests of a group of subsidiaries to CCCC Design & Consulting and CCCC Design & Consulting issued 1,110,869,947 shares to CCCC and 174,548,252 shares to China Urban-Rural. Upon the completion, the Group's voting rights in CCCC Design & Consulting decreased from 26.73% to 10.06%. On 21 December 2023, the CCCC Design & Consulting shareholder's general meeting approved the proposed change in board of directors, after which the Group ceased to control the board of directors of CCCC Design & Consulting and CCCC Design & Consulting had ceased to be subsidiary of the Company.

41. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

(c) Deemed disposal of subsidiaries *(Continued)*

The net assets of CCCC Design & Consulting as at the date of deemed disposal are as follows:

	2023 CCCC Design & Consulting *RMB'000*
Net assets disposed of:	
Property, plant and equipment (Note 15)	7,173,631
Right-of-use assets	812,644
Investment properties (Note 17)	1,847
Goodwill (Note 18)	254,366
Intangible assets (Note 19)	341,888
Investments in associates	132,506
Deposits	217,162
Deferred income tax assets (Note 33)	83,974
Inventories	764,389
Trade and other receivables	3,104,460
Amounts due from related parties	58,792
Pledged bank deposits	132,558
Cash and cash equivalents	2,503,695
Trade and other payables	(3,591,396)
Amounts due to related parties	(1,145,135)
Borrowings	(300,000)
Current income tax liabilities	(14,879)
Employee benefit payables	(37,470)
Lease liabilities	(34)
Deferred income	(33,863)
Deferred income tax liabilities (Note 33)	(65,843)
Net assets disposed of:	10,393,292
Loss on deemed disposal:	
Net assets disposed of	(10,393,292)
Non-controlling interests	7,694,399
Fair value of the equity interests in CCCC Design & Consulting held by the Group as interest in an associate (10.06%)	2,149,601
Loss on deemed disposal of subsidiaries (Note 8)	(549,292)
Net cash outflow of cash on a deemed disposal:	
Cash and cash equivalents	(2,503,695)

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

42. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

For the year ended 31 December 2024, the Group acquired additional issued shares of 1 (2023: 3) subsidiary for a consideration of approximately RMB5.45 million (2023: approximately RMB137.44 million). The carrying amount of the non-controlling interests in the subsidiary on the date of acquisition was approximately RMB6.44 million (2023: approximately RMBB159.81 million). The Group recognised a decrease in non-controlling interests of approximately RMB5.45 million (2023: approximately RMB159.81 million) and an increase in equity attributable to owners of the Group of approximately RMB0.99 million (2023: an increase of approximately RMB22.37 million).

	2024 ***RMB'000***	2023 *RMB'000*
Carrying amount of non-controlling interests acquired	**6,444**	159,809
Consideration paid to non-controlling interests	**(5,453)**	(137,442)
Deficit of consideration paid recognised within equity	**991**	22,367

Details of the Group's significant acquisition of additional interests in subsidiaries during the year ended 31 December 2023 are as follows:

Beixin Waterproof (Henan) Co., Ltd. ("Beixin Waterproof (Henan)")

During the year ended 31 December 2023, the Group acquired additional equity interests in Beixin Waterproof (Henan) for a consideration of approximately RMB110.17 million. After that, the Group's effective equity interests in Beixin Waterproof (Henan) increased from 26.48% to 37.83%. The carrying amount of the non-controlling interests in this subsidiary on the date of acquisition was approximately RMB108.05 million. The Group recognised a decrease in non- controlling interest of approximately RMB108.05 million and a decrease in equity attributable to owners of the Company of approximately RMB2.12 million.

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

	2024 ***RMB'000***	2023 *RMB'000*
Carrying amount of equity interests obtained by non-controlling interests	**(517,073)**	(399,396)
Capital contributed by non-controlling interests	**53,190**	62,398
Deficit of consideration received recognised within equity	**(463,883)**	(336,998)

Details of the Group's significant deemed partial disposal of interests in subsidiaries without losing control during the years ended 31 December 2024 and 2023 are as follows:

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

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

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

Sinoma Cement

During the year ended 31 December 2024, Tianshan Materials, a partially owned subsidiary of the Company, entered into a capital injection agreement with Sinoma International, pursuant to which Sinoma International, a partially owned subsidiary of the Company, agreed to contribute approximately RMB821.19 million to Sinoma Cement, a partially owned subsidiary of Tianshan Materials for the equity interests of 18.75% of Sinoma Cement. After that, the Group's effective equity interests in Sinoma Cement were diluted from 75.26% to 67.10%. As a result, the Group recognised a decrease in equity attributable to owners of the Company of approximately RMB461.97 million and an increase in non-controlling interests of approximately RMB461.97 million.

During the year ended 31 December 2023, Tianshan Materials, a partially owned subsidiary of the Company, entered into a capital injection agreement with Sinoma International, pursuant to which Sinoma International, a partially owned subsidiary of the Company, agreed to contribute approximately RMB500.00 million to Sinoma Cement, a wholly owned subsidiary of Tianshan Materials, for the equity interests of 21.25% of Sinoma Cement. After that, the Group's effective equity interests in Sinoma Cement were diluted from 84.52% to 75.26%. As a result, the Group recognised a decrease in equity attributable to owners of the Company of approximately RMB294.66 million and an increase in non-controlling interests of approximately RMB294.66 million.

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

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

Pursuant to the Impairment Compensation Agreement, the Company has compensated 1,552,931,120 shares of Tianshan Materials held by the Company to Tianshan Materials on 29 April 2024 upon approval of shareholders in annual general meeting. After that, the Group's effective interests in Tianshan Materials were diluted from 84.52% to 81.14%. As a result, during the year ended 31 December 2024, the Group recognised a decrease in equity attributable to owners of the Company of approximately RMB2,765.73 million and increase in non-controlling interests of approximately RMB2,765.73 million. There was no outstanding performance guarantee as of 31 December 2024.

Please refer to the Company's announcement dated 29 April 2024 for further details of the performance guarantee.

The computation of diluted earnings per share for the year ended 31 December 2023 assumed that the above performance guarantee was satisfied as at 31 December 2023. Since the effect of the arrangement is anti-dilutive for the year ended 31 December 2024, it was excluded from the diluted earnings per share calculation.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

43. CAPITAL COMMITMENTS

	2024 **RMB'000**	2023 *RMB'000*
Capital expenditure of the Group contracted but not provided in the consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	**1,396,082**	4,191,447

44. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the properties and machineries held for rental purposes have committed lessees for the next one year to twenty years.

Undiscounted lease payments receivable on leases are as follows:

	2024 **RMB'000**	2023 *RMB'000*
Within one year	**129,105**	120,841
In the second year	**90,846**	74,732
In the third year	**73,749**	49,334
In the fourth year	**55,991**	40,069
In the fifth year	**34,948**	25,535
After five years	**62,479**	37,270
	447,118	347,781

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and no-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amounts due to related parties (Note 28) *RMB'000*	Borrowings (Note 32) *RMB'000*	Lease liabilities (Note 34) *RMB'000*
As 1 January 2023	4,343,593	174,236,086	2,214,375
Financing cash flows	(259,682)	11,067,608	(617,133)
Disposal of subsidiaries (Note 41(b))	–	–	(397)
Deemed disposal of a subsidiary (Note 41(c))	–	(300,000)	(34)
New leases entered	–	–	404,029
Interest expenses	142,822	–	123,989
Exchange re-alignment	–	(97,995)	–
At 31 December 2023 and 1 January 2024	4,226,733	184,905,699	2,124,829
Financing cash flows	**(721,375)**	**6,695,463**	**(618,837)**
Acquisition of subsidiaries (Note 41(a))	**–**	**285,760**	**4,687**
Disposal of subsidiaries (Note 41(b))	**–**	**(619)**	**(1,673)**
New leases entered	**–**	**–**	**929,837**
Interest expenses	**136,308**	**–**	**127,461**
Exchange re-alignment	**–**	**24,239**	**–**
At 31 December 2024	**3,641,666**	**191,910,542**	**2,566,304**

46. RELATED PARTY TRANSACTIONS

The Company is ultimately controlled by the Parent, which is a state-owned enterprise established in the PRC. The Parent itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with IAS 24 (revised), "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include the Parent and its subsidiaries (other than the Group), other government- related entities and subsidiaries ("other stated-owned enterprises"), other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and the Parent as well as their close family members.

For the purposes of the related party transaction disclosures, the directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed.

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2024

46. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with related parties

The Group entered into the following transactions with China National Building Material Group Corporation (the "Parent") and its subsidiaries (collectively the "Parent Group"), the associates of the Group, the joint ventures of the Group and the non-controlling interests of the Group's subsidiaries:

	2024	2023
	RMB'000	*RMB'000*
Provision of production supplies to		
– The Parent Group	**1,481,360**	1,573,896
– Associates	**36,059**	9,011
– Joint ventures	**120,997**	8,986
– Non-controlling interests of subsidiaries	**234,565**	32,425
	1,872,981	1,624,318
Provision of support services to		
– The Parent Group	**123,413**	115,485
– Associates	**270,565**	27,204
– Joint ventures	**56,970**	20,351
– Non-controlling interests of subsidiaries	**93**	28,240
	451,041	191,280
Rental income received from		
– The Parent Group	**75,739**	102,477
– Associates	**3,644**	4,250
	79,383	106,727
Rendering of engineering service to		
– The Parent Group	**58,663**	168,431
– Associates	**62,287**	568,902
– Joint ventures	**68,594**	153,237
– Non-controlling interests of subsidiaries	**9,036**	30,866
	198,580	921,436
Interest income received from the Parent Group	**23,179**	9,328

46. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

	2024 **RMB'000**	2023 RMB'000
Provision of production supplies by		
– The Parent Group	**6,151,530**	8,907,940
– Associates	**4,607**	57,671
– Joint ventures	**582,787**	202,231
– Non-controlling interests of subsidiaries	**12,323**	16,649
	6,751,247	9,184,491
Provision of support services by		
– The Parent Group	**371,622**	2,514,138
– Associates	**14,656**	13,752
– Joint ventures	**3,393**	6,832
– Non-controlling interests of subsidiaries	**30,376**	39,455
	420,047	2,574,177
Supplying of equipment by the Parent Group	**455,343**	179,210
Interest expenses paid to		
– The Parent Group	**119,237**	142,465
– Non-controlling interests of subsidiaries	**17,104**	357
	136,341	142,822
Provision of engineering services by		
– The Parent Group	**6,717,635**	7,070,348
– Associates	**58,068**	–
	6,775,703	7,070,348
Supply of raw materials by		
– Associates	**142**	22,345
– Joint ventures	**9,180**	–
– Non-controlling interests of subsidiaries	**291**	1,762
	9,613	24,107
Supply of raw materials (limestone and clay) by the Parent Group	**108,362**	73,678
Short term lease expenses paid to the Parent Group	**39,294**	34,915
Provision of other financial services by the Parent Group	**2,039**	478

46. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Transactions and balances with other state-owned enterprises in the PRC

During the years ended 31 December 2024 and 2023, the Group's significant transactions with other state-owned enterprises (excluding the Parent Group) are a large portion of its sales of goods and purchases of raw materials. In addition, substantially all bank deposits and borrowings as of 31 December 2024 and 2023 and the relevant interest earned or paid during the year are transacted with banks and other financial institutions controlled by the PRC government. In establishing its pricing strategies and approval process for its products and services, the Group does not differentiate whether the counter-party is a state-controlled enterprise. In the opinion of the directors, all such transactions were conducted in the ordinary course of business and on normal commercial terms.

(c) Remuneration to key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly including directors and supervisors of the Group. The key management personnel compensations during the year are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Short term benefits	**7,042**	8,946
Post-employment benefits	**319**	374
	7,361	9,320

47. INFORMATION ABOUT THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(a) Information about the statement of financial position of the Company at the end of the year includes:

	2024 ***RMB'000***	2023 *RMB'000*
Investments in subsidiaries	**57,353,174**	56,076,351
Other non-current assets	**9,884,674**	9,734,156
Amounts due from subsidiaries	**47,591,980**	52,486,832
Other current assets	**1,216,743**	772,596
Non-current liabilities	**(29,073,324)**	(29,025,602)
Current liabilities	**(21,016,184)**	(23,002,446)
Net assets	**65,957,063**	67,041,887
Share capital (Note 38)	**8,434,771**	8,434,771
Reserves	**41,199,939**	40,768,671
Perpetual capital instruments	**16,322,353**	17,838,445
Total equity	**65,957,063**	67,041,887

47. INFORMATION ABOUT THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

(b) Details of the changes in the Company's individual components of reserves between the beginning and the end of the year are set out below:

	Share Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve (Note 39(b)) RMB'000	Retained earnings RMB'000	Total RMB'000	Perpetual capital instruments (Note 40) RMB'000	Total equity RMB'000
Balance at 1 January 2023	8,434,771	1,788,736	10,985,973	2,426,160	26,465,549	50,101,189	15,820,411	65,921,600
Profit for the year	–	–	–	–	2,308,385	2,308,385	551,808	2,860,193
Actuarial loss on defined benefit obligations	–	–	(515)	–	–	(515)	–	(515)
Total comprehensive income for the year	–	–	(515)	–	2,308,385	2,307,870	551,808	2,859,678
Dividends (Note 13)	–	–	–	–	(3,188,343)	(3,188,343)	–	(3,188,343)
Issue of perpetual capital instruments, net of issuance cost	–	–	–	–	–	–	6,586,804	6,586,804
Redemption of perpetual capital instruments	–	–	(17,274)	–	–	(17,274)	(4,582,726)	(4,600,000)
Interest paid on perpetual capital instruments	–	–	–	–	–	–	(537,852)	(537,852)
Balance at 31 December 2023 and 1 January 2024	8,434,771	1,788,736	10,968,184	2,426,160	25,585,591	49,203,442	17,838,445	67,041,887
Profit for the year	**-**	**-**	**-**	**-**	**2,370,979**	**2,370,979**	**514,421**	**2,885,400**
Actuarial loss on defined benefit obligations	**-**	**-**	**(222)**	**-**	**-**	**(222)**	**-**	**(222)**
Total comprehensive income for the year	**-**	**-**	**(222)**	**-**	**2,370,979**	**2,370,757**	**514,421**	**2,885,178**
Dividends (Note 13)	**-**	**-**	**-**	**-**	**(1,931,562)**	**(1,931,562)**	**-**	**(1,931,562)**
Issue of perpetual capital instruments, net of issuance cost	**-**	**-**	**-**	**-**	**-**	**-**	**998,340**	**998,340**
Redemption of perpetual capital instruments	**-**	**-**	**(7,927)**	**-**	**-**	**(7,927)**	**(2,492,073)**	**(2,500,000)**
Interest paid on perpetual capital instruments	**-**	**-**	**-**	**-**	**-**	**-**	**(536,780)**	**(536,780)**
Balance at 31 December 2024	**8,434,771**	**1,788,736**	**10,960,035**	**2,426,160**	**26,025,008**	**49,634,710**	**16,322,353**	**65,957,063**

48. CONTINGENT LIABILITIES AND LITIGATION

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

References are made to the overseas regulatory announcement of the Company dated 30 May 2010 in respect of an announcement released by BNBM, relating to the gypsum board incident in the United States and the announcements dated 18 July 2014, 20 August 2014, 13 February 2015 and 13 March 2015, the 2014 annual report, the 2015 interim report, the 2015 third-quarterly report and the 2015 annual report, the 2016 interim report, the 2016 annual report, the announcement dated 22 June 2017, the 2017 interim report, the announcement dated 22 March 2018, the 2017 annual report, the announcement dated 22 August 2018, the 2018 interim report, the announcement dated 19 March 2019, the 2018 annual report, the announcement dated 30 July 2019, the 2019 interim report, the 2019 annual report, the 2020 interim report, the 2020 annual report, the 2021 interim report, the 2021 annual report, the 2022 interim report, the 2022 annual report, the 2023 interim report, the 2023 annual report and the 2024 interim report of the Company, setting out information on the subsequent development of the gypsum board litigation in the United States.

In August 2019, Taishan Gypsum and Taian Taishan Plasterboard Co., Ltd.* (泰安市泰山紙面石膏板有限公司) (a wholly-owned subsidiary of Taishan Gypsum, together with Taishan Gypsum, "Taishan"), entered into a class settlement agreement (the "Settlement Agreement") with the counsels acting for the plaintiff Settlement Class (the "Settlement"). As of the date of this report, Taishan's payment obligations under the Settlement Agreement have been completely performed.

In May 2020, the district court in the United States issued a formal order ruling that the claims against Taishan and Additional Released Parties and that the Released Claims are released and barred from reviving, and that the claims brought by plaintiffs who opted out from the Settlement are not released and are reserved in the litigation. This order is the final procedure of the Settlement process, and the cases of the plaintiffs who did not opt out of the case against Taishan and Additional Released Parties have closed.

In the Settlement, a total of 90 plaintiffs opted out from the Settlement. As of the date of this report, all the litigation of plaintiffs have been concluded.

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

49. EVENT AFTER THE REPORTING PERIOD

Completion of share buy-back

On 12 March 2025, the Company completed a share buy-back of which a total of 841,749,304 H shares has been bought back at a total consideration of approximately HK$3,392.25 million (equivalent to approximately RMB3,161.51 million).

Please refer to the Company's announcement dated 6 December 2024, 27 December 2024, 24 January 2025, 27 January 2025, 19 February 2025, 5 March 2025 and 12 March 2025 and circular dated 27 January 2025 for further details of the buy-back of shares.

Financial Summary

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2024	2023	2022	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**181,300,701**	210,216,434	233,879,825	275,618,608	254,842,661	253,535,337
Cost of sales	**(148,591,366)**	(172,770,237)	(194,036,458)	(209,892,459)	(187,995,450)	(185,000,826)
Gross profit	**32,709,335**	37,446,197	39,843,367	65,726,149	66,847,211	68,534,511
Investment and other income, net	**5,533,440**	3,454,100	5,699,735	6,527,001	5,335,945	4,321,407
Selling and distribution costs	**(3,918,324)**	(3,694,350)	(3,631,545)	(4,914,400)	(4,857,728)	(5,043,214)
Administrative expenses	**(20,624,622)**	(21,122,306)	(21,004,435)	(28,696,325)	(30,442,261)	(30,123,246)
Finance costs, net	**(4,657,818)**	(5,142,062)	(5,910,030)	(7,251,564)	(7,079,112)	(8,753,807)
Share of results of associates	**1,090,929**	1,512,521	3,047,740	4,021,638	3,272,981	2,458,390
Share of results of joint ventures	**(9,913)**	(3,356)	(7,669)	(4,320)	1,354	733
(Impairment loss)/reversal of impairment loss under expected credit loss model, net	**(629,675)**	69,178	(27,564)	(1,698,786)	(3,017,999)	(3,971,217)
Profit before income tax	**9,493,352**	12,519,922	18,009,599	33,709,393	30,060,391	27,423,557
Income tax expense	**(2,079,766)**	(2,119,272)	(2,606,331)	(7,995,602)	(8,395,946)	(9,019,141)
Profit for the year	**7,413,586**	10,400,650	15,403,268	25,713,791	21,664,445	18,404,416
Profit for the year attributable to:						
Owners of the Company	**2,387,299**	3,863,048	8,129,550	16,299,953	12,562,708	10,969,095
Holders of perpetual capital instruments	**514,421**	551,808	688,550	794,707	991,808	1,170,455
Non-controlling interests	**4,511,866**	5,985,794	6,585,168	8,619,131	8,109,929	6,269,867
	7,413,586	10,400,650	15,403,268	25,713,791	21,664,445	18,409,417
Final dividend proposed	**1,199,697**	1,931,562	3,188,343	5,845,296	3,964,342	2,952,170

EXTRACTS FROM THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2024	2023	2022	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	**494,007,276**	488,897,924	489,343,500	470,712,659	457,847,383	446,597,898
Total liabilities	**(299,479,391)**	(295,383,837)	(293,355,578)	(287,755,973)	(291,855,841)	(295,480,884)
Perpetual capital instruments	**(16,322,353)**	(17,838,445)	(15,820,411)	(16,809,142)	(18,637,177)	(20,785,279)
Non-controlling interests	**(75,084,408)**	(70,350,160)	(72,838,844)	(62,076,255)	(56,442,558)	(49,806,816)
Equity attributable to owners of the Company	**103,121,124**	105,325,482	107,328,667	104,071,289	90,911,807	80,524,919

Definitions

"BBMG"	北京金隅集團股份有限公司 (BBMG Corporation*)
"Beijing Composite"	北京玻鋼院複合材料有限公司 (Beijing Composite Materials Co., Ltd.)
"Bengbu Huajin"	蚌埠市華金技術開發有限責任公司司 (Bangbu Huajin technology Development Co., Ltd.*)
"Bengbu Institute"	CNBM Institute for Glass and New Materials Group Co. Limited* (中建材玻璃新材料研究院集團有限公司) (formerly known as (CNBM) Bengbu Design & Research Institute for Glass Industry Co., Ltd* (中建材蚌埠玻璃工業設計研究院有限公司))
"BNBMG"	北新集團建材股份有限公司 (Beijing New Building Material (Group) Co., Ltd.)
"BNBM"	北新集團建材有限公司 (Beijing New Building Materials Public Limited Company)
"Board"	the board of directors of the Company
"Building Materials Academy"	中國建築材料科學研究總院有限公司 (China Building Materials Academy Co., Ltd.)
"Carpoly"	嘉寶莉化工集團股份有限公司 (Carpoly Chemical Group Co Ltd)
"Cement+"	to develop, optimize and expand cement, commercial concrete, aggregate businesses which are the extension of industry chain of cement-related products and the new focal point of profit growth
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China Certification Group"	中國建材檢驗認證集團股份有限公司 (China Building Material Test & Certification Group Co., Ltd.)
"China Composites"	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
"China Jushi"	中國巨石股份有限公司 (China Jushi Co., Ltd.) (previously known as 中國玻纖股份有限公司 China Fiberglass Company Limited)
"China Triumph"	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
"China United Qingzhou"	青州中聯水泥有限公司 (China United Cement Qingzhou Co., Ltd.)
"Cinda"	中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.)

Definitions *(Continued)*

"CNBM Elink"	中建材智慧物聯有限公司 (CNBM Elink Co., Ltd.)
"CNBM Investment"	中建材投資有限公司 (CNBM Investment Company Limited) (previously known as 北新物流有限公司 BND Co., Limited)
"CNBM Technology"	中建材信息技術股份有限公司 (China National Building Materials Technology Co., Ltd.)
"CNBM Trading"	中建材集團進出口有限公司 (China National Building Material Import and Export Co., Ltd.)
"CNBM United Investment"	中建材聯合投資有限公司 (CNBM United Investment Co., Ltd.)
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"Director(s)"	the director(s) of the Company
"Domestic Shares"	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"Finance Company"	中國建材集團財務有限公司 (China National Building Material Group Finance Co., Ltd.)
"Finance Industry"	泰安市財金產業發展有限公司 (Tai'an Finance Industrial Development Co., Ltd)
"First Phase in Jushi Huaian"	100,000 Tons Fiberglass Production line of the First Phase in Jushi Huaian
"Group"	the Company and, except where the context otherwise requires, all its subsidiaries
"H Share(s)"	the overseas listed foreign shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HKD
"Hebei Hengke"	河北恒科新材料科技有限公司 (Hebei Hengke New Energy Materials Co., Ltd.)
"Hefei Institute"	合肥水泥研究設計院有限公司 (HeFei Cement Research & Design Institute Corporation Ltd.)
"Independent Third Party(ies)"	person(s) or company(ies) which is (are) independent from the Company or its connected persons (as defined in the Listing Rules)
"Inner Mongolia Hengke"	內蒙古恒科新材料科技有限公司 (Inner Mongolia Hengke New Material Technology Co., Ltd.*)

Definitions *(Continued)*

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"Management of Three Delicacies"	lean operation, refined management and refined organization
"MIIT"	中華人民共和國工業和信息化部 (Ministry of Industry and Information Technology of the People's Republic of China)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Ningxia Building Materials"	寧夏建材集團股份有限公司 (Ningxia Building Materials Group Co., Limited)
"North Cement"	北方水泥有限公司 (North Cement Company Limited)
"Parent"	中國建材集團有限公司 (China National Building Material Group Co., Ltd.*) (previously known as 中國建築材料集團有限公司 China National Building Materials Group Corporation)
"Parent Group"	the Parent and its subsidiaries
"PRC"	the People's Republic of China
"Promoters"	the original promoters of the Company, namely the Parent, BNBMG, Cinda, Building Materials Academy and CNBM Trading
"Qilianshan"	甘肅祁連山水泥集團股份有限公司 (Gansu Qilianshan Cement Group Company Limited)
"Qilianshan Holdings"	甘肅祁連山建材控股有限公司 (Gansu Qilianshan Building Materials Holdings Company Limited)
"Reporting Period"	from 1 January 2024 to 31 December 2024
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of Share(s)
"Sinoma Advanced"	中材高新材料股份有限公司 (Sinoma Advanced Materials Co., Ltd.)

Definitions *(Continued)*

"Sinoma Cement"	中材水泥有限責任公司 (Sinoma Cement Co., Ltd.)
"Sinoma Graphite"	中建材石墨新材料有限公司 (CNBM Graphite New Materials Co., Ltd.)
"Sinoma International"	中國中材國際工程股份有限公司 (Sinoma International Engineering Co., Ltd.)
"Sinoma Investment"	中國中材投資(香港)有限公司 (Sinoma Investment (Hong Kong) Co., Ltd.)
"Sinoma Parent"	中國中材集團有限公司，為母公司的全資附屬公司 (China National Materials Group Corporation Ltd.), a wholly-owned subsidiary of the Parent
"Sinoma Science & Technology"	中材科技股份有限公司 (Sinoma Science & Technology Co., Ltd.)
"Sinoma Science & Technology (Suzhou)"	中材科技(蘇州)有限公司 (Sinoma Science & Technology (Suzhou) Co., Ltd.)
"South Cement"	南方水泥有限公司 (South Cement Company Limited)
"State" or "PRC Government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"Taishan Finance"	泰安市泰山財金投資集團有限公司 (Taian Taishan Finance Investment Group Co., Ltd.)
"Taishan Gypsum"	泰山石膏有限公司 (Taishan Gypsum Co., Ltd.*)
"Taishan Investment"	泰安市泰山投資有限公司 (Taian Taishan Investment Co., Ltd.)
"TCDRI"	天津水泥工業設計研究院有限公司 (Tianjin Cement Industry Design & Research Institute Co., Ltd.)

Definitions *(Continued)*

“Tianshan Materials”	Tianshan Material Co., Ltd. (formerly known as Xinjiang Tianshan Cement Co., Ltd.)
“Zhongfu Shenying”	中複神鷹碳纖維有限責任公司 (Zhongfu Shenying Carbon Fiber Co., Ltd.)

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