CNBM

China National Building Material Company Limited*

(Stock Code: 03323)

Annual Report 2022

* For identification only

Corporate Vision

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

Corporate Mission

Better materials, better world

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.

Corporate Profile

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 to be issued for every ten shares held by the Shareholders. On 2 May 2018, the Company and Sinoma completed the share exchange. As of 31 December 2022, the Company has a total issued share capital of 8,434,770,662 Shares.

The Group is mainly engaged in basis building materials, new materials and engineering technical services businesses. As regards the current market positions (in terms of the production capacity or contract amount on 31 December 2022), the Group is:

- the largest cement producer in the world;
- the largest commercial concrete producer in the world;
- the largest glass fiber producer in the world;
- the largest gypsum board producer in the world;
- the largest wind power blade producer in the world;
- the largest light steel stud producer in the world;
- the largest cement engineering system integration service provider in the world.

Corporate Information

DIRECTORS:

Executive Directors

Zhou Yuxian *(Chairman)*
Wei Rushan *(President)*
Liu Yan
Xiao Jiaxiang
Wang Bing

Non-executive Directors

Li Xinhua
Chang Zhangli
Wang Yumeng
Shen Yungang
Fan Xiaoyan

Independent Non-executive Directors

Sun Yanjun
Liu Jianwen
Zhou Fangsheng
Li Jun
Xia Xue

STRATEGIC STEERING COMMITTEE:

Zhou Yuxian *(Chairman)*
Li Xinhua
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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE:

Zhou Yuxian *(Chairman)*
Li Jun
Xia Xue

SUPERVISORS:

Zhan Yanjing *(Chairman of the Supervisory Committee)*
Qu Xiaoli
Zhang Jianfeng
Li Xuan *(Independent Supervisor)*
Wei Jianguo *(Independent Supervisor)*
Yu Yuehua *(Staff Representative Supervisor)*
Zeng Xuan *(Staff Representative Supervisor)*
Du Guangyuan *(Staff Representative Supervisor)*

Secretary of the Board	:	Pei Hongyan
Joint Company Secretaries	:	Pei Hongyan Lee Mei Yi (FCG, HKFCG)

Note:

On 30 May 2022, the appointment of Mr. Wei Jianguo as independent Supervisor and Mr. Zhang Jianfeng as Supervisor was considered and approved at the 2021 Annual General Meeting, with their terms of office being the same as that of the fifth session of the Supervisory Committee.

On 26 August 2022, the election of Mr. Zhou Yuxian as the Chairman of the Nomination Committee of the fifth session of the Board was considered and approved at the third meeting of the fifth session of the Board, with his term of office being the same as that of the fifth session of the Board.

On 1 December 2022, the appointment of Mr. Wei Rushan as the president of the Company was considered and approved at the ninth extraordinary meeting of the fifth session of the Board, with his term of office being the same as that of the fifth session of the Board. Mr. Chang Zhangli was re-designated from an executive Director to a non-executive Director and ceased to be the president of the Company, with his term of office being the same as that of the fifth session of the Board.

On 19 December 2022, the election of Mr. Wei Rushan and Mr. Liu Yan as executive Directors of the fifth session of the Board was considered and approved at the second Extraordinary General Meeting of 2022, with their terms of office being the same as that of the fifth session of the Board; the election of Mr. Qu Xiaoli as a Supervisor of the fifth session of the Supervisory Committee was considered and approved at the second Extraordinary General Meeting of 2022, with his term of office being the same as that of the fifth session of the Supervisory Committee.

On 24 March 2023, the election of Mr. Zhou Yuxian, Mr. Li Jun and Ms. Xia Xue as members of the Environmental, Social and Governance Committee of the Board was considered and approved at the fifth meeting of the fifth session of the Board, with their terms of office being the same as that of the fifth session of the Board. Of which, Mr. Zhou Yuxian was appointed as the chairman of the Environmental, Social and Governance Committee.

Corporate Information *(Continued)*

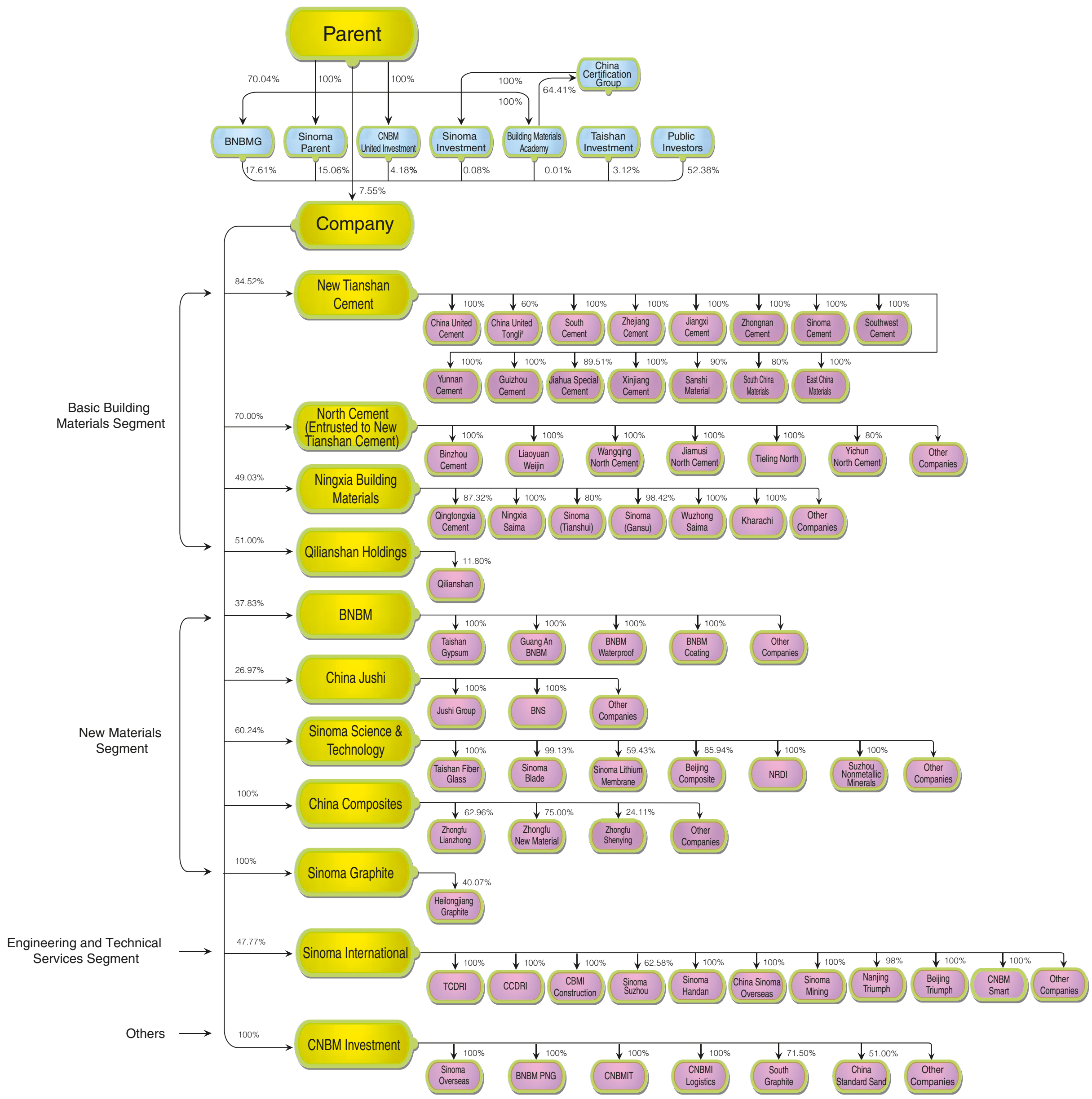
Authorised Representatives	:	Zhou Yuxian Pei Hongyan
Alternate Authorised Representative	:	Lee Mei Yi (FCG, HKFCG) (Law On Ching (ACG, HKACG), alternate to Lee Mei Yi)
Qualified Accountant	:	Pei Hongyan (FCCA)
Registered Address	:	Tower 2 (Building B), Guohai Plaza No. 17 Fuxing Road Haidian District, 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	:	5/F, Manulife Place 348 Kwun Tong Road, Kowloon 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
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

Corporate Information *(Continued)*

International Auditor (Registered PIE Auditor)	:	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 Websites	:	http://www.cnbmltd.com

Shareholding Structure of the Group

The simplified structure of the Group as of 31 December 2022 is set out below:



– represents indirect holding

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 2022, the Parent directly held 8.536 million H Shares of the Company, accounting for 0.10% of the total share capital, and indirectly held 6.8 million H Shares of the Company through its wholly-owned subsidiary Building Materials Academy, accounting for 0.08% of the total share capital. During the period from 8 to 10 June 2022, 14 to 22 July 2022, 5 to 23 September 2022, and 22 November 2022 to 14 February 2023, the Parent increased its shareholding of H Shares of the Company by 42,180,000 shares, 41,456,000 shares, 23,964,000 shares and 25,584,000 shares through CNBM United Investment, accounting for 1.58% of the Company's total share capital. As of the date of this report, the Parent directly and indirectly held 148,520,000 H shares of the Company, accounting for 1.76% of the Company's total share capital.

3. As of 31 December 2022, the Parent directly and indirectly held 3,736,241,981 shares of the Company (including 3,613,305,981 Domestic Shares and 122,936,000 H Shares), accounting approximately 44.30% of the total number of issued shares of the Company. As of the date of this report, the Parent directly and indirectly held 3,761,825,981 shares of the Company (including 3,613,305,981 Domestic Shares and 148,520,000 H Shares), accounting for approximately 44.60% of the total number of issued shares of the Company.

4. As of 31 December 2022, Building Materials Academy directly and indirectly held a total of 68.57% of the equity interest of China Certification Group, of which 64.41% of the equity was directly held by Building Materials Academy, and 4.16% of the equity interest was indirectly held by Building Materials Academy through its certain wholly-owned subsidiaries.

5. On 2 November 2021, after the completion of the integration of the basic building materials business segment, the Company held 87.70% equity interest in New Tianshan Cement. During the period from 11 to 13 January 2022, New Tianshan Cement issued and allotted 314,616,887 subscription shares to independent subscribers, which were listed on the Shenzhen Stock Exchange on 25 February 2022. The Company's equity interest in New Tianshan Cement was reduced from 87.70% to 84.52%.

6. Subsidiaries of New Tianshan Cement based on administrative divisions are divided into 15 regional companies. As of the date of this report, New Tianshan Cement (i) held 60% equity interest in China United Tongli through China United Cement; and (ii) managed North Cement.

7. During the period from 18 to 29 March 2022, the Company accumulatively increased its shareholding of 13,100,000 shares of Qilianshan through the Shanghai Stock Exchange trading system, and its equity interest in Qilianshan increased from 13.24% to 14.93%. In addition, the Company indirectly held 11.80% equity interest of Qilianshan through Qilianshan Holdings.

8. During the period from 21 to 29 March 2022, the Company accumulatively increased its shareholding of 7,061,810 shares of Ningxia Building Materials through the Shanghai Stock Exchange trading system, and its equity interest in Ningxia Building Materials increased from 47.56% to 49.03%.

9. On 11 April 2022, Sinoma International's first restricted stock incentive plan was implemented, and the Company's shareholding in Sinoma International decreased from 48.78% to 47.77%.

10. On 29 June 2022, Sinoma Group, Building Materials Academy, BNBM and Mr. Wang Defang entered into the Capital Contribution Agreement to increase the capital of Sinoma Advanced. Meanwhile, Sinoma Group transferred its equity in Sinoma Advanced to Building Materials Academy at nil consideration, so that the Building Materials Academy became the controlling shareholder of Sinoma Advanced, holding approximately 54.91% of its equity interest. Accordingly, Sinoma Advanced would cease to be a subsidiary of the Company, and become an associated of the Company.

11. Sinoma Graphite was registered on 8 November 2022, and the Company held 100% equity interest of Sinoma Graphite.

12. On 10 November 2022, in order to promote professional integration, CNBM Investment acquired CNBM Overseas, a subsidiary of CNBM Trading which is a shareholder of the Company. On 31 December 2022, Suzhou Research Institute, a subsidiary of CNBM Investment, was transferred to South China Materials, a subsidiary of New Tianshan Cement. As of the date of this report, the industrial and commercial registration has not been completed.

Financial Highlights

The financial highlights of the Group in 2022 and 2021 are summarized as follows:

	For the year ended 31 December		
	2022	2021 (restated)	Growth rate
	(RMB in thousands)		
Revenue	**230,167,736**	275,618,608	-16.5%
Gross profit	**38,991,592**	65,726,149	-40.7%
Profit after tax	**14,904,792**	25,713,791	-42.0%
Profit attributable to equity holders of the Company	**7,961,585**	16,299,953	-51.2%
Distribution made to the equity holders of the Company	**5,845,296**	3,964,342	47.4%
Earnings per share-basic *(RMB)* (1)	**0.944**	1.932	-51.2%
Earnings before interest, taxes, depreciation, and amortization	**38,996,411**	55,788,306	-30.1%

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 2021 and the weighted average number of 8,434,770,662 shares in 2022.

	As at 31 December		
	2022	2021 (restated)	Growth rate
	(RMB in thousands)		
Total assets	**482,467,333**	464,000,557	4.0%
Total liabilities	**290,128,856**	284,723,201	1.9%
Net assets	**192,338,477**	179,227,356	7.3%
Non-controlling interests	**70,543,321**	60,058,007	17.5%
Equity attributable to equity holders of the Company	**105,974,745**	102,410,207	3.5%
Net assets per share-weighted average *(RMB)* (1)	**12.56**	12.14	3.5%
Debt to assets ratio (2)	**36.1%**	36.0%	Increased by 0.1 percentage points
Net debt ratio (3)	**77.0%**	77.9%	Decreased by 0.9 percentage points

Notes:

(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 2021 and the weighted average number of 8,434,770,662 in 2022.

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

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

The major operating data of the Group in 2022 and 2021 are set out below:

BASIC BUILDING MATERIALS SEGMENT

	For the year ended 31 December		
	2022	2021	Growth rate
Sales volume – cement *(in thousand tonnes)*	**281,523**	332,131	-15.2%
Sales volume – clinker *(in thousand tonnes)*	**35,080**	40,401	-13.2%
Total sales of cement and clinker *(in thousand tonnes)*	**316,603**	372,532	-15.0%
Average selling price – cement *(RMB per tonne)*	**334.9**	359.1	-6.7%
Average selling price – clinker *(RMB per tonne)*	**311.8**	313.0	-0.4%
Average selling price of cement and clinker *(RMB per tonne)*	**332.4**	354.1	-6.1%
Sales volume – commercial concrete *(in thousand m^3)*	**84,702**	111,832	-24.3%
Average selling price – commercial concrete *(RMB per m^3)*	**426.7**	454.4	-6.1%
Sales volume – aggregate *(in thousand tonnes)*	**131,276**	103,818	26.4%
Average selling price – aggregate *(RMB per tonne)*	**44.6**	47.2	-5.5%

NEW MATERIALS SEGMENT

	For the year ended 31 December		
	2022	2021	Growth rate
Gypsum board			
Sales volume *(in million m^2)*	**2,092.7**	2,378.4	-12.0%
Average selling price *(RMB per m^2)*	**6.19**	5.65	9.6%
Glass fiber yarn			
Sales volume *(in thousand tonnes)*	**2,901**	3,092	-6.2%
Average selling price *(RMB per tonne)*	**6,298**	6,106	3.1%
Wind power blade			
Sales volume *(MW)*	**20,621**	15,887	29.8%
Average selling price *(RMB per MW)*	**462,076**	618,662	-25.3%
Lithium battery separator			
Sales volume *(in million m^2)*	**1,133.3**	685.4	65.3%
Average selling price *(RMB per m^2)*	**1.65**	1.64	0.6%
Waterproofing membrane			
Sales volume *(in million m^2)*	**135.1**	154.0	-12.3%
Average selling price *(RMB per m^2)*	**15.99**	16.54	-3.3%
Carbon fiber			
Sales volume *(in thousand tonnes)*	**9.37**	6.14	52.6%
Average selling price *(RMB per tonne)*	**211,246**	189,419	11.5%

Business Highlights *(Continued)*

ENGINEERING TECHNOLOGY SERVICE SEGMENT

	For the year ended 31 December		
	2022	2021	Growth rate
Engineering service income *(RMB in millions)*	**38,109.7**	47,250.1	-19.3%

Chairman's Statement

Dear Shareholders,

Time and tide wait for no man and we have gone through an extremely extraordinary, unusual and uncommon 2022. 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 and concentrated their efforts to overcome hardships with toughness and strived for progress under pressure. On behalf of the Board, I am going to present the Company's 2022 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 2022, in the face of the difficult international environment and the daunting task of domestic reform, development and stability, the Chinese government increased its efforts in macro policy adjustments, and effectively responded to the "triple pressure" of demand reduction, supply shocks and weakened expectations and the impact of unexpected factors. The GDP was RMB121.02 trillion, representing a year-on-year increase of 3.0%. The stable economic performance was achieved and the quality of development steadily improved.

Mr. Zhou Yuxian
Chairman
Executive Director

We focused on production and operation, and built a solid foundation of benefits with resilience, and our operating results were in line with expectations. The basic building materials business strengthened the foundation of benefits, the new materials business achieved a new high operating result, and the engineering services business continued to be consolidated and improved.

We focused on the internal work of management, with the determination of rational improvement to tap into the potential to consolidate the quality of development. We focused on specialized analysis and research of investment management and enhanced the logic and model of different types of investment, such as maintainability, strategy and expansion. We deepened the potential of cost reduction and benefit increase, and the three expenses achieved a significant year-on-year decrease.

We promoted industrial transformation and upgrade in a comprehensive manner. The second phase of business integration of the basic building materials segment has been progressing steadily, the hierarchical layout of the new materials segment has been being gradually optimized, and the engineering services segment has successfully completed the integration of operation and maintenance business and promoted the integration of equipment business.

We focused on innovation and transformation. We sought new and changeable pace, continuously achieved breakthrough in scientific and technological innovation, enhanced the leading advantages, completed a number of scientific and technological tasks, achieved breakthroughs in a number of crucial core technologies. The green low-carbon transformation continued to progress, accelerating the deployment of a number of green low-carbon demonstration and green energy projects. The digital transformation continued to speed up, strengthening top-level design.

We focused on achieving breakthroughs in reform, stimulated the energy and effectiveness, successfully concluded the three-year reform of state-owned enterprises, and developed the reform of operation mechanism to a deeper level. We focused on carrying out business led by party building, continued to adhere to fostering cooperate spirit through solid foundation, studied and implemented the spirit of the 20th Party Congress, and guided high-quality development with high-quality party building.

Recollecting the past, we have continued to develop amidst the difficulties, insisting on seeking progress while remaining stable and improving quality during the process. The Group's consolidated operating revenue for the year 2022 was RMB230,168 million, representing a year-on-year decrease of 16.5%. Profit attributable to equity owners of the Company amounted to RMB7,962 million, representing a year-on-year decrease of 51.2%.

Looking ahead, the future is promising. 2023 is the opening year of the comprehensive implementation of the spirit of the 20th Party Congress and the critical year for the implementation of the 14th Five-Year Plan, where opportunities and challenges coexist. From an international point of view, the century-long change is accelerating, with conflicts in political, economic and social fields overlapping each other, and uncertainty will become a normal state. From the domestic point of view, the foundation of economic recovery is not yet firm, the triple pressure, which includes demand contraction, supply shock and the weakened expectations, is still relatively large, but the economy in China is resilient and has great potential, and the fundamentals of China's positive long-term economic prospects remain unchanged; with the continued release of policy effects and the gradual improvement in the confidence of the market, the foundation of economic recovery will be further strengthened and the target for annual GDP growth is approximately 5%. From the industry point of view, the characteristics such as slowdown in demand, excessive capacity and high costs are obvious, and the task of optimizing the ecosystem, removing excessive capacity and reducing costs is difficult, but with the aggregated force of the existing policies and new policies, the demand side is expected to rebound in general, and the structural reform on the supply side will be further promoted, and the development prospects of the industry are promising.

In 2023, we will integrate the new situation with new tasks, aim at building a world-class material enterprise, improving core competitiveness and enhancing core function positioning as the two cores of high quality development, and seek progress amidst stability. "Stabilizing growth", to seek progress amidst stability to strengthen high-quality development, grasp the opportunity of the overall improvement of the domestic economy, closely monitor the changes in the current situation, and to obtain benefits from market development, the management of three delicacies and collaborative benchmarking. "Seizing innovation", to drive high-quality development with scientific and technological innovation, create national strategic scientific and technological forces, deeply promote the industrialization of scientific and technological achievements, and accelerate the release of new momentum of digitalization. "Optimizing the industry", to promote high-quality development by industrial upgrading, basic building materials segment highlights the consolidation, optimization and upgrading, new materials segment highlights the enhancement, reinforcement and expansion, engineering services segment highlights the upgrading, iteration and expansion; the three main principal businesses are strengthened and the construction of modern industrial system is accelerated, the "Dual Carbon" work is firmly promoted, internationalization is steadily promoted, and the construction of new development landscape is actively facilitated. "Facilitating reform", to empower high-quality development by deepening reform, continue to deepen the reform of governance mechanism, strengthen professional integration, accelerate the optimization and adjustment of the layout of state-owned capital, and deepen the reform of market-oriented operation mechanism. "Preventing risks", to safeguard high-quality development with risk prevention and control, focus on key areas and links, improve risk control mechanisms, optimize internal control process, and deepen compliance management. "Strengthening party building", to guide high-quality development by strengthening party building, comprehensively studying, seizing and implementing the spirit of the 20th Party Congress, and guiding high-quality development by high-quality party building.

We are in a period of adaptation to cope with uncertainty, a period of change to accelerate adjustment and reform, a period of leap from high-speed growth to high-quality development, and a period of growth to accelerate the construction of a world-class materials enterprise. We will take continuous innovation as the driving force, bearing in mind the country's most fundamental interests, creating "great material of the country", promote high-quality development in a comprehensive manner, and strive for value creation and shareholders' returns.

Zhou Yuxian
Chairman

Beijing, the PRC
24 March 2023

Management Discussion and Analysis

BUSINESS OVERVIEW

The business segments and the major operating entities of each business segment for the Group as at 31 December 2022 are summarized as follows:

Business segments	Major operating entities	Direct and indirect equity interests attributable to the Company	Major products and services
Basic building materials	New Tianshan Cement	84.52%	Cement, Commercial concrete, Aggregate
	Ningxia Building Materials	49.03%	Cement, Commercial concrete, Aggregate, Intelligent logistics
	Qilianshan	26.73%	Cement, Commercial concrete, Aggregate
New materials	BNBM	37.83%	Gypsum board, Stud, Waterproof, Coating
	China Jushi	26.97%	Glass fiber
	Sinoma Science & Technology	60.24%	Glass fiber, Wind power blade, Lithium battery separator, Hydrogen Energy Cylinders
	China Composites	100%	Wind power blade, Carbon fiber
	CNBM Graphite	100%	Graphite new materials
Engineering technical services	Sinoma International	47.77%	Cement and mining technical equipment and engineering services, Transportation and repairment
Others	CNBM Investment	100%	Overseas warehouse (including overseas chain stores), Resources development, Logistics, Investment

Mr. Wei Rushan
President
Executive Director

DEVELOPMENT ENVIRONMENT

In 2022, the triple pressure from shrinking demand, supply shock and weakening expectations persisted, and the complexity, severity and uncertainty of the development environment increased. The Chinese government increased its macro-control efforts and effectively dealt with the impact of factors beyond expectation, so that the operation of the economy was generally stable and new accomplishments of high-quality development was achieved. In 2022, the GDP was RMB121.02 trillion, representing a year-on-year increase of 3.0%, which was faster than most major economies; fixed asset investment amounted to RMB57.21 trillion, representing a year-on-year increase of 5.1% and showing a steady growth; investment in infrastructure was moderately advanced and infrastructure investment increased by 9.4% year-on-year, representing an increase of 9.0 percentage points compared to 2021; real estate investment declined markedly by 10.0% year-on-year; steady progress has been made in urbanization and the urbanization rate of the resident population was 65.2% at the end of 2022, representing an increase of 0.5 percentage points compared to the end of 2021.

Promoting green and low-carbon economic and social development is the key to achieving high-quality development. The report of the 20th Party Congress made new deployment of "Dual Carbon" and emphasized that the realization of "carbon emissions peak, carbon neutrality" is an extensive and profound economic and social systemic reform, which should be carried out in a planned and orderly manner to actively and steadily implement the action of carbon emissions peak. We will expedite the establishment of a sound green, low-carbon and cyclical economic system, which will bring new development opportunities and challenges for the structural reform of the industry supply side and the transformation and upgrading of the industry.

OPERATION IN 2022

Basic building materials segment

In 2022, in the face of factors such as the continued decline of the real estate market, and the increasing downward pressure on the economy, demand showed characteristics of “overall sluggishness throughout the year, demand was not high in peak season and even weaker off-season”, and cement production fell by 10.5% year-on-year to 2.13 billion tons, which was the lowest in the past decade. The downturn in demand has further aggravated the contradiction of overcapacity in the industry, with prices running low, coupled with a sharp rise in the cost of coal and other elements leading to escalating production costs, the production and operation situation was extremely critical. Industry profits declined significantly, with the total profit of cement industry being approximately RMB68 billion in 2022, representing a year-on-year decrease of approximately 60%.

The Group is proactively responding to the severe economic and industry conditions, and is taking the initiative to adapt to the situation and making adjustment. As for the industry, we are determined to promote supply-side structural reform, make every effort to maintain the ecosystem of the industry, and promote precise staggering peak production in the sub-region, and increase the intensity of peak staggering. As for the market, we have continued to strengthen market construction and business development around stabilizing the market and price to keep our market share, seize major national projects, and promote strategic cooperation with central enterprises and other large enterprises. As for the operation, we have strived to promote management improvement activities against world-class standards, promote lean production and reduce energy consumption; promote procurement refinement management, implement direct procurement, centralized procurement and platform procurement to offset the impact of increasing coal costs; strengthen financial refinement management, promote capital centralization and financing management to reduce financial costs. As for strategies, we deepened our “Cement+” strategy, strengthened our professional management of commercial concrete, and increased our production capacity of aggregates by 54.0 million tons.

The integration of the basic building materials segment proceeded smoothly and orderly. 2022 was the first full year of integration of New Tianshan Cement. In accordance with the principle of “strategic matching, coordinated development and professional management”, the reorganization and integration of regional companies was fully completed, and a centralized and unified organizational management and policy system was basically built. The Group actively and steadily promoted the second stage of business integration and digital transformation of the basic building materials segment, including the merger by absorption of Ningxia Building Materials with CNBM Technology to create a digital service platform; push forward the injection of Qilianshan into the high-quality design institute assets of CCCG and the cement assets to be placed under the custody of New Tianshan Cement to realize the professional integration of the cement business and set the first example of market-oriented restructuring and listing cooperation among central enterprises.

New materials segment

Glass Fiber

In 2022, due to weakened demand in the glass fiber market together with the centralized release of new production capacity, as well as increasing costs due to increased prices of raw materials and natural gas, the overall profitability of the industry has declined.

China Jushi enhanced the linkage between production and sales, guided the adjustment of production structure by the adjustment of sales structure, increased the proportion of "high-precision and difficult" and high value-added products, tightly focused on core customers, brought in more high-end customers, and continuously highlighted the advantages of technology and cost; intelligent manufacturing continued to strengthen its development advantages, Tongxiang and Chengdu intelligent manufacturing bases were fully constructed, the fourth thick yarn production line in Egypt was successfully lighted up, the first phase of the new base in Jiujiang entered the installation and testing stage, and the world's first glass fiber zero-carbon intelligent manufacturing base was officially located in Lianshui, Jiangsu; digital empowerment was further deepened, the per capita production efficiency of the "Future Factory" is 30% higher than the industry average, and the "Glass Fiber Intelligent Manufacturing Demonstration Factory" was successfully elected as a typical case of digital transformation by the State Ministry of Industry and Information Technology; the company has won the 23rd China Patent Gold Award for scientific and technological innovation, focused on the practical effects of the development of glass formula, and has developed economic rhodium-free and ultra low-rhodium diffusion panels, and achieved industrial application of many glass fiber formulas.

Taishan Glass Fiber fully leverages its competitive advantages of "wide variety, high diversity and flexible structure", and increases the proportion of marketing of special high-value added and high gross profit margin products; insisting on differentiated and high-end industrial layout, the capacity construction was accelerated and the project with an annual output of 300,000 tons of glass fiber intelligent manufacturing base was situated in Taiyuan, Shanxi Province, and the project with 60,000 tons of high-mode and high-strength glass fiber in Zoucheng was put into production; insist on innovation-driven development, promote the construction of a source of original technology of high-performance fibers and composite materials, and the second generation of low dielectric and low expansion of special functional glass fiber core technology has achieved periodical progress.

Gypsum board

In 2022, the increase in gypsum board prices reflected the impact of factors such as the increase in raw material and energy prices. However, due to factors such as the deep adjustment of the real estate industry, the market demand for Gypsum Board was relatively sluggish and the profitability of the industry declined. The supply-side reform accelerates the elimination of outdated production capacity, and the concentration of the industry is further enhanced.

BNBM optimized its channel positioning, promoted the transformation of "from public to home decoration, city to county, base material to surface material, and product to service", and laid a solid foundation for stable development; optimized its operation management, adhered to the operation ideology of "price-cost-profit", insisted on intensive dedication to regional markets, fully implemented "improving efficiency, cutting expenditures and reducing costs", and strengthened credit management through "credit line + credit period"; adjusting the product structure, promoting the "gypsum board+" business related to gypsum board ceiling and partition wall systems, and continuing to enhance the research and development and promotion of high value-added products such as universal board and ancillary systems and interior decoration to further increase the proportion of high-end products; insisting on the ideology of green and low-carbon development; the layout of international business has been steadily promoted, and our Tanzania base has grown in performance, while the projects in Uzbekistan and Thailand are being carried out in an orderly manner.

Wind power blade

In 2022, the installation scale of wind power was about 370 million kilowatts, representing a year-on-year increase of 11.2%. The tender scale of wind power has reached an all-time record, which is beneficial to support the subsequent growth of demand. With the rapid innovation of wind power machine technology and price parity of wind power, the price of wind power blades is under pressure and the profitability of the industry is declining.

Sinoma Blade continues to strengthen its core competitive advantages, optimize its customer structure and product structure, and further enhance its market share and brand image; exploring the potential to reduce costs and increase effectiveness, strengthening centralized procurement, increasing the rate of e-commerce procurement, accelerating material substitution, and achieving cost reduction in procurement; proactively responding to the cyclical fluctuations and carrying out forward-looking layout, three domestic bases in Yiwu, Yulin and Yangjiang entered into full-scale construction, and the team of the overseas base in Brazil has fully settled in; new breakthroughs in key core technologies were achieved, with the completion of more than 50 sets of updated and iterative operations for long blade molds of over 90 meters, the development of 120-meter offshore wind turbine blades, and periodical progress in the core technology of 100-meter flexible wind turbine blades.

China Composite focuses on the market and actively responds to it, focusing on stabilizing production and expanding volume, reducing costs and creating effectiveness; the achievement of technical research is remarkable, with the only domestic 20MW, 150m-class ultra-large wind power blade full-size test platform built, and 123m offshore wind power blade rolled off the line; project construction commenced steadily, 8MW+ wind power blade project will soon be equipped with mold installation conditions; the optimization and upgrading have been fruitful, practicing the ideology of green and low-carbon development, and the energy consumption per unit of product has been reduced significantly; accelerated the digital transformation and completed the upgrade of the integrated management system 2.0, and successfully built the "lean manufacturing control capability of wind power blades" and "efficient procurement synergy control capability".

Lithium battery separator

In 2022, the rapid development of new energy vehicles, energy storage and consumer electronics and other industries has provided a wide scope of market development for the separator industry, with a total global demand of 15.7 billion square meters, representing a year-on-year increase of 60%, and supply and demand remained in a tight balance. With the optimization of the product and customer structure, the profitability level of the industry leader continued to improve.

Sinoma Lithium Membrane seized market opportunities, focused on strategic major customers, increased its efforts in international market development, and increased the proportion of sales to overseas customers, resulting in a significant year-on-year increase in sales volume, revenue and total profit; through equipment transformation, process optimization, and management improvement, the A product rate continued to improve, and through the implementation of 14 specialized projects, unit costs dropped significantly; the layout of the production capacity is further advanced, with two new major bases in Pingxiang and Yibin, forming the top five billion-square-meter bases; achieved new breakthrough in key core technology, Ultra-thin High Strength 5μm Diaphragm Base Film and PVDF Ultra-thin Coated Membrane is researched and developed; the lithium membrane platform completed equity financing of RMB6.5 billion, supporting the development of the industry.

Carbon Fiber

In 2022, the carbon fiber industry was supported by the steady growth of downstream demand, the industry as a whole maintains a relatively favorable development trend, the supply and demand situation for high-performance carbon fiber continued to improve, with the accelerated expansion of the downstream industry chain, accelerating the implementation of carbon fiber production capacity, and general product prices have dropped. The technical level is becoming more mature, enterprises are expanding their production, and China has become the world's largest country in carbon fiber production capacity.

After years of technology incubation and continued promotion of industrialization, the carbon fiber business was successfully listed on the Science and Technology Innovation Board on 6 April 2022. It seized market opportunities and adjusted sales strategies in a timely manner, and achieved significant cost reduction by leveraging scale advantages and process optimization; the construction of the project commenced steadily. The second phase of Xining will be put into production gradually, the aviation and aerospace carbon fiber line of Lianyungang base increased investment in research and development, and the T1100 grade high-performance carbon fiber manufacturing technology had achieved progress; aviation-grade prepreg validation progressing smoothly, Shanghai aviation application R&D and manufacturing project will be completed and put into production in the first half of 2023; the construction project of high-performance carbon fiber with an annual production capacity of 30,000 tons was officially contracted, and the R&D and manufacturing project for aviation applications in Shanghai will be completed and put into production gradually; accelerated the domestic applications and substitution of SYT49, SYT55 and M40 grade high-performance carbon fiber in the aviation and aerospace, new energy, transportation construction, electronics 3C and other fields.

Waterproof

In 2022, affected by the deep adjustment of the real estate industry, waterproof materials industry production dropped 15.4%, which was the first time of a decline in the industry, and the overall performance of the industry was under pressure.

The Company promotes the integration of waterproof business, and Suzhou Waterproof Institute completes the integration of the waterproof team of non-mining institute, further optimizing the scientific research strength of the waterproof segment; expanding customer base, preventing risks, optimizing channel positioning, increasing the number of channels, enriching the types of channels, and strengthening channel stickiness; fully implement the “improving efficiency, cutting expenditures and reducing costs”, become comparable with advanced enterprises, in order to enhance its competitiveness through “innovation + marketing”. We carried out technical research to improve the technology level, and have successfully researched, developed, and produced new products of double-layer tire-based asphalt coiled materials; strengthen the innovation to promote green and low-carbon transformation and upgrade, and create “asphalt waterproof environmental protection incinerator and ingredient tank safety monitoring and protection system” to enhance the safety of asphalt ingredient system.

Graphite new materials

In 2022, the application of graphite in the traditional fire-resistant material field decreased due to the impact of the steel industry, but the new energy industry continues to grow and the demand for energy storage strengthens, bringing new development potential.

We established the graphite new material industry platform CNBM Graphite, efficiently promoted the capital increase and reorganization of Heilongjiang Graphite, own a controlling stake in the world renowned Liumao crystalline graphite mine, and quickly entered the crystalline graphite field; continuously improve the operation management, fully implement the “management of three delicacies”, strengthen the whole process of production, supply and sales optimization, and realize the “achievement of restructuring completion and turnaround in the same year”; promote the project construction rapidly and continue to establish an integrated industrial chain of graphite from resource development, deep processing to terminal application.

Hydrogen Energy Cylinders

In 2022, as hydrogen energy industry plans was being released around various regions, the development of the fuel cell industry accelerated and the development and application of hydrogen energy in China entered the fast lane, resulting in a significant year-on-year increase in the demand for hydrogen energy cylinders.

Sinoma Suzhou Limited fully leverages its technological and market advantages in the field of composite high-pressure containers and continues to enhance its market competitiveness, keeping the industry scale, product quality, production and sales volume at the top of the industry; seized the favorable policy of hydrogen energy industry and continued to make efforts in project construction. The planning of a new base with an annual production capacity of 100,000 hydrogen cylinders was completed in Chengdu, and the construction of the 385L large diameter hydrogen cylinder project was accelerated; hydrogen energy storage and transportation key material research has made progress, and the 70MPa Type IV hydrogen cylinder project has completed technical research and a full set of commissioned tests, and the Company has developed a 25MPa winding gas cylinders container and become the first company in China to be certified for sea-to-rail intermodal transportation.

Coating

In 2022, the real estate market was sluggish and market demand was weak. The concentration of the coating industry was low, with production capacity expanding and competition intensifying. But due to the downward trend of raw material prices, leading companies had a competitive advantage and profitability was stabilizing.

BNBM focuses on specialization and refinement, constructing differentiation by making “refined” architectural coatings and promoting the quality of brand management, while making “specialized” industrial coatings and making continuous efforts in the fields of aviation and aerospace, wind power blades and industrial anti-corrosion, and seizing market opportunities to actively develop powder coatings and coatings for construction machinery and commercial vehicles to become an advantageous enterprise in the segmented market; protect major projects, continue to strengthen channel development and county and rural market development, focus on brand building, promote e-commerce, strengthen e-commerce marketing, and enhance brand influence; focus on management optimization, fully implement “improving efficiency, cutting expenditures and reducing costs”, and continue to carry out procurement benchmarking and business exchange to explore potential opportunities.

Engineering Technical Services Segment

In 2022, due to the decline in domestic cement demand, owners slowed down their investment in capacity replacement. However, with the transformation of the cement industry to “high-end, intelligent, and green”, there was still a large demand for technological transformation of old lines and cement equipment. The new increase in the international market mainly comes from the infrastructure needs of countries along the “One Belt and One Road” in Africa, the Middle East, and Southeast Asia, and there is great potential for upgrading and transforming existing old lines in developed countries.

Sinoma International grasped the development concept of “domestic and international double-loop mutual promotion”, high-quality service industry supply-side structural reform and transformation and upgrading, further strengthened the stickiness of major international customers. The number of new contracts increased against the trend. The international market share of cement technical equipment and engineering industry has been steadily ranked the first in the world. The Group implemented a series of professional reorganization around “strengthening the chain and replenishing the chain”, efficiently promoted the business reorganization of the equipment sector and the acquisition of 100% equity of Hefei Institute on schedule, completed the acquisition of 51% equity of Boyu E&M, and accelerated the building of a high-end equipment research and development intelligent manufacturing platform; fully completed the integration of operation and maintenance business, acquired 100% equity of smart industry, improved the global operation and maintenance business layout, and accelerated the transformation into an operation and maintenance service provider. Deeply cultivated the localized operation, 36 localized institutions developed steadily. Newly signed contracts for territorial diversified engineering increased by 16% year-on-year, and the contract value of green energy projects exceeded RMB1.5 billion.

REFORM

2022 was the final year of the three-year reform of state-owned enterprises. The Group has been fully committed to promoting the reform, completed the task ledger of the three-year reform of state-owned enterprises, and closely combined the reform with the construction of world-class material enterprises to empower development and enhance the comprehensive effect of reform. The Group has promoted the formulation of the "Implementation Plan for Improving the Quality of Listed Companies" and its ledger to further promote the Company's high-quality development.

Improving the corporate governance mechanism. The Group continued to promote the construction of the Board and the "one enterprise, one policy" of the Board to exert the functions of "setting strategies, making decisions and preventing risks". Companies that have established the boards of directors at all levels formulated implementation plans for the duties and powers, a list of matters were decided by the three committees, a Management System for Authorization from the Board of Directors to the Managers and a mechanism for the managers to report to the board of directors were established. In accordance with the evaluation method of the board of directors of subsidiaries, the board of directors and dispatched directors of the relevant company were evaluated. The differentiated management and control of relative holding mixed ownership enterprises were deepened, and the phased evaluation of China Jushi's differentiated management and control were completed in June 2022.

Further improving the market-oriented operation mechanism. Three-System Reform, which meant the management can get promoted or demoted, employees can be employed or dismissed, and income can be increased or decreased, achieved remarkable results. The contractual tenure system for managers was implemented at all levels, and after strictly implementing the 2021 performance targets, 340 people were unqualified and exited; 7.1% of management personnel competed for jobs, and 5.7% of employees quit through market.

Promoting the medium and long term incentive expansion with enhanced quality. In 2022, the Group added overseas projects to the medium and long term incentive toolbox, expanding it to 9 types in 5 categories. In 2022, the Group implemented 5 new medium and long term incentive plans, namely Sinoma International's implementation of restricted share incentives, TCDRI and CCDRI's implementation of technology-based enterprise post bonus incentive, and Dragon Coatings and WILCO's implementation of excess profit sharing incentives. As of the end of December 2022, the Group has adopted 7 medium and long term incentive tools and 21 plans were under implementation, covering 110 companies.

Continuing the deepening of the pilot work in respect of the "Double Hundred" and technologically-reform demonstration enterprises. In 2022, the list of "Technologically-reformed Demonstration Enterprise" was extended to add TCDRI, Suzhou Nonmetallic Minerals and NRDI. As at the date of this report, a total of three enterprises of the Group was included in the "Double Hundred Enterprise Action" and four enterprises were included in "Technologically-reformed Demonstration Enterprise". In July 2022, the State-owned Assets Supervision and Administration Commission conducted a special work assessment for the pilot enterprises in 2021, and the assessment result of the "Double Hundred Enterprise" Sinoma International was the benchmark, the assessment result of BNBM and Saima IOT was good, and the assessment result of "Technologically-reformed Demonstration Enterprise" Beijing FRP Institute was excellent.

INNOVATION-DRIVEN AND GREEN DEVELOPMENT

The Group adhered to putting innovation as the core, focused on the "four aspects", continuously improved the science and technology innovation system, accelerated the creation of original technology sources, continued to promote the deep integration of the innovation chain and industrial chain, strived to achieve high-level technological self-reliance, resolutely implement the "dual carbon" responsibility, deepened green development, and deployed low-carbon technologies.

Technological innovation continues to make break-throughs. A number of key core technologies have made breakthroughs. A series of special functional materials such as advanced composite materials, high-strength yarns and special coatings have been used in major national projects such as Mengtian, Shenzhou, Long March and domestic large aircraft. Breakthroughs have been made in new technologies such as ultra-large wind power blades, hydrogen storage cylinders for stations, high-strength lithium film, and ultra-fine electronic glass fibers. The pace of application verification, transformation and promotion of new technologies and materials has been accelerated; aircraft passenger cargo floor has been supplied in batches, and 35MPa large-volume hydrogen storage cylinders have been successfully developed and realized batch application. In 2022, the Group won 1 China Patent Gold Award, 3 National High-quality Engineering Awards, and presided over the formulation and revision of 5 international standards, and increased 47 new high-tech enterprises. As at the end of 2022, there were a total of 199 high-tech enterprises and a total of 13,000 valid patents.

The green and low-carbon transformation continues to move forward. The Group will strengthen the "dual carbon" technology, and accelerate the construction of low-carbon technology and equipment demonstration lines in Qingzhou China United. The Group vigorously promoted green energy, accelerated the deployment of a number of green low-carbon demonstration projects and green energy projects, increased the number of "photovoltaic +" energy factories to 22 and cement waste heat annual power generation to 7,785GW, and cement kiln co-processing production lines increased to 49, with annual disposal of 4.93 million tons of waste. 50 gypsum board production lines of BNBM have achieved "nearly zero emissions". The Group has deepened green production, promoted the "Two Highs" governance, completed 64 clinker lines and 129 grinding lines over-limit control in "one line, one policy", reduced consolidated energy consumption for every RMB10,000 in output value by 9% year-on-year, and declined emissions of sulfur dioxide, nitrogen oxides, smoke and dust by nearly 30% year-on-year. As of the end of 2022, the Group had 42 national-level green mines, 64 provincial-level green mines, 129 national-level green factories, and 68 provincial-level green factories.

Digital transformation continues to accelerate. The Group will strengthen the top-level design of digital intelligence, release the guidelines for digital transformation, organize the compilation of the "Information Construction and Digital Transformation Plan", form the "1254" digital transformation blueprint with the vision of "digital leading material creation", and accelerate the construction of "Digital CNBM". Efforts have been made to build a digital operation system. The "Project No. 1" of New Tianshan Cement has been steadily implemented, the construction of Ningxia Building Materials Industrial Internet Data Center has been orderly pushed forward, Qilianshan has built the most influential smart supply chain platform in the region. The world's leading glass fiber "Future Factory" has been built by China Jushi, New Tianshan Cement and Sinoma International have jointly released the 1.0 standard for smart cement plants. The "Finding Car" intelligent logistics platform has accumulated over 1.2 million heavy trucks, and Sinoma International has completed and a digital platform for the whole process of carbon emission has been put in operation in cement factories. The carbon footprint accounting platform for building materials and equipment products and the carbon platform for green and low-carbon buildings have been released, and Linli South's "5G+ Smart Mining" has been accepted in accordance with the standards of the "Guidelines for Digital Mine Construction". In 2022, 12 new enterprises have carried out the integration of industrialization, with 8 cement and glass fiber intelligent production lines being built. As at the end of 2022, a total of 98 enterprises have carried out the integration of industrialization, with 20 cement intelligent production lines and 27 glass fiber intelligent production lines being built, and 19 pilot demonstration projects/cases of digital transformation were selected by the Ministry of Industry and Information Technology.

FINANCIAL REVIEW

The revenue of the Group decreased by 16.5% from RMB275,618.6 million in 2021 to RMB230,167.7 million in 2022. The profit attributable to equity holders of the Company decreased by 51.2% from RMB16,299.9 million in 2021 to RMB7,961.6 million in 2022.

Revenue

Our revenue in 2022 amounted to RMB230,167.7 million, representing a decrease of 16.5% from RMB275,618.6 million in 2021. This was primarily due to a decrease of RMB40,372.0 million in the revenue of the Group's basic building materials segment, a decrease of RMB9,140.5 million in the revenue of the engineering technical services segment, which was partially offset by an increase of RMB63.4 million in the revenue of the new materials segment.

Cost of sales

Our cost of sales in 2022 amounted to RMB191,176.1 million, representing a decrease of 8.9% from RMB209,892.5 million in 2021. This was primarily due to a decrease of RMB17,028.9 million in the cost of sales of the Group's basic building materials segment, and a decrease of RMB7,148.7 million in the cost of sales of the engineering technical services segment, which was partially offset by an increase of RMB1,686.8 million in the cost of sales of the new material segment.

Other income

Other income of the Group decreased by 15.2% from RMB6,527.0 million in 2021 to RMB5,532.9 million in 2022. This was primarily due to a decrease of RMB1,555.4 million in net gain of the fair value change financial assets at fair value through profit or loss, a decrease of RMB578.7 million in compensation income, a decrease of RMB375.0 million in the VAT returns, which was partially offset by the increase of RMB1,965.1 million in the gain on disposal of assets.

Selling and distribution costs

Selling and distribution costs decreased by 26.9% to RMB3,592.9 million in 2022 from RMB4,914.4 million in 2021. This was primarily due to a decrease of RMB205.6 million in labor costs, a decrease of RMB198.2 million in utilities, a decrease of RMB135.8 million in outsourced labor costs, a decrease of RMB107.7 million in transportation costs and a decrease of RMB104.1 million in repair fees.

Administrative expenses

Administrative expenses decreased by 28.2% to RMB20,605.3 million in 2022 from RMB28,696.3 million in 2021. This was primarily due to the decrease of RMB2,743.0 million in allowances for impairment of goodwill, the decrease of RMB1,922.7 million in allowances for impairment of property, plant and equipment, the decrease of RMB929.0 million in foreign exchange losses, the decrease of RMB418.1 million in labour costs and the decrease of RMB266.3 million in research and development fees.

FINANCIAL REVIEW *(CONTINUED)*

Finance costs

Finance costs decreased by 17.7% to RMB5,967.5 million in 2022 from RMB7,251.6 million in 2021.This was primarily due to the decrease in the Group's borrowing costs.

Share of profit of associates

The Group's share of profit of associates decreased by 24.1% to RMB3,052.5 million in 2022 from RMB4,021.6 million in 2021. This was primarily due to the decrease in profit from the Group's associates in the basic building materials segment, which was partially offset by the increase in profit in the China Jushi, the Group's associate.

Provision under expected credit losses

The provision under expected credit losses decreased to RMB-29.1 million in 2022 from RMB1,698.8 million in 2021.

Income tax expense

Income tax expense decreased by 68.4% to RMB2,528.0 million in 2022 from RMB7,995.6 million in 2021. This was primarily due to the decrease in profit before tax and an increase in High and New Technology Companies with low income tax rates.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by 27.4% to RMB6,254.7 million in 2022 from RMB8,619.1 million in 2021. This was primarily due to the decrease in operating profit of basic building materials segment, engineering technical services segment and new materials segment.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company decreased by 51.2% to RMB7,961.6 million in 2022 from RMB16,299.9 million in 2021. Net profit margin decreased to 3.5% in 2022 from 5.9% in 2021.

Basic building materials segment

Revenue

Revenue of basic building materials segment of the Group in 2022 amounted to RMB147,230.5 million, representing a decrease of 21.5% from RMB187,602.5 million in 2021, mainly attributable to the decrease in the average selling price of cement products, commercial concrete and aggregate and the decrease in sales volume of cement products, commercial concrete, which was partially offset by the increase in sales volume of aggregate.

FINANCIAL REVIEW *(CONTINUED)*

Basic building materials segment *(Continued)*

Cost of sales

Cost of sales of basic building materials segment of the Group in 2022 amounted to RMB125,473.4 million, representing a decrease of 11.9% from RMB142,502.3 million in 2021, mainly attributable to the decrease in sales volume of cement products and commercial concrete, which was partially offset by the increase in coal price and the increase in the sales volumes of aggregate.

Gross profit and gross profit margin

Gross profit of basic building materials segment of the Group decreased by 51.8% to RMB21,757.1 million in 2022 from RMB45,100.2 million in 2021. Gross profit margin of the basic building materials segment of the Group decreased from 24.0% in 2021 to 14.8% in 2022. The decrease in gross profit margin was mainly due to the increase in coal price and the decrease in the average selling price of cement products, commercial concrete, and aggregate.

Operating profit

Operating profit of basic building materials segment of the Group decreased by 56.0% to RMB11,502.0 million in 2022 from RMB26,152.0 million in 2021. Operating profit margin of the basic building materials segment of the Group decreased from 13.9% in 2021 to 7.8% in 2022. The decrease in operating profit margin of the basic building materials segment was primarily due to the decrease in gross profit margin, the decrease in net gain of the fair value change in financial assets at fair value through profit or loss, the decrease in compensation income and the decrease in VAT returns, partially offset by the decrease in allowances for impairment of property, plant and equipment, the decrease in allowance for impairment of goodwill and the decrease in allowance for impairment of receivables.

New materials segment

Revenue

Revenue of new materials segment of the Group increased by 0.1% to RMB45,647.8 million in 2022 from RMB45,584.4 million in 2021. This was mainly attributable to the increase in the average selling price of gypsum board, glass fiber yarn and lithium battery separator and the increase in the sales volume of wind power blade and lithium battery separator, partially offset by the decrease in sales volume of gypsum board and glass fiber yarn, as well as the decrease in average selling price of wind power blade.

Cost of sales

Cost of sales of new materials segment of the Group increased by 5.1% to RMB34,617.5 million in 2022 from RMB32,930.8 million in 2021, mainly attributable to the increase in sales volume of wind power blade and lithium battery separator, and the increase in the prices of raw material and coals, partially offset by the decrease in sales volume of gypsum board and glass fiber yarn.

FINANCIAL REVIEW *(CONTINUED)*

New materials segment *(Continued)*

Gross profit and gross profit margin

Gross profit of new materials segment of the Group decreased by 12.8% to RMB11,030.2 million in 2022 from RMB12,653.6 million in 2021. Gross profit margin of new materials segment of the Group decreased to 24.2% in 2022 from 27.8% in 2021. The decrease in gross profit margin was mainly attributable to the decrease in average selling price of wind power blade and the increase in the prices of raw material and coals, partially offset by the increase in average selling prices of gypsum board, glass fiber yarn and lithium battery separator.

Operating profit

Operating profit of new materials segment of the Group decreased by 5.8% to RMB8,021.6 million in 2022 from RMB8,513.7 million in 2021. The operating profit margin of new materials segment of the Group decreased to 17.6% in 2022 from 18.7% in 2021, mainly attributable to the decrease in gross profit margin, partially offset by the increase in gains on disposal of assets and the decrease in foreign exchange loss.

Engineering technical services segment

The change in the operating results of the Group's engineering technical services segment for the year 2022 as compared to the year 2021 was partially affected by the discontinuation of the merger with China Triumph International Engineering Company Limited, the relevant shareholding transaction of which was completed on 31 December 2021.

Revenue

Revenue of engineering technical services segment of the Group decreased by 19.3% to RMB38,109.7 million in 2022 from RMB47,250.1 million in 2021.

Cost of sales

Cost of sales of engineering technical services segment of the Group decreased by 18.3% to RMB32,017.9 million in 2022 from RMB39,166.6 million in 2021.

Gross profit and gross profit margin

Gross profit of engineering technical services segment of the Group decreased by 24.6% to RMB6,091.8 million in 2022 from RMB8,083.5 million in 2021. Gross profit margin of engineering technical services segment of the Group decreased to 16.0% in 2022 from 17.1% in 2021, mainly attributable to the decrease in gross profit margin of EPC projects.

FINANCIAL REVIEW *(CONTINUED)*

Engineering technical services segment *(Continued)*

Operating profit

Operating profit of engineering technical services segment of the Group decreased by 11.1% to RMB2,449.9 million in 2022 from RMB2,756.7 million in 2021. Operating profit margin of engineering technical services segment of the Group increased to 6.4% in 2022 from 5.8% in 2021, mainly attributable to the decrease in foreign exchange loss, the decrease in the allowance for impairment of receivables, partially offset by the decrease in gross profit margin.

Liquidity and financial resources

As at 31 December 2022, the Group had unused banking facilities and bonds registered but not yet issued of approximately RMB328,663.9 million in total.

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

	As at 31 December	
	2022	2021 (restated)
	(RMB in millions)	
Bank loans	**127,137.2**	107,430.3
Bonds	**45,600.0**	57,988.0
Borrowings from non-financial institutions	**1,341.4**	1,706.7
Total	**174,078.6**	167,125.0

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

	As at 31 December	
	2022	2021 (restated)
	(RMB in millions)	
Borrowings are repayable as follows:		
Within one year or on demand	**77,531.0**	73,940.0
Between one and two years	**37,663.7**	38,976.1
Between two and three years	**34,419.4**	31,305.9
Between three and five years (inclusive of both years)	**8,926.0**	12,017.4
Over five years	**15,538.5**	10,885.6
Total	**174,078.6**	167,125.0

As at 31 December 2022, bank loans in the aggregate amount of RMB4,611.5 million were secured by assets of the Group with a total amount of RMB13,537.7 million.

FINANCIAL REVIEW *(CONTINUED)*

Liquidity and financial resources *(Continued)*

As at 31 December 2022 and 31 December 2021, the debt to assets ratio of the Group, calculated by dividing borrowings by total of assets of the Group, were 36.1% and 36.0%, 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	
	2022	2021 (restated)
	(RMB in millions)	
Capital expenditure of the Group in respect of acquisition of property, plant and equipment (contracted but not provided for)	**5,822.1**	1,163.8

Capital expenditures

The following table sets the our capital expenditures of the Group for the year ended 31 December 2022 by segment:

	For the year ended 31 December 2022	
	(RMB in millions)	*% of total*
Basic building materials	17,397.8	62.0
New materials	8,104.3	28.9
Engineering technical services	933.0	3.3
Others	1,610.0	5.8
Total	28,045.1	100. 0

FINANCIAL REVIEW *(CONTINUED)*

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 2022, net cash inflow of the Group generated from operating activities was RMB26,350.6 million, representing a decrease of RMB23,664.0 million as compared to that of 2021 of RMB50,014.6 million, which was primarily due to the decrease in the cash flow from sale of goods of the Group.

Cash Flow From Investing Activities

For the year 2022, net cash outflow of the Group generated from investing activities was RMB25,678.9 million, representing a decrease of RMB10,041.1 million as compared to that of 2021 of RMB35,719.9 million, which was primarily due to the decrease in cash paid for property, plant and equipment and intangible assets of the Group.

Cash Flow From Financing Activities

For the year 2022, net cash outflow of the Group generated from financing activities was RMB2,183.8 million, representing a decrease of RMB14,582.8 million as compared to that of 2021 of RMB16,766.7 million, which was primarily due to the increase in net cash received on borrowings of the Group.

OUTLOOK FOR 2023

The year 2023 is the opening year for the full implementation of the spirit of the 20th Party Congress and also a crucial year for the “14th Five-Year Plan” to continue forward by building on the past. The international economic and political landscape is complex, and the domestic economic recovery is not yet on a firm footing. China’s economic development is facing many risks and challenges. However, the fundamentals of economic resilience, great potential, abundant vitality and positive long-term improvement have not changed in order to further unleash economic potential and vitality. The Chinese government insists on stability and progress while maintaining stability, organically combines the implementation of the strategy to expand domestic demand with deepening supply-side structural reforms, maintains policy continuity and pertinence, and strengthens coordination and cooperation of various policies. With the combined effect of inventory volume policy and increasing volume policies, in 2023, the economy is expected to rebound in general, with an annual GDP growth target of around 5%.

The Group will continue to adhere to the implementation of the “4335” guiding principles, implement new development concepts, build a new development pattern, promote high-quality development, and make every effort to implement various tasks such as seeking steady progress, transformation and upgrading, innovation-driven, deepening reform and value management:

First, achieving progress while maintaining stability to win the tough battle for stable growth. The Group will keep a good balance of price, sales volume, cost and cash flow to ensure the effective improvement of quality and reasonable growth of quantity; continue to strengthen “three refined” management successively, focus on profitability in operation, cost reduction in management refinement, organization refinement; focus on implementing the national strategy, optimize the industry ecology, and assist the double-loop, etc., build a three-dimensional cooperation system of the grand strategy, continue to promote the structural reform of the supply side of the industry, and promote the high-quality development.

Second, multi-dimensional empowerment to promote industrial transformation and upgrading. The Group will focus on the three leading factors of "cement +", internationalization, and dual carbon for the basic building materials segment, focus on stock optimization, consolidate the traditional core markets, strengthen and optimize the potential markets, and continue to stabilize the foundation of profitability; the new material segment will strengthen situation research and judgment, and accelerate expansion, cultivate leading products with global competitiveness in multiple dimensions, strengthen the transformation of achievements and industrial cultivation, and greatly increase the scale of production and sales. The engineering technology service sector will continue to be intensively cultivated, and the business and organizational model will be restructured to be driven by the "two wheels" of "digital & intelligent, and high-end equipment", transforming from EPC general contracting to technical transformation, operation and maintenance and spare parts services, and providing strong support for the Group's digitization, greening and internationalization; the Group will increase strategic investment and play a leading role in the incubation of new business, the cultivation of new industries, and the breakthrough of new technologies.

Third, innovation-driven to promote industrial digitization. The Group will strengthen key core technology, create a source of original technology, and accelerate the achievements in the field of key materials; accelerate digital transformation, promote digital and intelligent production and manufacturing, and create a new generation of smart factories and digital mines with better indicators.

Fourth, green development to advance low-carbon transformation. The Group will implement its "dual carbon" goal, promote carbon reduction at source, carbon reduction in the process, carbon sequestration at the end, and carbon management throughout the process, accelerate green and low-carbon transformation, promote clean energy structures, increase the proportion of green energy such as photovoltaics and wind power, promote efficient energy utilization, and accelerate the formation of scale, social and brand benefits.

Fifth, global layout to actively promote the internationalization strategy. The Group will step up the pace of "going global", focus on overseas markets, especially the opportunities in the "One Belt and One Road" countries, and rely on overseas projects and funds to accelerate internationalization.

Sixth, deepening reform to enhance the effectiveness of reform. The Group will consolidate and deepen the achievements of the three-year reform of state-owned enterprises, improve the modern corporate governance of state-owned enterprises with Chinese characteristics, and further improve the market-oriented operating mechanism, and continue to promote the "one enterprise, one policy" of the board of directors of subsidiaries to play the role of "determining strategies, making decisions, and preventing risks", actively promote the application of medium and long-term incentive tools, and build a mechanism of "linkage of interests" between the individuals and the company.

Seventh, value management to enhance value creation capabilities. The Group will further promote capital operation, deepen the second phase of business integration of the basic building materials sector, actively promote the business integration of the new material sector, strengthen the integration of cement equipment and operation and maintenance businesses, and continuously improve the company's core competitiveness and market influence; focus on building the strength of internal quality and external image. The Group will continue to carry out special actions to improve the quality of listed companies, adhere to both value creation and value realization, actively protect the rights and interests of shareholders, and form a virtuous circle of high-quality development.

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

The Company complied with all applicable code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2022.

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 2022, the Board of the Company held 12 plenary Board meetings to consider and determine various matters including overall corporate strategy, major investments and financing activities and personnel appointments and removals. 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 2022 are as follows:

	Meetings attended/held					
Name	**The Board**	**The Strategic Steering Committee**	**The Nomination Committee**	**The Remuneration and Performance Appraisal Committee**	**The Audit Committee**	**Shareholders' Meetings**
Current Directors						
Executive Directors						
Zhou Yuxian *(Chairman)*	12/12	3/3	5/5	1/1	–	5/5
Wei Rushan	1/1	0/0	–	–	–	0/0
Liu Yan	1/1	–	–	–	–	0/0
Xiao Jiaxiang	12/12	–	–	–	–	5/5
Wang Bing	12/12	–	–	–	–	5/5

II. THE BOARD *(CONTINUED)*

Name	The Board	The Strategic Steering Committee	The Nomination Committee	The Remuneration and Performance Appraisal Committee	The Audit Committee	Shareholders' Meetings
	Meetings attended/held					
Non-executive Directors						
Li Xinhua	12/12	3/3	–	–	–	5/5
Chang Zhangli	12/12	3/3	–	–	–	5/5
Wang Yumeng	12/12	–	–	–	–	5/5
Shen Yungang	12/12	–	–	–	–	5/5
Fan Xiaoyan	12/12	–	–	–	–	5/5
Independent Non-executive Directors						
Sun Yanjun	12/12	–	5/5	1/1	–	5/5
Liu Jianwen	12/12	–	5/5	–	3/3	5/5
Zhou Fangsheng	12/12	3/3	–	1/1	–	5/5
Li Jun	12/12	–	–	–	3/3	5/5
Xia Xue	12/12	–	–	–	3/3	5/5
Former Directors						
Peng Shou	11/11	–	–	–	–	5/5
Fu Jinguang	9/9	–	–	–	–	3/3

Note:

1. Mr. Wei Rushan and Mr. Liu Yan were appointed as executive Directors of the fifth session of the Board at the 2022 second Extraordinary General Meeting held on 19 December 2022. During the terms of office of Mr. Wei Rushan and Mr. Liu Yan from 19 December 2022 to 31 December 2022, the Board held one Board meeting and the Company did not hold Shareholders' meeting.

2. Due to work adjustment, Mr. Chang Zhangli has ceased to be the president of the Company since 1 December 2022, and has been re-designated from an executive Director to a non-executive Director.

3. Mr. Peng Shou resigned as a non-executive Director due to work adjustment, with effect from the date of the 2022 second Extraordinary General Meeting, which was held on 19 December 2022. During the term of office of Mr. Peng Shou from 1 January 2022 to 19 December 2022, the Board held 11 Board meetings and the Company held five Shareholders' meetings.

4. Mr. Fu Jinguang resigned as an executive Director due to work adjustment, with effect from 20 September 2022. During the term of office of Mr. Fu Jinguang from 1 January 2022 to 20 September 2022, the Board held 9 Board meetings and the Company held three Shareholders' meetings.

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 and the Chief Executive).

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 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 reasonable 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 timely. 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.

III. FUNCTIONS AND OPERATION OF THE BOARD *(CONTINUED)*

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 pursuant to Rule 3.13 of the Listing Rules, and considers the five independent non-executive Directors to be independent from the Company, and its substantial Shareholders and the respective connected persons of the above entities have no financial or other interests in the above entities that may affect his/her independence, and in full compliance with the requirements concerning independent non-executive directors under 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.

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 and special reports 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, macro-economy and industry situations, reform of state-owned enterprises, stock price performance of the Company, investor communication and analysis on the Company's results conducted by analysts, etc. The Company regularly provided the Directors with Capital Market Research prepared by the Company, 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 current executive Directors, namely Mr. Zhou Yuxian, Mr. Wei Rushan, Mr. Liu Yan, Mr. Xiao Jiaxiang and Mr. Wang Bing; the non-executive Directors, namely Mr. Li Xinhua, Mr. Chang Zhangli, Mr. Wang Yumeng, Mr. Shen Yungang and Ms. Fan Xiaoyan; the independent non-executive Directors, namely Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue; and a former executive Director, namely Mr. Fu Jinguang; and a former non-executive Director, namely Mr. Peng Shou) have obtained the aforementioned relevant information for the corresponding period during their tenure.

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

In 2022, 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 executive Directors, namely Mr. Zhou Yuxian, Mr. Wei Rushan, Mr. Liu Yan, Mr. Xiao Jiaxiang and Mr. Wang Bing; non-executive Directors, namely Mr. Li Xinhua, Mr. Chang Zhangli and Mr. Wang Yumeng; and the former Directors, namely Mr. Fu Jinguang and Mr. Peng Shou) 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 the focus of the development of corporate rule of law, the annual deployment of strengthening compliance management, the focus of the amendments of the "Anti-Monopoly Law" and the "Measures for the Compliance Management of Central Enterprises", etc. During 2022, Mr. Chang Zhangli, a former executive Director, Mr. Liu Yan and Mr. Xiao Jiaxiang, current executive Directors, attended a special training on corporate governance of the China Listed Companies Association, covering issues of concern on the governance of listed companies and a series of initiatives to promote the improvement of governance of listed companies, etc. During 2022, Mr. Liu Yan, an executive Director, also attended a training session for senior management of listed companies in Jiangsu held by the Jiangsu Listed Companies Association, covering actions to promote the improvement of the quality of listed companies and guidelines on the management of investor relations of listed companies, etc.

During 2022, Mr. Shen Yungang and Ms. Fan Xiaoyan, non-executive Directors, attended the 2022 online training course on the ability of directors of state-owned enterprises to perform their duties held by the State-owned Assets Supervision and Administration Commission, which covered the changes and evolution of international economic condition, the analysis of policies related to accelerating the construction of world-class enterprises, and the general requirements for the optimization of the layout and structural adjustment of the state-owned economy.

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

During 2022, Mr. Li Jun, an independent non-executive Director, took part in various trainings, such as training on the analysis of rules for independent directors of listed companies, special training on share reduction by shareholders, directors and supervisors of listed companies held by Shanghai Stock Exchange, series of salon activities on performance of duties for independent directors of listed companies, training on judicial practice of regulated operation of listed companies and explanations of the focus of regulated governance of listed companies, etc. During 2022, Ms. Xia Xue, an independent non-executive Director, attended the 5th follow-up training for independent directors of listed companies on the main board held by the Shanghai Stock Exchange in 2022, covering changes in legal obligations of independent directors under the new condition, regulation of information disclosure of listed companies, disclosure of information on major asset restructuring of listed companies, etc.

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.

The Company arranged independent non-executive Directors, independent Supervisors and shareholder representative Supervisors to conduct online research on Sinoma Science & Technology and CBMI Construction Co., Ltd. on 26 December 2022, and discussed the operation of the relevant companies, the 14th Five-Year Plan, the development of internationalization and the condition of reform work. The Directors and Supervisors advised the relevant companies on product technology level, talent layout, base layout, green, low-carbon and localized management. Independent non-executive Directors, namely Mr. Liu Jianwen and Mr. Zhou Fangsheng, shareholder representative Supervisor, namely Mr. Zhang Jianfeng and independent Supervisor, namely Mr. Li Xuan participated in the field trips.

The continuous and effective trainings 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 trainings further develop 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 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

The Strategic Steering Committee of the Company comprises four Directors, of whom Mr. Zhou Yuxian is the Chairman and Mr. Li Xinhua, Mr. Wei Rushan and Mr. Zhou Fangsheng are members. Mr. Zhou Yuxian and Mr. Wei Rushan are executive Directors, Mr. Li Xinhua is a non-executive Director, and Mr. Zhou Fangsheng is an independent non-executive Director. During 2022, the changes to the composition of the Strategic Steering Committee were as follows: (i) Mr. Chang Zhangli has ceased to be a member since 28 December 2022; (ii) Mr. Wei Rushan has become a member since 28 December 2022. 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.

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

The Strategic Steering Committee *(Continued)*

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 2022, please refer to the table of the attendance of the Directors during 2022 on pages 35 and 36.

Set out below is a summary of work of the Strategic Steering Committee of the Company during 2022:

The first meeting of the fifth session of the Strategic Steering Committee of the Board considered and approved the resolutions in relation to the operation of the Company for the year 2021 and work arrangements for the year 2022; the second meeting of the fifth session of the Strategic Steering Committee of the Board considered and approved the resolutions in relation to the adjustment of organization structure of the Company; the third meeting of the fifth session of the Strategic Steering Committee of the Board considered and approved the resolutions in relation to the 2022 investment plan of the Company.

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. During 2022, the changes to the composition of the Nomination Committee were as follows: (i) Mr. Zhou Yuxian has served as the chairman of the Nomination Committee since 26 August 2022; (ii) Mr. Sun Yanjun has ceased to served as the chairman of the Nomination Committee since 26 August 2022. 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.

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

The Nomination Committee *(Continued)*

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.

In 2022 and as of the date of this report, there were two female directors on the Board. The Board would like to maintain at least the current level of female membership. The Board will continue to seek opportunities to increase the proportion of female members in the future if suitable candidates are available.

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.

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

The Nomination Committee *(Continued)*

Duties and Summary of Work *(Continued)*

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 2022, please refer to the table of the attendance of the Directors during 2022 on pages 35 and 36. Set out below is a summary of work of the Nomination Committee of the Company during 2022:

The third meeting of the fifth session of the Nomination Committee of the Board considered and approved the resolutions in relation to the adjustment of directors and supervisors of subsidiaries; the fourth 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, etc., the appointment of the Company's board secretary and joint company secretary; the fifth meeting of the fifth session of the Nomination Committee of the Board considered and approved the resolutions in relation to the adjustment of the Directors of the fifth session of the Board and the determination of the fees of the new Directors; the sixth meeting of the fifth session of the Nomination Committee of the Board considered and approved the resolutions in relation to the appointment of the president of the Company, the adjustment of the Directors of the fifth session of the Board and the determination of the fees of newly appointed Directors; the seventh meeting of the fifth session of the Nomination Committee of the Board considered and approved the resolutions in relation to the adjustment of the members of the fifth session of the Strategic Steering Committee of the Board.

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 four components including basic salary, performance-based salary, special rewards and stock appreciation rights. 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. The stock appreciation rights are implemented according to Share Appreciation Rights Proposal. As for the convening of and the attendance of meetings of the Remuneration and Performance Appraisal Committee in 2022, please refer to the table of the attendance of the Directors during 2022 on pages 35 and 36.

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

Remuneration and Performance Appraisal Committee *(Continued)*

Duties and Summary of Work *(Continued)*

Set out below is a summary of work of the Remuneration and Performance Appraisal Committee of the Company during 2022:

The first meeting of the fifth session of the Remuneration and Performance Appraisal Committee of the Board considered and approved the resolution on the remuneration of senior management members of the Company and other matters.

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.

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 main duties of the Audit Committee include supervision of the financial reporting procedures of the Company, internal regulation and control as well as risk management work. The Audit Committee has reviewed the financial report and results of the Group for the year ended 31 December 2022.

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

The Audit Committee *(Continued)*

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, risk management and internal control of the Company; supervising the Company's internal control matters and reviewing the results; 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 2022, please refer to the table of the attendance of the Directors during 2022 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 2022:

During the Reporting Period, the Audit Committee has operated in accordance with the Code. The Audit Committee issued review opinions on the Company's 2021 annual financial report and 2022 interim financial report, etc. in performing its responsibilities of issuing interim and annual results and reviewing the financial control system, the 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 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 2022.

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.

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

Environmental, Social and Governance Committee

Members

The Company considered and approved the establishment of the Environmental, Social and Governance Committee of the Board at the fifth meeting of the fifth session of the Board held on 24 March 2023. The Environmental, Social and Governance Committee of the Company comprises 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.

Duties

The specific duties of the Environmental, Social and Governance Committee of the Company are to be responsible for assessing the corporate governance, environmental and social responsibility management of the Company, as well as the risks and opportunities, to formulate and review the vision, targets and strategies of the Company regarding corporate governance, environmental and social responsibility management, and to report regularly to the Board on major matters in relation to ESG.

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.

The Parent nominated Mr. Liu Yan and Mr. Wei Rushan as candidates for Directors for the fifth session of the Board. After approval by the Nomination Committee, it was considered that the above personnel met the criteria and conditions for appointment as Directors of the Company and their nominations were considered and approved at the fourth meeting of the fifth session of the Board and the ninth interim meeting of the fifth session of the Board held on 28 October 2022 respectively, and the resolution on the adjustment of Directors of the Board was considered and approved at the 2022 second Extraordinary General Meeting held on 19 December 2022.

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.

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 second meeting of the fifth session of the Board convened on 25 March 2022, the Directors proposed to the General Meeting the appointment of Moore Stephens and Da Hua as the overseas and domestic auditors of the Company for 2022 respectively. The Board was authorized by the Annual General Meeting convened on 30 May 2022 to deal with the appointment of overseas and domestic auditors and to determine their remunerations. RMB5.35 million and RMB1.089 million was payable by the Company to the auditors for their annual audit services and non-audit services in 2022 respectively, totaling RMB6.439 million.

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

XI. COMPANY SECRETARY

Ms. Pei Hongyan is a joint company secretary of the Company until her term of office expired with effect from 18 November 2024. 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 of 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 "XIV. 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 2021 Annual General Meeting held on 30 May 2022, eleven ordinary resolutions and a total of three special resolutions in relation to, among other things, 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 2022 first H Shareholders' class meeting held on 30 May 2022, the resolution in relation to the granting of a mandate to the Board to repurchase H Share was considered and approved.

At the 2022 first Domestic Shareholders' class meeting held on 30 May 2022, the resolution in relation to the granting of a mandate to the Board to repurchase H Share was considered and approved.

XII. SHAREHOLDERS' MEETINGS *(CONTINUED)*

At the 2022 first Extraordinary General Meeting convened on 28 October 2022, the indicative agreement, supplemental agreement and all other matters relating to the Restructuring, and the relevant resolutions in relation to the proposed amendment of the annual caps for certain connected transactions were considered and approved.

At the 2022 second Extraordinary General Meeting convened on 19 December 2022, seven ordinary resolutions, including the resolutions in relation to Mr. Wei Rushan and Mr. Liu Yan as executive directors of the Company, Mr. Qu Xiaoli as a supervisor of the Company, the transactions to be conducted and proposed caps under the agreement for mutual supply of products and services between the Company and its parent, the transactions of procurement of engineering services to be conducted and under the master agreement for mutual supply of engineering services between the Company and its parent, the deposit transaction to be conducted and proposed caps under the financial service framework agreement between the company and the finance company, the loan framework agreement between Tianshan Cement and CNBM Chizhou New Materials, as well as one special resolutions in relation to the amendment of the Articles of Association of the Company, were 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 five Shareholders' general meetings in 2022 (including one Annual General Meeting, two class meetings and two Extraordinary General Meetings), all current Directors of the Company have attended the above shareholders' meetings. Please refer to the table of the attendance of the Directors during 2022 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. 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.

XIV. 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 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 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. During the Reporting Period, the Company continued to revise and improve the internal system, and optimize the division of authority and responsibility of departments, thus further improve the daily monitoring mechanism for risk and internal control in terms of the establishment of functional organizations and rules construction. The second one is the annual assessment and supervision mechanism. The Company carried out annual internal control assessment and comprehensive risk management assessment according to the operation status. The Company has determined the quantitative and qualitative standards for internal control deficiency assessment, and relevant departments have classified deficiencies into material deficiencies, major deficiencies and general deficiencies based on the impact of the deficiency on the Company's financial report, reputation, safe production, operation, environment and laws and regulations. The Company specified the possibility of risk occurrence and the degree of risk impact as the risk assessment criteria, and relevant departments first identified the risks requiring attention from the perspective of occurrence probability and then according to the impact on the economic value, health and safety of employees, sustainable and healthy development and corporate image of the Company, rated the concerned risks into five grades from very serious to slight. Based on the above assessment results, the Company prepared two annual reports on 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 internal control and risk precaution 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.

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.

XIV. RISK MANAGEMENT AND INTERNAL CONTROL *(CONTINUED)*

The Board (through the Audit Committee of the Board) is responsible for continuous review of the effectiveness of the Company's risk management and internal control system. 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 legal and compliance department and the Secretariat of the Board were of the view that the proposed transactions may involve inside information, they 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 legal and compliance department 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

Details of the amendments made in 2022 to the Articles of Association of the Company is set out below:

On 28 October 2022, the fourth meeting of the fifth session of the Board considered and approved the resolution on changing the scope of business of the Company and amending the Articles of Association of the Company.

On 19 December 2022, the 2022 second Extraordinary General Meeting of the Company considered and approved the special resolution on amending the Articles of Association of the Company. Details regarding the amendment of the Articles of Association of the Company are set out in the Company's announcement dated 28 October 2022, the circular dated 25 November 2022 and the announcement dated 19 December 2022.

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, formulated the "Work Plan for Enhancing the Quality of Listed Companies", 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.

XVI. INVESTOR RELATIONS *(CONTINUED)*

CNBM MAJOR AWARD LIST IN 2022

No.	Date of Award	Award Title	Award Institution
1	April 2022	The 13th Tianma Award for the PRC Listed Companies with Best Investor Relationship –"Best Investor Relationship Award for the Hong Kong Listed Company"* (第十三屆中國上市公司投資者關係天馬獎-港股上市公司最佳投資者關係獎)	Securities Times* (證券時報社)
2	June 2022	Most Honored Company* (最受尊敬企業) Best ESG* (最具社會責任公司) Best IR Team* (最佳IR團隊) Best IR Program* (最佳IR方案)	Institutional Investor, an authoritative international financial magazine* (國際權威金融雜誌《機構投資者》)
3	August 2022	Ranked as one of the "Forbes 2022 China ESG 50 list"* (福布斯2022中國ESG50)	Forbes China* (福布斯中國)
4	September 2022	Ranked as one of the "2022 Sina Finance Most ESG Hong Kong and U.S. Listed Companies"* (2022新浪財經港美股最具ESG上市公司)	Sina Finance* (新浪財經)
5	September 2022	"Apply new development concepts, Demonstrate dedication to its mission"* (貫徹新發展理念 彰顯使命擔當) Ranked as one of the "Excellent ESG Practice Cases of Listed Companies"* (上市公司ESG優秀實踐案例)	China Listed Companies Association* (中國上市公司協會)
6	November 2022	Ranked as one of the "Central Enterprise ESG – Risk Management Pioneer 50 Index"* (央企 ESG ·風險管理先鋒50指數)	Guided by Bureau of Social Responsibility, SASAC, State Council* (國務院國資委社會責任局), executed by the Responsibility Cloud Research Institute* (責任雲研究院)
7	November 2022	Ranked as one of the "Central Enterprise ESG – Social Value Pioneer 50 Index"* (央企 ESG ·社會價值先鋒50指數)	Guided by Bureau of Social Responsibility, SASAC, State Council* (國務院國資委社會責任局), executed by the Responsibility Cloud Research Institute* (責任雲研究院)

XVI. INVESTOR RELATIONS *(CONTINUED)*

CNBM MAJOR AWARD LIST IN 2022

No.	Date of Award	Award Title	Award Institution
8	November 2022	Ranked as one of the "Central Enterprise ESG – Pioneer 50 Index"* (央企 ESG · 先鋒50指數)	Guided by Bureau of Social Responsibility, SASAC, State Council* (國務院國資委社會責任局), executed by the Responsibility Cloud Research Institute* (責任雲研究院)
9	November 2022	2022 Global Construction Materials Listed Companies Overall Performance Ranking (1st Place)* (2022全球建筑材料上市公司綜合實力排行榜(第1名))	China Building Materials Federation* (中國建築材料聯合會)
10	December 2022	"Best Practice of Office of Board of Directors of Public Companies 2021"* (2022上市公司董辦最佳實踐)	China Listed Companies Association* (中國上市公司協會)
11	December 2022	Ranked as one of the first of the "2022 Achievements of Deepening Reform Practice of State-owned Enterprises"*(2022年(首屆)國有企業深化改革實踐成果)	China Management Sciences Society (中國管理科學學會)
12	December 2022	Ranked as one of the "2022 6th Outstanding Achievements in the Reform and Development of Chinese Enterprises"* (2022年(第六屆)中國企業改革發展優秀成果)	China Enterprise Reform and Development Society* (中國企業改革與發展研究會)
13	December 2022	"Capital market M&A restructuring classic cases in this decade", "CNBM merged with Sinoma, making it stronger and better", ranked as one of the "Top Ten Classic Cases of M&A and Reorganization in Capital Market"* (資本市場併購重組十大經典案例) and "Classic Cases of Industrial Reorganization in Capital Market"* (資本市場產業重組經典案例)	China Listed Companies Association* (中國上市公司協會)

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:** 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong
Fax:	010-6813 8388
Email:	ir@cnbm.com.cn

The Board of the Company hereby presents its report together with the audited financial statements of the Group for the year ended 31 December 2022 to its Shareholders.

PRINCIPAL BUSINESS

The Group is a holding company and its subsidiaries and associates are mainly engaged in basic building materials, new materials and engineering services businesses. 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 RMB3,188,343,310.24 in total (tax inclusive) for the period from 1 January 2022 to 31 December 2022 (2021: RMB5,845,296,068.77 in total (tax inclusive)) for Shareholders whose names appear on the Company's register of members on Wednesday, 10 May 2023, representing RMB0.378 per share (tax inclusive) (2021: RMB0.693 per share (tax inclusive)) based on the issued shares of 8,434,770,662 shares as of 24 March 2023. The final amount of the dividend per share will be determined based on the number of shares of the Company in issue as at 10 May 2023.

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 RMB0.378 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, 28 April 2023.

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 2022 to 31 December 2022 (the "2022 Final Dividend") to holders of all non-resident enterprise Shareholders (including HKSCC Nominees Limited, other nominees, trustees or other entities and organizations, who will be deemed as non-resident enterprise Shareholders) whose names appear on the H Share register of members of the Company on Wednesday, 10 May 2023.

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 2022 Final Dividend to the domestic corporate investors as the holders of H Shares whose names appear on the register of Shareholders of the Company on Wednesday, 10 May 2023 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.

DIVIDENDS *(CONTINUED)*

As such, when distributing the 2022 Final Dividend to the domestic Individual H Shareholders (including domestic securities investment funds) whose names appear on the register of Shareholders of the Company on Wednesday, 10 May 2023 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 (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) issued by the State Administration of Taxation and the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by the Stock Exchange, the overseas resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties between the countries where they reside and China and the tax arrangements between China mainland and Hong Kong (Macau). The Company will identify the country of domicile of Individual H Shareholders according to their registered address on the H Share register of members of the Company on Wednesday, 10 May 2023 (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) (《非居民納税人享受協定待遇管理辦法》國家税務總局公告2019年第35號) (the "Measures on Tax Treaties") on or before Thursday, 11 May 2023, 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 Thursday, 11 May 2023. 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, 25 April 2023 to Friday, 28 April 2023 (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 Monday, 24 April 2023 for share registration.

Shareholders whose names appear on the register of members on Wednesday, 10 May 2023 will be eligible for the final dividend. The register of members of the Company will be closed from Friday, 5 May 2023 to Wednesday, 10 May 2023 (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 Thursday, 4 May 2023 to facilitate the share transfer registration. The final dividend is expected to be paid on or before Friday, 30 June 2023 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 10 May 2023.

BUSINESS REVIEW

Under the Disclosure of Financial Information set out in Appendix 16 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 34 of this annual report.

BUSINESS REVIEW *(CONTINUED)*

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

   Pages 13 to 15 and page 17 of this annual report.

3. Significant events that will affect the Group after the Reporting Period

   There were no significant events that will affect the Group after the Reporting Period.

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

   Pages 24 and 25 and pages 33 and 34 of this annual report.

5. An analysis using financial key performance indicators

   Pages 26 to 32 of this annual report.

6. The Company's environmental policies and performance

   The Company adheres to the guidance of Xi Jinping's thought on ecological civilization, deeply grasps the important position and strategic significance of ecological civilization construction in the cause of the socialism with Chinese characteristics in the new era, firmly and thoroughly implements the concept of "lucid waters and lush mountains are invaluable assets", continues to promote "Greenization, Digitalization, and Internationalization" for the enterprise, strives to solve prominent ecological and environmental problems, and promotes high-quality development of the enterprise. In the course of material acquisition and construction of production facilities, the Company aligned planning, execution and development with environmental protection objectives, therefore improving the quality of the enterprise's production and living environment. With regard to production and operation process, the Group explored synergies between energy conservation and emission reduction and cost reduction and efficiency improvement to build a resource-effective and environment-friendly enterprise. In 2022, In accordance with the Environmental Protection Law of the People's Republic of China and other relevant environmental protection laws and regulations with reference to conditions of the Company, the Company continuously strengthen the construction of the ecological and environmental protection system, newly formulated the Management Measures on the Governance of Eco-environmental Protection Risk and Hidden Danger Investigation of CNBM,. amended 9 systems such as the Eco-environmental Protection Responsibility System of CNBM and abolished the Management Measures on the Environmental Incidents of CNBM. Strictly implementing regulations related to environmental protection and adhering to the path of sustainable development, the Company committed itself to the realization of economic returns, social benefits and environmental benefits. During the year, the Company met all the standards of the environmental protection appraisal. The completion rate of the rectification of the phased tasks in and before 2022 has reached 100% in the rectification plan for the feedback from the central ecological and environmental protection and inspection.

BUSINESS REVIEW *(CONTINUED)*

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

   In 2022, the Company has been in compliance with the Company Law of the People's Republic of China 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 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 RMB193,666.74 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 2022, net carrying amount of fixed assets amounting to RMB1,989.53 million, monetary capital amounting to RMB4,004.62 million and net carrying amount of intangible assets and other assets amounting to RMB7,543.59 million have been pledged, being the condition as the grant of financing by banks. As at 31 December 2022, the pledged assets of the Company amounted to RMB13,537.74 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 2022)

	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 2022)

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	107,600,000	1.28
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	4,418,062,500	52.38
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 2022, 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	114,400,000			
				122,936,000		2.70	1.46
BNBMG	Domestic Shares	Long	Beneficial owner	1,485,566,956			
	Domestic Shares	Long	Other	227,719,530	3		
				1,713,286,486	2	44.20	20.31
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	4	6.79	3.12
Taishan Investment	Domestic Shares	Long	Beneficial owner	263,318,181	4	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	107,600,000		2.36	1.28
GIC Private Limited	H Shares	Long	Investment manager	365,879,460		8.02	4.33
Cinda	H Shares	Long	Beneficial owner	272,319,926		5.97	3.23

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 2022, 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.

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. BNBMG is taken to have an interest in such Shares as it is entitled to control the exercise of a right conferred by the holding of such Shares.

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

Save as disclosed above, as at 31 December 2022, 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.

2. Interests and Short Positions of Directors and Supervisors

As at 31 December 2022, 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 2.53% of the Group's total purchases for the year.

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

For the year ended 31 December 2022, the Company has publicly bought back the "17 CNBM 03" bonds on the Shanghai Stock Exchange. The repurchase price is the face value of the bond (RMB100 each bond) and the cancellation amount is RMB500,000,000.00, the bond has been fully repurchased. The Company has publicly bought back the "17 CNBM 02" bonds on the Shanghai Stock Exchange. The repurchase price is the face value of the bond (RMB100 each bond) and the cancellation amount is RMB1,000,000,000.00, the bond has been fully repurchased.

Except for the aforementioned listed securities (have the meanings ascribed by the Listing Rules), for the year ended 31 December 2022, the Company and its subsidiaries had no other purchase, sale or redemption of listed securities of the Company.

TAX REDUCTION FOR HOLDERS OF LISTED SECURITIES

During the year ended 31 December 2022, 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” of this annual report.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company on 31 December 2022 were RMB23,329.0 million.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2022, the Group had approximately 150,457 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 2022, the gender ratio for the Group’s employees was approximately 76.35% male and approximately 23.65% female. The Company has implemented a fair employment policy, and the recruitment has been merit-based without any discrimination. We will continue to strive for increasing the proportion of female workers, with reference to the Shareholders’ expectations and the recommended best management practice, to achieve an appropriate balance in gender diversity.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 129 and 130.

EQUITY INCENTIVE PLAN OF SINOMA INTERNATIONAL

Restricted Share Incentive Plan of Sinoma International

Sinoma International considered and approved the Restricted Share Incentive Plan of Sinoma International ("Restricted Share Incentive Plan of Sinoma International" or the "Plan") at Sinoma International's extraordinary general meeting convened on 16 March 2022. On 24 March 2022, 194 incentive participants were granted 46,549,115 restricted shares of Sinoma International ("Restricted Shares") by Sinoma International, representing 2.10% of Sinoma International's total share capital as at the date of the grant. The grant price of the Restricted Shares was proposed to be RMB5.97 per share. Apart from the above, 10 million Restricted Shares were separately reserved under the Plan, representing 0.45% of Sinoma International's total share capital as at the date of the grant.

The source of Restricted Shares is the issuance of ordinary A-shares of Sinoma International to the participants, and the first grant price of the Restricted Shares was not less than the par value of the shares, and was the higher of: (i) the average trading price of Sinoma International Share for 1 trading day prior to the announcement of the draft Plan; (ii) the average trading price of Sinoma International Share for 20 trading days prior to the announcement of the draft Plan; (iii) the average trading price of Sinoma International Share for 60 trading days prior to the announcement of the draft Plan; (iv) the average trading price of Sinoma International Share for 120 trading days prior to the announcement of the draft Plan.

The grantees of the first grant included directors and senior management personnel, core management, business and key technical personnel of Sinoma International. Restricted shares were granted to (i) two directors of Sinoma International, namely Liu Yan and Yin Zhisong (concurrently being the President of Sinoma International), who were granted 365,700 and 314,000 Restricted Shares, respectively; (ii) five senior management personnel (other than the President of Sinoma International, Yin Zhisong), who were granted a total of 1,254,100 Restricted Shares, and (iii) 187 core management, business and key technical personnel, who were granted a total of 44,615,315 Restricted Shares. The number of Restricted Shares granted to any one grantee under the Plan did not exceed 1% of the total share capital of Sinoma International as at the date of this report.

EQUITY INCENTIVE PLAN OF SINOMA INTERNATIONAL *(CONTINUED)*

Restricted Share Incentive Plan of Sinoma International *(Continued)*

Sinoma International considered and passed the relevant proposal on granting reserved Restricted Shares to the grantees at the twenty-fifth meeting (provisional) of the seventh session of the board of directors on 14 February 2023. Sinoma International granted 10,000,000 reserved Restricted Shares to 71 grantees, accounting for 0.44% of the total share capital of Sinoma International as at the date of grant, at the price of RMB5.74 per share.

The grant price of the reserved Restricted Share shall not be lower than the par value of the share, and shall not be lower than the higher of the following prices: (i) 50% of the average trading price of the share of the Company for 1 trading day prior to the announcement of the resolution of the Board regarding the grant of reserved Restricted Shares; (ii) 50% of the average trading price of the share of the Company for 20 trading days, 60 trading days or 120 trading days prior to the announcement of the resolution of the Board regarding the grant of reserved Restricted Shares.

The grantees of the reserved Restricted Shares include (i) 1 director and vice president, namely Zhu Bing, who was granted 282,073 Restricted Shares, (ii) 70 core management, business and key technical personnels, who were granted a total of 9,717,927 Restricted Shares. The number of Restricted Shares granted to any one of the above-mentioned grantees did not exceed 1% of the total share capital of Sinoma International as at the date of this report.

The validity period of the Restricted Share Plan of Sinoma International shall commence from the completion date of the registration of the Restricted Shares (being 11 April 2022) and end on the date on which all the Restricted Shares granted to the grantees have been unlocked or otherwise repurchased and cancelled, which shall not be longer than 72 months. The restriction periods for granting Restricted Shares under the incentive plan are 24 months, 36 months, and 48 months from the completion date of the registration of the corresponding portion of the Restricted Shares of the grant. During such lock-up period, the Restricted Shares granted to participants under Restricted Shares Plan of Sinoma International are locked-up and cannot be transferred in any form, used as security or to repay debt. Sinoma International does not constitute a "principal subsidiary" of the Company as defined under Rule 17.14 of the Listing Rules. In light of the disclosure of the Plan in the Company's 2021 annual report and 2022 interim report, the Company continues to disclose the Plan this year.

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)
Liu Yan	(appointed on 19 December 2022)
Xiao Jiaxiang	(appointed on 19 November 2021)
Wang Bing	(appointed on 19 November 2021)

Non-executive Directors[1]

Li Xinhua	(appointed on 19 November 2021)
Chang Zhangli	(appointed as executive Director on 15 November 2011, re-designated as non-executive Director on 13 June 2018, re-designated as executive Director on 27 August 2021 and re-designated as non-executive Director on 1 December 2022)
Wang Yumeng	(appointed on 19 November 2021)
Shen Yungang	(appointed on 13 June 2018)
Fan Xiaoyan	(appointed on 13 June 2018)

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]

Zhan Yanjing	(appointed on 19 November 2021)
Qu Xiaoli	(appointed on 19 December 2022)
Zhang Jianfeng	(appointed on 30 May 2022)
Wei Jianguo	(appointed on 30 May 2022)
Li Xuan	(appointed on 27 May 2016)
Zeng Xuan	(appointed on 25 March 2016)
Yu Yuehua	(appointed on 30 July 2020)
Du Guangyuan	(appointed on 19 November 2021)

Note:

1. During the Reporting Period, Mr. Fu Jinguang (appointed on 24 September 2020) resigned as an executive Director with effect from 20 September 2022. Mr. Wei Rushan (appointed on 19 November 2021 as a Supervisor of the Company) resigned as a Supervisor of the Company with effect from 26 November 2022. Mr. Wei Rushan and Mr. Liu Yan were appointed as executive Directors of the Company at the 2022 second Extraordinary General Meeting held on 19 December 2022. Mr. Chang Zhangli was re-designated from an executive Director of the Company to a non-executive Director with effect from 1 December 2022. Mr. Peng Shou resigned as a non-executive Director with effect from 19 December 2022.

2. Mr. Wei Jianguo was appointed as an independent Supervisor of the Company and Mr. Zhang Jianfeng as a Supervisor at the 2021 Annual General Meeting held on 30 May 2022. Mr. Qu Xiaoli was appointed as a Supervisor of the Company to replace Mr. Wei Rushan at the 2022 second Extraordinary General Meeting held on 19 December 2022.

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	7
RMB2,000,000 – RMB2,500,000	1

BOARD OF DIRECTORS AND SPECIAL COMMITTEES

As at the date of this report, the Board comprised 15 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.

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Chang Zhangli ceased to be the president of the Company with effect from 1 December 2022. On the same day, Mr. Wei Rushan was appointed by the Board of the Company as the president of the Company.

Mr. Fu Jinguang resigned as an executive Director with effect from 20 September 2022. Mr. Chang Zhangli was re-designated from executive Director of the Company to non-executive Director with effect from 1 December 2022. Mr. Wei Rushan and Mr. Liu Yan were appointed as executive Directors of the Company at the 2022 second Extraordinary General Meeting of the Company held on 19 December 2022. Mr. Peng Shou resigned as a non-executive Director with effect from 19 December 2022.

On 28 February 2022, Mr. Wu Weiku, an independent Supervisor of the Company, passed away due to illness. On 6 May 2022, the Company was notified by BBMG that due to work re-designation, BBMG proposed to nominate Mr. Zhang Jianfeng for appointment as a supervisor of the Company in replacement of Ms. Hu Juan. At the Annual General Meeting of the Company held on 30 May 2022, the appointments of Mr. Wei Jianguo as independent Supervisor of the fifth session of the Supervisory Committee and Mr. Zhang Jianfeng as shareholder Supervisor of the fifith session of the Supervisory Committee were approved. Mr. Wei Rushan resigned as Supervisor of the Company with effect from 1 December 2022. Mr. Qu Xiaoli was appointed as a Supervisor of the Company in replacement of Mr. Wei Rushan at the 2022 second Extraordinary General Meeting held on 19 December 2022.

Mr. Xiao Jiaxiang and Mr. Sui Yumin resigned as vice presidents of the Company from March 2022 due to work changes. Mr. Chang Zhangli ceased to be the president of the Company from 1 December 2022 due to work adjustments. On 1 December 2022, Mr. Wei Rushan was appointed as the president of the Company at the ninth Extraordinary Meeting of the fifth session of the Board of the Company.

For details of the above changes, please refer to the Company's announcements dated 1 March 2022, 25 March 2022, 6 May 2022, 12 May 2022, 30 May 2022, 20 September 2022, 27 November 2022, 1 December 2022 and 19 December 2022, and circular dated 25 November 2022.

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. Chang Zhangli has been a director of Sinoma Science & Technology since January 2022, ceased to be a Director and chairman of Southwest Cement since January 2022, has been the party committee vice-secretary of the Parent since July 2022, ceased to be the deputy general manager of the Parent since July 2022 and president of the Company since December 2022, has been re-designated from executive Director of the Company to non-executive Director since December 2022 and has been the employee director and chairman of the labour union of the Parent since December 2022. Mr. Liu Yan, an executive Director of the Company, ceased to be a vice chairman of Tianshan Cement since March 2023. Mr. Xiao Jiaxiang, an executive Director of the Company, ceased to be a vice president of the Company since March 2022, ceased to be a director and president of South Cement since January 2023, ceased to be the president of Tianshan Cement since March 2023 and has been the vice chairman of Tianshan Cement since March 2023. Mr. Wang Bing, an executive Director and a vice president of the Company, ceased to be a Director and the chairman of BNBM since March 2022.

Mr. Wang Yumeng, a non-executive Director of the Company, ceased to be the chairman of the board and a director of BNBMG since November 2022.

Mr. Sun Yanjun, an independent non-executive Director of the Company, has been a director of Jardine Matheson Limited, the chairman of Jardine Matheson (China) Limited and a non-executive director of Zhongsheng Group Holdings Limited since August 2022.

Ms. Yu Yuehua, a staff representative Supervisor of the Company, ceased to be a supervisor and the chairman of the supervisor committee of China United Cement since May 2022 and a supervisor of Southwest Cement since June 2022, and has been a supervisor of Gansu Qilianshan Building Materials Holdings Company Limited and chairman of the supervisory board of Gansu Qilianshan Cement Group Company Limited since August 2022. Ms. Zeng Xuan, a staff representative Supervisor of the Company, has been the supervisor of the supervisory board and the chairman of the supervisory board of Sinoma Science & Technology since January 2023. Ms. Du Guangyuan, a staff representative Supervisor of the Company, has served as a supervisor of Sinoma International and a Director of Sinoma Advanced since February 2022.

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 48 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 48(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 48(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 2022.

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 44.60% 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 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.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

1. *Master Agreement on Purchase of Mineral*

On 30 September 2019, the Company entered into a master agreement on purchase of mineral with the Parent, for a term of three years commencing from 1 January 2020. 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 30 September 2019. The annual cap for the year ended 31 December 2022 (the "2022 Annual Cap") for transactions conducted under the Master Agreement on Purchase of Mineral is RMB544.96 million. The Group recorded expenses of RMB57.34 million incurred in the purchase of mineral from the Parent under the Master Agreement on Purchase of Mineral for the year ended 31 December 2022.

Since the Master Agreement on Purchase of Mineral expired on 31 December 2022, the Company entered into the New Master Agreement on Purchase of Mineral with the Parent on 28 October 2022, for a period of three years commencing from 1 January 2023, the terms (including the pricing principle) of which are substantially the same as the terms of the Master Agreement on Purchase of Mineral (except for the annual caps). The annual caps under the New Master Agreement on Purchase of Mineral for the three years ending 31 December 2023, 2024 and 2025, are RMB216.444 million, RMB223.340 million and RMB224.304 million, respectively. Details of the New Master Agreement on Purchase of Mineral are set out in the announcements of the Company dated 28 October 2022.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

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

On 30 September 2019, 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 2020, pursuant to which:

(a) the Parent agreed to provide, or procure its subsidiaries 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, etc.); and
- Services supplies: equipment repair, design and installation, property management services, services and other services;

(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.

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 on terms not less favourable than those provided by independent third parties to the Company or provided by the Parent to independent third parties.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

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

The details about the Master Agreement on Mutual Provision of Products and Services have been disclosed in the announcement issued by the Company on 30 September 2019. In respect of the Master Agreement on Mutual Provision of Products and Services, (i) the 2022 Annual Cap for the purchase of products and services from the Parent has been adjusted upwards as approved in the 2022 first Extraordinary General Meeting, which was convened on 28 October 2022, to RMB8,673.00 million; and (ii) the 2022 Annual Cap for the provision of products and services to the Parent is RMB1,569.95 million. During the year ended 31 December 2022, the Group (i) incurred expenses of RMB7,139.84 million from the purchase of products and services from the Parent; and (ii) recorded revenues of RMB1,283.65 million from the provision of products and services to the Parent under the Master Agreement on Mutual Provision of Products and Services.

Since the Master Agreement on Mutual Provision of Products and Services expired on 31 December 2022, the Company entered into the New Master Agreement on Mutual Provision of Products and Services with the Parent on 28 October 2022, for a period of three years commencing from 1 January 2023, the terms (including the pricing principle) of which are substantially the same as the terms of the Master Agreement on Mutual Provision of Products and Services (except for the annual caps and the addition of logistic service to the mutual provision services). The annual caps for the transactions under the agreement for the Company to purchase engineering services from the Parent was considered and approved at the 2022 second Extraordinary General Meeting held on 19 December 2022. For the three years ending 31 December 2023, 2024 and 2025, pursuant to the agreement, (i) the annual caps for the purchase of products and services from the Parent are RMB14,753.794 million, RMB15,444.541 million and RMB16,489.793 million; and (ii) the annual caps for the provision of products and services to the Parent are RMB3,091.808 million, RMB3,348.952 million and RMB4,379.097 million, respectively. Details of the New Master Agreement on Mutual Provision of Products and Services are set out in the Company's announcement dated 28 October 2022, circular dated 25 November 2022 and announcement dated 19 December 2022.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

3. *Master Agreement on Purchase of Equipment*

On 30 September 2019, 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 2020, 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 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 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 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 30 September 2019. According to the Master Agreement on Purchase of Equipment, the 2022 Annual Cap for purchase of equipment from the Parent is RMB1,383.03 million. The Group incurred expenses of RMB870.27 million from the purchase of equipment from the Parent for the year ended 31 December 2022.

Since the Master Agreement on Purchase of Equipment expired on 31 December 2022, the Company entered into the New Master Agreement on Purchase of Equipment with the Parent on 28 October 2022, for a period of three years commencing from 1 January 2023, the terms (including the pricing principle) of which are substantially the same as the terms of the Master Agreement on Housing Leasing (except for the annual caps). The annual caps under the New Master Agreement on Purchase of Equipment for the three years ending 31 December 2023, 2024 and 2025, are RMB1,533.420 million, RMB1,266.920 million and RMB1,130.320 million, respectively. Details of the New Master Agreement on Purchase of Equipment are set out in the announcements of the Company dated 28 October 2022.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

4. *Master Agreement on Provision of Engineering Services*

On 30 September 2019, the Company entered into a master agreement on provision of engineering services (the "Master Agreement on Provision of Engineering Services") with the Parent, for a term of three years commencing from 1 January 2020, 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 engineering design, construction and supervisory and other services to the Parent.

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;

(c) if no guided prices are issued by the PRC government and there is no market price mentioned in (b) above, the price for equivalent project services 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 more favourable to the Parent Group than those provided by independent third parties to the Parent Group or provided by the Company to independent third parties;

(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 Provision of Engineering Services have been disclosed in the announcement issued by the Company on 30 September 2019. According to the Master Agreement on Provision of Engineering Services, the 2022 Annual Cap for provision of engineering services to the Parent is RMB1,692.05 million. The Group recorded revenue of RMB546.03 million from provision of engineering services to the Parent for the year ended 31 December 2022.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

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

Since the Master Agreement on Provision of Engineering Services expired on 31 December 2022, and Sinoma International will become a connected subsidiary of the Company upon the completion of the acquisition of Hefei Institute (please refer to Connected Transactions – Non-exempt Connected Transactions – Acquisition of Hefei Institute), it is expected that Sinoma International will provide a large number of engineering services to the Group (except for Sinoma International and its subsidiaries) in the next three years. The Company entered into the New Master Agreement on Mutual Provision of Engineering Services with the Parent on 28 October 2022, for a period of three years commencing from 1 January 2023, the terms (including the pricing principle) of which are substantially the same as the terms of the Master Agreement on Provision of Engineering Services (except for the annual caps). For the three years ending 31 December 2023, 2024 and 2025, (i) the annual caps for the provision of engineering services to the Parent are RMB1,167.338 million, RMB1,248.787 million and RMB1,345.562 million, respectively; and (ii) the annual caps for the purchase of engineering services from the Parent are RMB10,236.633 million, RMB11,347.807 million and RMB12,133.646 million, respectively. Details of New Master Agreement on Mutual Provision of Engineering Services are set out in the Company's announcement dated 28 October 2022, circular dated 25 November 2022 and announcement dated 19 December 2022.

5. Master Agreement on Housing Leasing

Taking into account the implementation of IFRS 16 Leasing Standards and the Stock Exchange's requirement for annual caps of related continuing connected transactions after the implementation of the new lease standards, in order to better regulate continuing connected transactions, on 30 September 2019, the Company entered into a master agreement on housing leasing (the "Master Agreement on Housing Leasing") with the Parent to provide housing leasing services to each other. The term of the agreement is three years starting from 1 January 2020. The rents of the housing tenanted or leased by the Group under the Master Agreement on Housing Leasing was determined according to the following priority principle:

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

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

(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.

(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 on terms no less favourable than those provided by independent third parties to the Group or provided by the Parent Group to independent third parties.

The details about the Master Agreement on Housing Leasing have been disclosed in the announcement issued by the Company on 30 September 2019. Pursuant to the Master Agreement on Housing Leasing, (i) the 2022 Annual Cap for leasing property from the Parent is RMB842.610 million; and (ii) the 2022 Annual Cap for leasing property to the Parent is RMB80.000 million. During the year ended 31 December 2022, the Group (i) paid rental of RMB32.08 million for leasing property from the Parent; and (ii) recorded a revenue of RMB79.78 million from leasing property to the Parent.

Since the Master Agreement on Housing Leasing expired on 31 December 2022, the Company entered into the New Master Agreement on Housing Leasing with the Parent on 28 October 2022, for a period of three years commencing from 1 January 2023, the terms (including the pricing principle) of which are substantially the same as the terms of the Master Agreement on Purchase of Mineral (except for the annual caps). For the three years ending 31 December 2023, 2024 and 2025, (i) the annual caps for leased housings from the Parent are RMB53.350 million, RMB57.350 million and RMB61.350 million, respectively; and (ii) the annual caps for leased housings to the Parent are RMB103.691 million, RMB118.577 million and RMB138.872 million, respectively. Details of the New Master Agreement on Housing Leasing are set out in the announcement of the Company dated 28 October 2022.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

6. *Financial Services Framework Agreement*

To further broaden the Company's financing channels and strengthening capital management, on 30 September 2019, the Company and China National Building Material Group Finance Co, Ltd ("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 2020, 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.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing Connected Transactions *(Continued)*

Transactions with the Parent Group *(Continued)*

6. *Financial Services Framework Agreement (Continued)*

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 2019 First Extraordinary General Meeting of the Company held on 9 December 2019. 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.

The details of the Financial Services Framework Agreement have been disclosed in the Company's announcement dated 30 September 2019, the circular dated 23 October 2019 and the announcement dated 9 December 2019. Pursuant to the Financial Services Framework Agreement, in 2022, (i) the maximum daily balances (including accrued interest) for deposit services are RMB18,800 million; and (ii) the annual caps on total fees for other financial services are RMB300 million. During the year ended 31 December 2022, the actual maximum daily balance of deposit of the Group is RMB13,706.14 million, and the actual expenses incurred are RMB174.7 thousand.

Since the Financial Services Framework Agreement expired on 31 December 2022, the Company entered into the New Financial Services Framework Agreement with the Finance Company on 28 October 2022, for a period of three years commencing from 1 January 2023, the terms of which are substantially the same as the terms of the Financial Services Framework Agreement (except for the annual caps). The annual caps for the transactions under the New Financial Services Framework Agreement for deposit services were considered and approved at the 2022 second Extraordinary General Meeting held on 19 December 2022. For the three years ending 31 December 2023, 2024 and 2025, under the New Financial Services Framework Agreement, (i) the maximum daily deposit balance (including accrued interests) is RMB18,800 million, RMB20,400 million and RMB22,000 million, respectively; and (ii) the annual cap of the total fees for other financial services is RMB100 million for each year. Details of the New Financial Services Framework Agreement are set out in the Company's announcement dated 28 October 2022, circular dated 25 November 2022 and announcement dated 19 December 2022.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing transactions subsequently became connected

Financial assistance provided by the Company to the Parent Group

The Company subscribed for equity interest in (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) ("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. As at 1 January 2022, the guarantee provided by the Company for China Triumph consisted of an aggregate amount of approximately RMB2.0 billion bonds owed by China Triumph, approximately RMB1.51 billion loans owed by China Triumph to certain financial institutions, and RMB862 million senior class ABS (an aggregate amount of RMB958 million of ABS) ("Outstanding Guarantees"). As of 31 December 2022, the guarantee provided by the Company for China Triumph consisted of an aggregate amount of approximately RMB2.0 billion bonds owed by China Triumph, and approximately RMB960 million loans owed by China Triumph to certain financial institutions.

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.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing transactions subsequently became connected *(Continued)*

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

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

1. *Corporate Bonds Guarantee Agreement*

Date:	23 April 2018
Parties:	The Company as guarantor; and China Triumph as the issuer of the corporate bonds (China Triumph International Engineering Company Limited. publicly issued 2018 One Belt One Road special corporate bonds (中國建材國際工程集團有限公司公開發行之2018年一帶一路專項公司債券))
Subject matter:	The Company fully assumed joint and several liability for the proper payment of the principal, interest, liquidated damages, damages, costs of realization of the debentures and other expenses payable by the issuer under the Bonds.
Underlying loans:	The corporate bonds were issued by China Triumph, with a total amount not exceeding RMB2 billion, including the first tranche of corporate bonds due in June 2023 (Bond Code: 143629. SH) issued in June 2018 with a total amount of RMB1 billion and interest rate of 4. 00% per annum, and the second tranche of corporate bonds due October 2023 (Bond Code: 143852.SH) issued in October 2018 with a total amount of RMB1 billion (remaining RMB999.85 million as of the latest practicable date) and interest rate of 3. 35% per annum, both of which are listed on the Shanghai Stock Exchange.

2. *CDB Guarantee Agreement*

Date:	15 October 2018
Parties:	The Company as guarantor; and CDB as lender
Subject matter:	The Company provided a joint and several liability guarantee for the CDB loans with CDB as the beneficiary. The guarantee period is two years from the expiry of the performance period of each loan.
Underlying loans:	The CDB loans were borrowed by China Triumph (as borrower) from CDB (as lender) with a principal amount of EUR85 million, an interest rate of 6–month EURIBOR plus 220BP, and a loan term of 5 years with a grace period of 2 years.

China Triumph has repaid the CDB loans in advance on 18 July 2022, and the guarantee agreement has been terminated.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing transactions subsequently became connected *(Continued)*

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

3. *Letter of Undertaking from Tebon*

Date:	19 June 2019
Parties:	The Company to Tebon Securities (as the Scheme Administrator and on behalf of the holders of the Asset Backed Special Scheme 1)
Subject matter:	The Company undertakes to Tebon Securities that the funds in the account under the Asset Backed Special Scheme Phase I are insufficient to cover all expected returns and principal amounts of the priority level under the Asset Backed Special Scheme Phase I and all outstanding and payable costs of the Asset Backed Special Scheme Phase I, if any, and the Company undertakes to assume responsibility for the payment of the shortfall.
Underlying loans:	The Asset Backed Special Scheme Phase I represents the transfer of receivables as the underlying assets from China Triumph (as the original equity owner) to Tebon Securities (as the manager), and the manager uses the recoveries from such underlying assets as the primary source of funding to pay principal and expected income to the holders of the Asset Backed Securities Phase I. The Asset Backed Securities Phase I consists of a priority level with a principal amount of RMB862 million bearing interest at 4. 20% per annum and a subordinated tier with a principal amount of RMB96 million bearing no interest, both of which have a maturity date of June 2022. China Triumph has repaid the aforementioned special scheme upon the expiry in June 2022, and the letter of undertaking has been terminated.

4. *Ex-Im Bank Guarantee Agreement I*

Date:	26 November 2020
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 I 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 I is borrowed by China Triumph (as borrower) from CDB (as lender) with a principal amount of RMB100 million and a floating interest rate at the applicable rate of Ex-In Bank plus 30 BPs which is 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)*

5. *Ex-Im Bank Guarantee Agreement II*

Date:	24 February 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 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 CDB (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.

6. *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 CDB (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)*

7. *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 IV 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 CDB (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.

8. *Ex-Im Bank Guarantee Agreement V*

Date: 29 June 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 V 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 V is borrowed by China Triumph (as borrower) from CDB (as lender) with a principal amount of RMB330 million and a floating interest rate of LPR plus 0. 35% determined quarterly for a term of 20 months.

China Triumph has repaid the loan principal of RMB150 million in August 2022. As of 31 December 2022, the loan balance was RMB180 million, and the Company's guarantee balance was RMB180 million.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing transactions subsequently became connected *(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.

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing transactions subsequently became connected *(Continued)*

Annual Review of Continuing Connected Transactions *(Continued)*

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.

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 2022 have followed the pricing principles of these continuing connected transactions.

CONNECTED TRANSACTIONS *(CONTINUED)*

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.

Capital Subscription in CNBM Chizhou

On 29 June 2022, South Cement (an indirect subsidiary of the Company), CNBM (Anhui) Non-metallic Mining Industry Co., Ltd.* (中建材安徽非金屬礦工業有限公司) (an indirect wholly-owned subsidiary of the Parent, "Anhui Non-metallic Mining"), Chizhou Transport Investment Group Co., Ltd.* (池州交通投資集團有限公司) ("Chizhou Transport"), Chizhou Jinqiao Investment Group Co., Ltd.* (池州金橋投資集團有限公司) ("Chizhou Jinqiao") and Chizhou Construction Investment Group Co., Ltd.* (池州建設投資集團有限公司) ("Chizhou Construction") entered into a capital subscription agreement, pursuant to which they agreed to each subscribe to the newly increased registered share capital of CNBM Chizhou (a connected subsidiary of the Company) in cash according to their respective shareholding on a pro rata basis. The registered share capital of CNBM Chizhou will increase from RMB1,000 million to RMB3,000 million. South Cement will make a subscription of RMB1,200 million in the newly increased registered share capital of CNBM Chizhou, and Anhui Non-metallic Mining, Chizhou Transport, Chizhou Jinqiao and Chizhou Construction will each make a subscription of RMB200 million, respectively ("Capital Subscription").

The Capital Subscription is based on the needs of project construction and aims to enhance the capital and operational capability of CNBM Chizhou, which is in line with the Company's business development and the interests of all shareholders of the Company.

For details of the capital subscription in CNBM Chizhou, please refer to the Company's announcement dated 29 June 2022. As of the date of this report, the transaction under the capital subscription in CNBM Chizhou has not been completed.

The Deemed Disposal of Equity interest in Sinoma Advanced

On 29 June 2022, Sinoma Advanced (a non-wholly owned subsidiary of the Company as at the date of the transaction, but ceased to be a subsidiary of the Company as at the date of this report) entered into a capital contribution agreement with the Company, China National Materials Group Corporation Ltd.* (中國中材集團有限公司) (a wholly-owned subsidiary of the parent company, "Sinoma Group"), Building Materials Academy, Beijing New Building Material Public Limited Company* (北新集團建材股份有限公司) (a controlling subsidiary of the Company, "BNBM") and Mr. Wang Defang ("Mr. Wang"), pursuant to which, Sinoma Group, Building Materials Academy, BNBM and Mr. Wang agreed to make a capital contribution totaling RMB979.2033 million to Sinoma Advanced on a basis of RMB4.69 per registered capital ("Capital Contribution"). Upon completion of the Capital Contribution, the registered capital of Sinoma Advanced will increase from RMB167.1495 million to RMB375.7862 million. The Company, Sinoma Group, Building Materials Academy, BNBM and Mr. Wang will hold approximately 44.33%, 26.56%, 28.35%, 0.41% and 0.35% equity interests in Sinoma Advanced, respectively.

CONNECTED TRANSACTIONS *(CONTINUED)*

Partially-exempt Connected Transactions *(Continued)*

The Deemed Disposal of Equity interest in Sinoma Advanced *(Continued)*

At the same time, Sinoma Group entered into an equity transfer agreement with Building Materials Academy, pursuant to which, Sinoma Group would transfer its 26.56% equity interests in Sinoma Advanced to Building Materials Academy at nil consideration, so that Building Materials Academy would become the controlling shareholder of Sinoma Advanced holding approximately 54.91% equity interests in Sinoma Advanced. Accordingly, Sinoma Advanced would cease to be a subsidiary of the Company and become an associated company of the Company.

The Building Materials Academy and Sinoma Advanced have good cooperation experience in scientific research, industrial synergy and talent training, and have an in-depth cooperation foundation, broad room for cooperation and synergy effect especially in the field of advanced ceramic new materials. Through the Capital Contribution, Sinoma Advanced will leverage on the Group's industrial platform and synergize with favourable resources of new materials within the Group to achieve its rapid development in the field of new materials. The Company, as the second largest shareholder of Sinoma Advanced after the completion of the Capital Contribution, could fully enjoy the dividends arising from the high growth of Sinoma Advanced's future business.

For details of the deemed disposal of equity interest in Sinoma Advanced, please refer to the Company's announcement dated 29 June 2022. As of the date of this report, the transaction under the deemed disposal of equity interest in Sinoma Advanced has been completed.

CONNECTED TRANSACTIONS *(CONTINUED)*

CAPITAL CONTRIBUTION TO CHINA NATIONAL BUILDING MATERIAL GROUP FINANCE CO., LTD.

On 12 August 2022, the Company and the Parent, being the shareholders of Finance Company, entered into a capital contribution agreement, pursuant to which, the Company and the Parent agreed to make a capital contribution totaling RMB1,300,000,000 to Finance Company in cash in accordance with their respective shareholding on pro rata basis. Among them, the Company and the Parent will make a capital contribution of RMB541,666,666.67 and RMB758,333,333.33, respectively. After the capital contribution, the registered capital of Finance Company will increase from RMB1,200,000,000 to RMB2,500,000,000. The Company and the Parent will make a capital contribution of RMB1,041,666,666.67 and RMB1,458,333,333.33, respectively.

It is expected that contributing capital into Finance Company will decrease its asset-to-liability ratio, as well as support the expansion of the business scale of Finance Company. While the members of the Group can obtain more financing services from Finance Company, which will in turn be beneficial to lowering the finance costs of the members of the Group, it can also promote the deep cooperation between the Company and Finance Company in capital business and obtain investment return.

For details of the capital contribution to Finance Company, please refer to the announcement of the Company dated 12 August 2022. As of the date of this report, the transaction regarding the capital contribution to the Finance Company has been completed.

CONNECTED TRANSACTIONS *(CONTINUED)*

CAPITAL CONTRIBUTION TO HEILONGJIANG PRIDE NEW MATERIAL TECHNOLOGY COMPANY LIMITED

On 15 August 2022, Heilongjiang Pride New Material Technology Company Limited ("Heilongjiang Pride") entered into a capital subscription agreement with CNBM Investment (a wholly-owned subsidiary of the Company), CNBM Joint Investment (a wholly-owned subsidiary of the Parent), Jixi State-Owned Asset Operation and Management Company Limited* (鷄西市國有資產經營管理有限公司) ("Jixi SOA") and Beijing Pride New Material Company Limited* (北京普萊德新材料有限公司), pursuant to which, CNBM Investment agreed to make a capital subscription in Heilongjiang Pride. The registered share capital of Heilongjiang Pride will increase from RMB500.00 million to RMB834.25 million and all of the newly increased registered share capital of RMB334.25 million will be subscribed by CNBM Investment at the subscription price of RMB1.765 for each RMB1 newly increased registered share capital, totalling RMB589.95125 million. Upon completion of the capital subscription, CNBM Investment will hold approximately 40.07% equity interests in Heilongjiang Pride, which will then become a non-wholly-owned subsidiary of the Company.

According to the capital subscription agreement, Jixi SOA will transfer its 10% equity interest in Heilongjiang Pride to CNBM Joint Investment prior to the capital subscription. Upon completion of the capital subscription, the equity interest held by CNBM Joint Investment in Heilongjiang Pride will be reduced to 5.99%.

Through the capital subscription, the Company will be able to quickly enter the field of natural graphite anode materials and build a strategically emerging and advantageous industry integrating mining, deep-processing and scientific research and development. The Company plans to integrate resources to create a unified graphite industry platform and deepen the coordinated development of emerging industries of new energy materials.

For details of the capital contribution to Heilongjiang Pride, please refer to the announcement of the Company dated 15 August 2022. As of the date of this report, the transaction regarding the capital contribution to Heilongjiang Pride has been completed.

CONNECTED TRANSACTIONS *(CONTINUED)*

ACQUISITION OF EQUITY INTERESTS HELD BY CNBM TRADING AND CNBM ELINK

On 21 November 2022, CNBM Investment, a wholly-owned subsidiary of the Company, entered into two individual equity transfer agreements with CNBM Trading (a wholly-owned subsidiary of the Parent), pursuant to which, CNBM Investment has agreed to acquire and CNBM Trading has agreed to dispose of (1) the 100% equity interests in China National Building Material International New Zealand Co., Ltd.* (中國建材國際新西蘭有限公司)("CNBM New Zealand"); and (2) the 100% equity interests in China National Building Material International Singapore Company* (中國建材國際新加坡公司)("CNBM Singapore"). The aggregated consideration in respect of the acquisition of the 100% equity interests in CNBM New Zealand shall be RMB36.6423 million, and the aggregated consideration in respect of the acquisition of the 100% equity interests in CNBM Singapore shall be RMB36.9077 million. Upon completion of the Acquisition, CNBM New Zealand and CNBM Singapore will become wholly-owned subsidiaries of CNBM Investment and 100% indirectly-owned subsidiaries of the Company.

On the same day, CNBM Investment entered into an equity transfer agreement with CNBM Elink Co., Ltd.* (中建材智慧物聯有限公司) ("CNBM ELink") (a wholly-owned subsidiary of CNBM Trading), pursuant to which, CNBM Investment has agreed to acquire, and CNBM ELink has agreed to dispose of, the 100% equity interests in CNBM Overseas Economic Cooperation Co., Ltd.* (中建材海外經濟合作有限公司) ("CNBM Overseas"). The aggregated consideration in respect of the acquisition of the 100% equity interests in CNBM Overseas shall be RMB309.3482 million. Upon completion of the Acquisition, CNBM Overseas will become a wholly-owned subsidiary of CNBM Investment and a 100% indirectly-owned subsidiary of the Company.

CNBM Investment has developed itself into a comprehensive service provider of building materials and home furnishings with complete categories and comprehensive competitiveness based on its own brand. Its businesses are mainly distributed in the South Pacific region and Southern Africa. By integrating CNBM Group's internal resources on the basis of its original advantages, CNBM Investment will further concentrate its relevant resource advantages to facilitate the achievement of high-quality development of its overseas warehouses business in a better and faster manner.

For details of the acquisition of equity interests held by CNBM Trading and CNBM ELink, please refer to the announcement of the Company dated 21 November 2022. As of the date of this report, the transaction regarding the acquisition of equity interests held by CNBM Trading and CNBM ELink has been completed.

CONNECTED TRANSACTIONS *(CONTINUED)*

ACQUISITION OF BNBM TANZANIA

On 21 November 2022, CNBM Investment, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with BNBM Group (a subsidiary of the Parent), pursuant to which, CNBM Investment has agreed to acquire and BNBM Group has agreed to dispose of the 73.79% equity interests in Beijing New Building Materials (Tanzania) Company Limited* (北新集團坦桑尼亞有限公司)("BNBM Tanzania"). The aggregated consideration in respect of the acquisition of the 73.79% equity interests in BNBM Tanzania shall be RMB79.2882 million, which will be paid in cash. Pursuant to the Equity Transfer Agreement, CNBM Investment shall pay for the borrowings owed by BNBM Tanzania to BNBM Group (including principal of RMB33.44 million and its interests) within 30 working days from the date of signing the Equity Transfer Agreement (and in any event not later than 30 December 2022). Upon completion of the Acquisition, BNBM Tanzania will become a subsidiary of CNBM Investment, and an indirectly-owned subsidiary of the Company.

CNBM Investment has developed itself into a comprehensive service provider of building materials and home furnishings with complete categories and comprehensive competitiveness based on its own brand. Its businesses are mainly distributed in the South Pacific region and Southern Africa. By integrating CNBM Group's internal resources on the basis of its original advantages, CNBM Investment will further concentrate its relevant resource advantages to facilitate the achievement of high-quality development of its overseas warehouses business in a better and faster manner.

For details of the acquisition of BNBM Tanzania, please refer to the announcement of the Company dated 21 November 2022. As of the date of this report, the transaction regarding the acquisition of BNBM Tanzania has been completed.

CONNECTED TRANSACTIONS *(CONTINUED)*

ACQUISITION OF CNBM SMART

On 25 November 2022, Sinoma International, an A-share listed subsidiary of the Company, entered into the Equity Transfer Agreement with China National Building Smart Internet of Things Company Limited* (中建材智慧物聯有限公司) ("Smart IOT") (a subsidiary of the Parent), in relation to a proposed acquisition of the 100% equity interests in CNBM Smart Industry Technology Co., Ltd* (中建材智慧工業科技有限公司)("CNBM Smart") by Sinoma International from Smart IOT. The aggregated consideration in respect of the acquisition of the 100% equity interests in CNBM Smart shall be RMB377 million, which will be paid in cash. Upon completion of the Acquisition, CNBM Smart will become a subsidiary of Sinoma International, and an indirectly-owned subsidiary of the Company.

The Acquisition will further strengthen the full industrial chain advantage of Sinoma International in the field of cement technology equipment and engineering services, further utilise Sinoma International's owner customers resources, and further improve its market layout in the field of operation and maintenance services. At the same time, Sinoma International's competitive advantages and territorial resource advantages in the field of domestic and foreign cement technology equipment and engineering services will provide strong driving force to the development of operation and maintenance services of CNBM Smart.

For details of the acquisition of CNBM Smart, please refer to the announcement of the Company dated 28 November 2022. As of the date of this report, the transaction regarding the acquisition of CNBM Smart has been completed.

RESTRUCTURING OF CEMENT ENGINEERING ASSETS

References are made to the Company's announcements dated 17 October 2020, 19 October 2020, 30 October 2020 and 9 February 2021 in relation to the restructuring of the cement engineering assets ("Restructuring of Cement Engineering Assets") involving three target companies, namely Beijing Triumph International Engineering Co., Ltd* (北京凱盛建材工程有限公司) ("Beijing Triumph"), Nanjing Triumph International Engineering Co., Ltd.* (南京凱盛國際工程有限公司) and Sinoma Mining Construction Co., Ltd.* (中材礦山建設有限公司). Pursuant to the profit undertaking and compensation agreement dated 9 February 2021 among Building Materials Academy (being a subsidiary of the Parent, and thus a connected person of the Company), China Triumph International Engineering Company Limited* (中國建材國際工程集團有限公司) ("China Triumph") (a subsidiary of the Company) and Sinoma International (a subsidiary of the Company), Building Materials Academy and China Triumph have undertaken with Sinoma International that the audited net profits (after deduction of extraordinary gain and loss) of Beijing Triumph (on a non-consolidated basis) shall not be lower than the guaranteed net profits. For the period from the completion of the Restructuring of Cement Engineering Assets to 31 December 2022, the actual performance of Beijing Triumph met the aforementioned profit guarantee.

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

On 26 August 2022, Sinoma International, an A-share listed subsidiary of the Company, entered into the Asset Purchase Agreement with Building Materials Academy (a wholly owned subsidiary of the Parent), in relation to a proposed acquisition of the 100% equity interests in Hefei Cement Research & Design Institute Corporation Ltd.* (合肥水泥研究設計院有限公司) ("Hefei Institute") by Sinoma International from Building Materials Academy (the "Acquisition"). The consideration for the Acquisition is RMB547.08 million in cash and 366,878,106 new shares (representing 16.19% of the total issued share capital of Sinoma International as at the date of this report) (subject to adjustments) to be issued by Sinoma International (the "Consideration Shares"). The issue and allotment of Consideration Shares by Sinoma International to Building Materials Academy pursuant to the Asset Purchase Agreement will result in a reduction of the Company's percentage of equity interests in Sinoma International, and therefore constitute a deemed disposal pursuant to Rule 14.29 of the Listing Rules and also a connected transaction of the Company (the "Deemed Disposal"). The consideration to be paid by cash and shares accounts for 15% and 85%, respectively, of the total consideration. A compensation agreement has also been entered into between Sinoma International and Building Materials Academy in relation to certain profit undertaking and compensation provided by Building Materials Academy to Sinoma International with respect to the compensation period, being the three consecutive accounting years commencing from the year in which completion of the Acquisition takes place (the "Compensation Period"). Upon completion of the Acquisition and the Deemed Disposal, Building Materials Academy will hold more than 10% of the shares in Sinoma International, and thus Sinoma International will remain a subsidiary of the Company and become a connected subsidiary of the Company.

The Acquisition will integrate high-quality resources, further improve the positioning of Sinoma International's equipment business and enhance its core competitiveness; make full use of the linkage mechanism between equipment business and engineering technology service business to give full play to the synergy effect; it is conducive to promoting and solving the horizontal competition between the Company and relevant entities in equipment business.

For details of the Acquisition, please refer to the announcement of the Company dated 26 August 2022, the circular dated 11 October 2022, the announcements dated 28 October 2022, 19 December 2022, 10 February 2023 and 1 March 2023. As of the date of this report, the Acquisition has been completed but the first accounting year (being year 2023) in respect of the Compensation Period has not been concluded, and therefore, there was not yet any applicable disclosure regarding whether above profit undertaking was met.

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 2022, 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.

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

Pursuant to the applicable rules issued by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China and the Ministry of Finance of the People's Republic of China on restrictions in respect of the number of years of audit services that an accounting firm can continuously provide to a central state-owned enterprise and its subsidiaries, Baker Tilly China Certified Public Accountants (Special General Partnership) and Baker Tilly Hong Kong Limited have retired as the domestic and international auditors of the Company with effect from the conclusion of the 2021 Annual General Meeting of the Company. The Company has received a confirmation letter from Baker Tilly HK Limited confirming that there are no circumstances in relation to the proposed change of auditors that should be brought to the attention of the Shareholders.

At the Board meeting held on 25 March 2022, the Board of Directors resolved to appoint Moore Stephens as the Company's International Auditor and Da Hua as the Company's Domestic Auditor, and the resolution was considered and approved at the 2021 Annual General Meeting held on 30 May 2022. The term will expire on the date of the 2022 Annual General Meeting. The financial statements prepared in accordance with IFRSs have been audited by Moore Stephens.

DONATIONS

Donations for charitable or other purposes made by the Group during the Reporting Period amounted to RMB97,237,510.75.

ISSUE OF DEBENTURES

During the Reporting Period, the Company issued the following debentures in an aggregate principal amount of RMB13.5 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 five tranches of renewable corporate bonds for cash in an aggregate principal amount of RMB7.5 billion, par value of RMB100. During the Reporting Period, the Company completed issuance of one tranche of super short-term commercial paper for cash in an aggregate principal amount of RMB2.0 billion, par value of RMB100. During the Reporting Period, the Company completed issuance of two tranches of the medium-term commercial paper for cash in an aggregate principal amount of RMB4.0 billion, par value of RMB100.

By order of the Board
Zhou Yuxian
Chairman of the Board

Beijing, the PRC
24 March 2023

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 announcement 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 and the 2022 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 litigation of 41 plaintiffs has been concluded, and the litigation of the remaining 49 plaintiffs will be ongoing.

In addition to the multi-district consolidated litigation cases involved in the above settlements, there has also been litigation brought by builders and suppliers. Among them, The Mitchell Co., Inc against Knauf Gips KG has been settled and the settlement payment has been made, and other cases are still ongoing. The Company will continue to monitor the progress of the gypsum board litigation in the US and will make further disclosure if and when necessary or appropriate.

II. MATERIAL TRANSACTIONS

The Deemed Disposal of Equity Interest in Tianshan Cement

From 11 to 13 January 2022, Tianshan Cement (an A-share listed subsidiary of the Company) entered into a subscription agreement with each of the independent subscribers, in connection with Tianshan Cement's proposed issue and allotment of new shares of Tianshan Cement to such independent subscribers in consideration for cash (the "Subscriptions"). The issue and allotment of such subscription shares by Tianshan Cement to the said independent subscribers would result in a reduction of the Company's percentage of equity interests in Tianshan Cement for approximately 3.19% (after rounding adjustments), and therefore constituted a deemed disposal of the Company pursuant to Rule 14.29 of the Listing Rules.

The Subscriptions will facilitate the provision of funding to Tianshan Cement which is intended to be used for replenishment of general working capital, repayment of debts and settlement of fees incurred for the previous restructuring of cement assets.

For details of the deemed disposal of equity interest in Tianshan Cement, which constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, please refer to the Company's announcement dated 9 February 2022. As of the date of this report, the transaction under the deemed disposal of equity interest in Tianshan Cement has been completed.

II. MATERIAL TRANSACTIONS (CONTINUED)

Successful Bidding for the Mining Rights

On 27 April 2022, CNBM Chizhou New Materials Co., Ltd.* (池州中建材新材料有限公司) ("CNBM Chizhou"), a non-wholly owned subsidiary of the Company, won the bid for the mining rights of the Hengshan mine and peripheral cement limestone mine in Guichi District, Chizhou, Anhui Province for a term of 21 years from the date of obtaining the mining license (the "Mining Rights") from the Chizhou Natural Resources and Planning Bureau through public listing-for-sale for an assignment price of RMB2,484.0000 million (equivalent to approximately HK$2,971.1852 million). In addition, CNBM Chizhou is obliged to undertake to perform certain obligations and bear the relevant fees. Accordingly, the total expenses in respect of the successful bidding of the Mining Rights and subsequent construction of production lines will be approximately RMB9.151 billion (equivalent to approximately HK$10.946 billion). On 29 June 2022, Tianshan Cement (indirectly holds 60% of the equity interests in CNBM Chizhou) passed a board resolution to approve that the estimated amount of funds required in respect of the successful bidding of the Mining Rights and the subsequent construction of production lines would be adjusted from approximately RMB9.151 billion (equivalent to approximately HK$10.946 billion) to approximately RMB10.613 billion (equivalent to approximately HK$12.421 billion).

This project aligns with the industrial policy requirements for the development of the national sand and gravel aggregate industry, and the Company's development strategy needs and aggregate development plan. It is conducive to occupying the core market in the Yangtze River Delta region covering Suzhou, Wuxi, Changzhou, Nanjing, etc. This project utilises the advantages of regional location, resources and cost to enhance CNBM Chizhou's comprehensive product competitiveness in the market, thereby enhancing the profitability and anti-risk capability of the enterprise.

For details of the successful bidding for the mining rights, which constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, please refer to the Company's announcements dated 27 April 2022 and 29 June 2022. As of the date of this report, the transaction under the successful bidding for the mining rights has been completed.

II. MATERIAL TRANSACTIONS *(CONTINUED)*

Deemed Disposal of Equity Interest in Sinoma Lithium Battery Separator

On 25 November 2022, Sinoma Lithium Battery Separator Co., Ltd. ("Sinoma Lithium Battery Separator") (a non-wholly owned subsidiary of the Company) entered into a capital contribution agreement with its original shareholders including Sinoma Science & Technology Co., Ltd. ("Sinoma Science & Technology") and Nanjing Fiberglass Research & Design Institute Co., Ltd., the non-wholly owned subsidiaries of the Company, Sinopec Capital Co., Ltd. ("Sinopec Capital"), CNBM (Anhui) New Materials Industry Investment Fund Partnership (Limited Partnership) ("CNBM New Materials Fund") and Xinyuan Lithium (Hangzhou) Enterprise Management Partnership (Limited Partnership) ("Xinyuan Lithium"). Pursuant to the capital contribution agreement, Sinopec Capital, CNBM New Materials Fund and Xinyuan Lithium agreed to make the capital contribution with a total amount of RMB5 billion to Sinoma Lithium Battery Separator at the price of RMB3.4013 per share, and Sinoma Science & Technology agreed to make the capital contribution with a total amount of RMB1.5 billion to Sinoma Lithium Battery Separator at the same price. The capital contribution will result in a reduction in the percentage of equity interests indirectly held by the Company in Sinoma Lithium Battery Separator from approximately 74.16% to approximately 50.79%, and therefore constitutes a deemed disposal pursuant to Rule 14.29 of the Listing Rules.

The capital contribution will help fulfill the capital requirements of construction projects of Sinoma Lithium Battery Separator, and provide capital protection for the sustainable development of the lithium separator industry. In addition, the Capital Contribution will significantly improve the indicators of debt to asset ratio of Sinoma Lithium Battery Separator, which will be beneficial for Sinoma Lithium Battery Separator to obtain bank credit, thus further improving its financing capacity, so as to meet the capital requirements for new line investment and daily operation.

For details of the deemed disposal of equity interest in Sinoma Lithium Battery Separator, which constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, please refer to the Company's announcement dated 25 November 2022. As of the date of this report, the transaction under the deemed disposal of equity interest in Sinoma Lithium Battery Separator has been completed.

II. MATERIAL TRANSACTIONS *(CONTINUED)*

Qilianshan Assets Restructuring

On 11 May 2022, Gansu Qilianshan Cement Group Holdings Company Limited* (甘肅祁連山水泥集團股份有限公司) ("Qilianshan") entered into the Indicative Assets Restructuring Agreement with China Communications Construction Company Limited* (中國交通建設股份有限公司) ("CCCC") and China Urban-Rural Holding Group Co. Limited* (中國城鄉控股集團有限公司) ("China Urban-Rural"), in connection with Qilianshan's proposed acquisition of 100% equity interests in CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司), CCCC First Highway Consultants Co., Ltd.* (中交第一公路勘察設計研究院有限公司), CCCC Second Highway Consultants Co., Ltd.*(中交第二公路勘察設計研究院有限公司), Southwest Municipal Engineering Design and Research Institute of China* (中國市政工程西南設計研究總院有限公司), China Northeast Municipal Engineering Design & Research Institute Co., Ltd.* (中國市政工程東北設計研究總院有限公司) and CCCC Urban Energy Research and Design Institute Co., Ltd.* (中交城市能源研究設計院有限公司) (the "Swapped-in Target Assets") held by CCCC and China Urban-Rural, by swapping 100% equity interests in Qilianshan Cement (as defined below) (the "Swapped-out Target Assets") and by Qilianshan issuing shares ("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 ("Qilianshan Assets Restructuring"). On 28 December 2022, Qilianshan entered into the Supplemental Assets Restructuring Agreement with CCCC and China Urban-Rural, to agree on matters such as the consideration for the Qilianshan Assets Restructuring, and the profit undertaking and compensation agreement ("Qilianshan Compensation Agreement") whereby CCCC and China Urban-Rural agreed to give the profit compensation undertakings and impairment compensation undertakings in relation to the performance undertaking assets assessed or valued using the future income expectations method. On the same date, Tianshan Cement entered into the Entrustment Agreement with CCCC, China Urban-Rural and Qilianshan Cement, in connection with the entrustment of Qilianshan Cement and the enterprises consolidated in its consolidated accounts to Tianshan Cement for operation and management by Tianshan Cement after CCCC and China Urban-Rural's acquisition of the Swapped-out Target Assets, and Qilianshan Cement will pay the entrustment fee as consideration.

The Swapped-out Target Assets are 100% equity interests in Gansu Qilianshan Cement Group Company Limited ("Qilianshan Cement", a new subsidiary wholly-owned by Qilianshan and the consolidating entity holding Qilianshan's assets for its cement business) held by Qilianshan. The price is RMB10,430.4298 million. The Swapped-in Target Assets are 100% equity interests in 6 wholly owned subsidiaries of CCCC and China Urban-Rural. The price is RMB23,503.1329 million. As the difference in the amount of the consideration between the Swapped-in Target Assets and the Swapped-out Target Assets is RMB13,072.7031 million, Qilianshan agrees to issue the Consideration Shares to make up for the deficiency amount. The parties agree that the issue price for the Consideration Shares shall be RMB10.17 per share, and the total issue amount shall be 1,285,418,199 shares (subject to approval by the Shanghai Stock Exchange and registration with the CSRC).

II. MATERIAL TRANSACTIONS *(CONTINUED)*

Qilianshan Assets Restructuring *(Continued)*

After the completion of the Qilianshan Assets Restructuring, Qilianshan and Qilianshan Cement will cease to be subsidiaries of the Company, the transaction constitutes a disposal under the Listing Rules (the "Disposal"). After the completion of the Qilianshan Assets Restructuring, Qilianshan will become a subsidiary of CCCC and the Company will hold 10.06% of shares in Qilianshan. CCCC will hold 85% equity interests in Qilianshan Cement. China Urban-Rural will hold 15% equity interests in Qilianshan Cememt. The transactions constitute in substance an acquisition of 10.06% of the indirect equity interests in the Swapped-in Target Assets and a maximum of 26.73% of the indirect equity interests in the Swapped-in Target Assets (taking into account of the maximum compensation possibility under the Qilianshan Compensation Agreement). As the highest of the applicable percentage ratios of the Disposal and the acquisition of the indirect equity interests in the Swapped-in Target Assets is more than 5% but less than 25%, the Qilianshan Assets Restructuring constitutes a disclosable transaction of the Company pursuant to the Listing Rules and the approval from the Stock Exchange for the Company's application pursuant to Rule 14.20 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements.

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

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

For details of the Qilianshan restructuring transaction, please refer to the Company's announcements dated 25 April 2022, 11 May 2022, 28 December 2022, 30 December 2022 and 28 February 2023. As of the date of this report, the Qilianshan Assets Restructuring has not been completed and, therefore, the Compensation Period in relation to the profit undertaking and impairment compensation undertakings under the Qilianshan Compensation Agreement has not commenced.

Acquisition of Hefei Institute

Please refer to the section headed "Acquisition of Hefei Institute" under the title "Non-exempt Connected Transactions" on page 104 of this annual report for details of the transaction relating to the acquisition of Hefei Institute.

Report of the Supervisory Committee

Dear shareholders,

During the Reporting Period, the fifth session of the Supervisory Committee of the Company (the "Supervisory Committee") in accordance with relevant requirements under the Company Law and the Articles of Association of the Company, solely 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 played a positive role in corporate governance, risk management and lawful operation. The specific situation is reported as follows:

During the Reporting Period, the Supervisory Committee held a total of four meetings; the convening process and voting procedures of the meeting were in compliance with relevant laws and regulations and all Supervisors attended on-site meetings. The meeting has reviewed eight resolutions, including the Supervisory Committee Working Report of the Company for 2021, the auditor's report and audited financial statements of the Company for 2021, the profit distribution plan and the final dividend distribution plan for 2021, the 2022 interim report and interim results announcement, the 2022 review report for interim financial information and the 2022 half-yearly report, the distribution of interim dividends for 2022, the election of the Independent Supervisors and Supervisors of the fifth session of the Supervisory Committee of the Company and the decision on the fees of new Supervisors.

Lawful operation of the Company. During the Reporting Period, the Supervisory Committee attended 12 Board's meetings and five Shareholders' meetings in total, and supervised the procedures and contents of the meetings and the Board's implementation of resolutions of Shareholders' meeting. 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 have conscientiously 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, administrative regulations or the Articles of Association when performing their duties, 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 information, including financial reports, operating reports and the profit distribution plan, 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 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 a proper control of financial risk management. Having diligently reviewed relevant information including the 2022 financial report with the unqualified opinion issued by the independent auditors as of the date of the report, the Supervisor Committee is in the position 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 conducted strict supervision and inspection on connected transactions, disclosable transactions and other matters of the Company. The Supervisory Committee is of the view that the Company has formulated a relatively comprehensive information disclosure management system, and can timely and properly perform its information disclosure duties in accordance with relevant laws, regulations and regulatory provisions, and the disclosed contents are truthful, accurate, complete and effective, without false statements, misleading representations or material omission.

In 2022, in the face of the complex and severe business situation, the Board of Directors actively played the function of strategy setting, decision making and risk prevention. The management of the Company, together with all the staff, overcame difficulties with tenacity and strived for progress under pressure to make the achievement, including operating results in line with expectations, professional improvement of internal management, continuous promotion of business integration and continuous breakthrough in innovation and transformation. The Supervisory Board 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 development of the Company and fully develop the advantages of supervision, as well as concretely safeguard and guarantee the legitimate interests of all Shareholders, the Company and its staff, in compliance with relevant laws, administrative regulations and the Articles of Association of the Company.

Zhan Yanjing
Chairman of the Supervisory Committee

Beijing, the PRC
24 March 2023

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 abundant experience in materials engineering, corporate reorganization and restructuring, international operation, equity investment, and fund management, etc. Mr. Zhou has been the chairman of the Board and an executive Director of the Company since November 2021 and has been a member of the investment committee of CNBM (Anhui) New Materials Industry Investment Fund Partnership (Limited Partnership) (中建材（安徽）新材料產業投資基金合夥企業（有限合夥）) and the chairman and a director of CNBM (Anhui) New Materials Fund Management Company Limited(中建材（安徽）新材料基金管理有限公司) since October 2021, and the chairman of the board of the Parent since November 2019. He served as a vice chairman of the board of China Reform Holdings from June 2014 to November 2019, an executive director and the general manager of CNIC Corporation Limited*(國新國際投資有限公司) from January 2011 to November 2019, a deputy general manager of China Reform Holdings from December 2010 to June 2014, an executive director and the president of Sinoma from March 2009 to December 2010, a deputy general manager of Sinoma Parent from July 2007 to May 2009, a non-executive director of Sinoma from July 2007 to March 2009, a deputy general manager of China National Materials Science and Industry Group Corporation* (中國材料科工集團公司) from August 2006 to July 2007, a deputy general manager of China Non-Metal Mining Industry (Group) Corporation* (中國非金屬礦工業（集團）總公司) from September 2000 to August 2006, the dean of the China Non-Metal Research Institute of Synthetic Crystals* (中非公司人工晶體研究院) from April 2000 to September 2000. He successively served as an assistant to the head, a deputy head and the head of the Synthetic Crystals Research Institute* (國家建材局人工晶體所) from February 1992 to April 2000, the group leader, line leader, deputy director and director of the fifth room of the Synthetic Crystals Research Institute from August 1983 to February 1992. Mr. Zhou obtained his master's degree of engineering from the School of Materials Science and Engineering at Wuhan University of Technology* (武漢理工大學材料科學與工程學院) in December 2003. Mr. Zhou is a professor-level senior engineer and a specialist entitled to the special government allowance approved by the State Council of the PRC. Mr. Zhou is currently a vice president of the China Chamber of International Commerce* (中國國際商會), a joint executive vice president of the China Building Materials Federation* (中國建築材料聯合會), and a director, standing director and vice president of the China Association of Construction Enterprise Management* (中國施工企業管理協會), and a visiting practicing professor at the School of Economics and Management of Tsinghua University* (清華大學經濟管理學院).

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

DIRECTORS *(CONTINUED)*

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 executive Director of the Company since December 2022, a Supervisor representing Shareholders of the Company from November 2021 to November 2022, a deputy general manager of the Parent since March 2021, the general manager of the strategic development department of the Parent from February 2020 to November 2021, an assistant to the general manager of the Parent from April 2019 to March 2021, the general manager of the investment and development department of the Parent from June 2016 to February 2020, a deputy general manager of the investment and development department of the Parent from March 2010 to June 2016 and an assistant to the general manager of the investment development department of the Parent from July 2006 to March 2010. 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 currently concurrently serves as the President of China Building Materials Engineering Construction Association. Mr. Wei was honored with the First Prize of National Enterprise Management Modernization in 2018* (2018年全國企業管理現代化一等獎), the First Prize of National Building Material Enterprise Management Modernization Innovation Achievement in 2019* (2019年全國建材企業管理現代化創新成果一等獎) and other awards.

Mr. Liu Yan, born in November 1965, is an executive director of the Company. Mr. Liu possesses extensive experience in corporate management. Mr. Liu has been an executive director of the Company since December 2022, a director of Tianshan Cement and a director of Qilianshan since November 2022, the vice chairman of Tianshan Cement from November 2022 to March 2023, the deputy secretary of the Party Committee of the Company since September 2022, a director of China Jushi since September 2022, the chairman of the board of Sinoma International since July 2020, the vice president of the Company from May 2018 to September 2022. Mr. Liu was the vice president of China National Material Co., Ltd. (中國中材股份有限公司) from March 2010 to May 2018 and the chairman of the board of Sinoma Advanced Materials Co., Ltd. (中材高新材料股份有限公司) from January 2010 to December 2020. He was the president of Sinoma Science & Technology from May 2003 to October 2009, a vice president of Sinoma Science & Technology from December 2001 to May 2003, an associate dean of Nanjing Fiberglass R&D Institute Co., Ltd* (南京玻璃纖維研究設計院) from November 1999 to December 2001, and successively held positions of an assistant to the general manager, vice general manager and general manager of the Second Engineering Institute of Nanjing Fiberglass R&D Institute Co. Ltd* (南京玻璃纖維研究設計院第二研究設計所) from August 1985 to June 1999. Meanwhile, he served as the deputy general manager of Nanjing Sunway Industrial Co., Ltd. (南京雙威實業公司). Mr. Liu received a master's degree in inorganic non-metallic materials engineering from Nanjing University of Technology* (南京工業大學) in December 2006. He is a senior engineer and expert who enjoys a special government allowance approved by the State Council. Mr. Liu was awarded the Outstanding Entrepreneur of the Building National Materials Industry* (全國建材行業優秀企業家).

DIRECTORS *(CONTINUED)*

Mr. Xiao Jiaxiang, born in September 1963, is an executive Director of the Company. Mr. Xiao has extensive experience in business management, regional economics and social development, especially in group strategic management and international capital market financing. He has been the vice chairman of Tianshan Cement since March 2023, an executive Director of the Company since November 2021, the president of the Tianshan Cement from December 2021 to March 2023, the chairman of South Cement from October 2021 to January 2023 (the sole executive director since August 2022), a director of Tianshan Cement since September 2020, the chairman of North Cement since June 2017, and the president of South Cement from June 2009 to January 2023, a director of South Cement from February 2009 to January 2023. He served as a vice president of the Company from February 2009 to March 2022, the president of Tianrui Corporation Ltd.* (天瑞集團有限公司) from February 2006 to December 2008, and concurrently the chairman and general manager of Tianrui Cement. From November 2001 to January 2006, he successively held the positions of a deputy party secretary of the Daye Municipal Party Committee, mayor and secretary of the Municipal Party Committee, and director of the Standing Committee of the Municipal People's Congress of Daye City. From July 1991 to November 2001, he successively held various positions in Huaxin Cement (Group) Co., Ltd.* (華新水泥(集團)股份公司), including the positions of a director and the vice general manager. He successively served as an engineer and the head of the workshop of Shuicheng Cement Plant* (水城水泥廠) from July 1982 to July 1991. Mr. Xiao received a doctor's degree from Huazhong University of Science and Technology* (華中科技大學) in July 2004. He is a professor-grade senior engineer and is an expert who enjoys a special government allowance from the State Council of the People's Republic of China. At present, Mr. Xiao concurrently acts as a vice chairman of China Cement Association* (中國水泥協會). He was granted the honours of a National Outstanding Entrepreneur* (全國優秀企業家), a National Outstanding Scientific Worker* (全國優秀科技工作者), and 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. Wang Bing, born in February 1972, is a vice president and an executive Director of the Company. Mr. Wang has accumulated extensive business management experience in the building materials industry. He has been 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. He served as the chairman of BNBM from August 2009 to April 2022. From February 2004 to August 2009, he served as the general manager of BNBM. Mr. Wang served as an assistant to the general manager and the deputy general manager of China Chemical Building Material Company Limited* (中國化學建材股份有限公司) (currently known as China Jushi) from October 2002 to February 2004, the general manager of Chengdu Southwest Beijing New Building Material Company Limited* (成都西南北新建材有限公司) from July 1998 to October 2002, and the regional manager of the marketing department of Beijing New Building Material (Group) Co., Ltd. from July 1994 to July 1998. 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. At present, Mr. Wang concurrently acts as a vice chairman of China Real Estate Association* (中國房地產業協會), the vice chairman of China Real Estate Chamber of Commerce, and the vice chairman of China Building Materials Federation. 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, 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).

DIRECTORS *(CONTINUED)*

Mr. Li Xinhua, born in July 1964, is a non-executive Director of the Company. Mr. Li has extensive experience in the non-metal materials industry. Mr. Li has been a non-executive Director of the Company since November 2021, the general manager of the Parent since October 2021, the chairman of the board of China National Building Material (Shanghai) Aviation Composites Co., Ltd.* (中建材(上海)航空複材有限公司) since February 2021, the chairman of Supervisory Committee of the Company from June 2018 to November 2021, a director of the Parent since August 2016, a director of CNBM Group Finance Co., Ltd* (中國建材集團財務有限公司) (formerly known as Sinoma Group Finance Co., Ltd* (中材集團財務有限公司)) since April 2013. Mr. Li served as the vice chairman of the board of directors of Sinoma from February 2013 to May 2018, the general manager of Sinoma Parent from February 2013 to August 2016, the president of Sinoma from January 2011 to October 2014, and the president of Sinoma Science & Technology from October 2009 to August 2010. He has been serving as a director of Sinoma Science & Technology from May 2003 to January 2022, and as the chairman of the board of directors of Sinoma Science & Technology from May 2003 to May 2013. He served as a director of Sinoma Parent, Ningxia Building Materials, Qilianshan, Sinoma International, and BBMG Group. Mr. Li obtained his doctoral degree in material science from Wuhan University of Technology* (武漢理工大學) in 2010. He is a professorate senior engineer, and an expert who is entitled to a special government allowance approved by the State Council of the People's Republic of China. Mr. Li currently serves as the special vice president of China Building Materials Federation* (中國建築材料聯合會), and the vice chairman of Chinese Ceramic Society* (中國硅酸鹽學會), chairman of China Composites Industry Association* (中國複合材料工業協會), etc. Mr. Li was awarded as a National Young and Middle-Aged Expert with Important Contribution* (國家有突出貢獻的中青年專家).

Mr. Chang Zhangli, born in December 1970, is a non-executive Director of the Company. Mr. Chang has extensive business and management experience in the building materials industry, and has participated in the major matters relating to the IPO of the Company on Stock Exchange, issuance of new shares, capital operation, business restructuring and corporate governance of the Company. Mr. Chang has served as a non-executive Director of the Company, employee director of the Parent, chairman of the labor union since December 2022, and deputy party secretary of the Parent since July 2022. He has served as the director of Sinoma Science & Technology since January 2022, the chairman of Tianshan Cement since December 2021, the chairman of the board of China Jushi since October 2021, has been a member of the investment committee of CNBM (Anhui) New Materials Industry Investment Fund Partnership (Limited Partnership) (中建材(安徽)新材料產業投資基金合夥企業(有限合夥)) and a director of CNBM (Anhui) New Materials Fund Management Company Limited(中建材(安徽)新材料基金管理有限公司) since October 2021, the president and an executive Director of the Company from August 2021 to November 2022, the deputy general manager of the Parent from June 2018 to July 2022, a non-executive Director of the Company from June 2018 to August 2021, a director of Jushi Group Co., Ltd. since May 2016, and the chairman of the board of Southwest Cement from April 2016 to January 2022. He has been a director of Southwest Cement from December 2011 to January 2022. He acted as the vice chairman of the board of Southwest Cement from December 2011 to March 2016. He was an executive Director of the Company from November 2011 to June 2018, a director of BNBM from July 2008 to April 2019, a vice president of the Company from August 2006 to June 2018, a director of China Jushi* (中國巨石) since July 2005 and the secretary to the Board of the Company from March 2005 to June 2018. From June 2000 to March 2005, Mr. Chang successively served as the secretary to the board and the deputy general manager of BNBM. Mr. Chang is a senior engineer who received an MBA degree from Tsinghua University* (清華大學) in July 2005. Mr. Chang 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).

DIRECTORS *(CONTINUED)*

Mr. Wang Yumeng, born in September 1967, is a non-executive Director of the Company. Mr. Wang has extensive experience in corporate management. Mr. Wang has been serving as a non-executive Director of the Company since November 2021, the chairman of the board and a director of BNBMG from September 2021 to November 2022, a Supervisor of the Company from May 2020 to November 2021, a director of Triumph Science & Technology Group Co., Ltd.* (凱盛科技集團有限公司) from September 2019 to May 2022, and a deputy general manager of the Parent since August 2019. He served as the department head of the organization and personnel department of the party committee (also known as the general manager of the human resources department) of the Parent from August 2019 to February 2020. Mr. Wang also served as an employee director, chairman of the labour union, and the department head of the organization and personnel department of the party committee (also known as the general manager of the human resources department) of the Parent from September 2018 to August 2019, an employee director, chairman of the labour union, and the general manager of the human resources department of the Parent from September 2016 to September 2018, an employee director, chairman of the labour union, and the general manager of the human resources department of the Parent from June 2013 to September 2016, the general manager of the human resources department of the Parent from March 2010 to June 2013, the office director of the Parent from February 2007 to March 2010, a deputy general manager of the human resources department of the Parent from September 2005 to February 2007, and a deputy director of the office of the Parent from April 2005 to September 2005. He also successively worked at the Ministry of Materials* (國家物資部), the Ministry of Domestic Trade* (國內貿易部), the State Council Compliance Inspectors' General Office* (國務院稽查特派員總署), the Supervisory Board of State-owned Enterprises* (國有企業監事會) and several central enterprises. He 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, successively 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, a non-executive director of Sinoma from July 2016 to May 2018, and a director of Wengfu (Group) Co., Ltd.* (甕福(集團)有限責任公司) since December 2013. He served as an assistant to the general manager of the equity business department of Cinda from September 2013 to October 2016, successively as a deputy manager of the investment banking department and a deputy manager, manager, senior deputy manager and senior manager of the equity management department of Cinda from May 1999 to September 2013, a project manager of the trust investment banking department in Cinda from May 1998 to May 1999, a manager of the business department of Hyde International Investment Ltd.* (海德國際投資有限公司) from May 1994 to April 1998, and he worked in Capital Steel Beijing Lingyun Building Materials & Chemical Co., Ltd.* (首鋼北京凌雲建材化工有限公司) from July 1990 to April 1994. 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.

DIRECTORS *(CONTINUED)*

Ms. Fan Xiaoyan, born in October 1965, is a non-executive Director of the Company. Ms. Fan has extensive experience in accounting. She has been a non-executive Director of the Company since June 2018, a director and general manager of Tai'an Taishan Finance Investment Group Co., Ltd.,* (泰安市泰山財金投資集團有限公司) since July 2017. She served as deputy director of the investment and finance management office of Tai'an Bureau of Finance of Tai'an Municipal Government* (泰安市財政局泰安市政府投融資管理辦公室) from March 2006 to July 2017, successively as the deputy head and head of Tai'an Bureau of Finance* (泰安市財政局) from October 1994 to March 2006, and as a staff member of Tai'an Bureau of Finance from July 1984 to October 1994. Ms. Fan graduated with a postgraduate degree from the Party School of Shandong Provincial Party Committee* (山東省委黨校) in June 2008, majoring in economic management. She was selected into the Ministry of Finance's debt management talent pool in December 2020 and is a senior accountant.

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 and overseas listing of Chinese companies. Mr. Sun has been serving as an independent non-executive Director of the Company since October 2014. He served as the 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) since August 2022, responsible for the investment and business development of the Jardine Group in mainland China, Taiwan and Macau. He has served as a non-executive director of Zhongsheng Group Holdings Limited(中升集團控股有限公司) since August 2022, the chief executive officer of C.M. Capital Advisors (HK) Limited from June 2020 to July 2021. He has been serving as the chairman of Synergy Capital Advisor from October 2018 to December 2021. He served as a non-executive director of Phoenix Media Investment (Holdings) Limited* (鳳凰衛視投資(控股)有限公司) from November 2013 to September 2019, a non-executive director of Xinyuan (China) Real Estate Co., Ltd.* (鑫苑(中國)置業有限公司) from September 2013 to May 2018, a global partner and managing director of TPG Capital from August 2011 to October 2018, a non-executive director of China Yurun Food Group Limited* (中國雨潤食品集團) from November 2007 to January 2010, a managing director of the direct investment department of Goldman Sachs from June 2006 to May 2011, a vice president of Morgan's Stanley's Hong Kong Investment Banking Department from July 2004 to May 2006, a manager in General Electric Company from September 2002 to May 2004, and an associate in Citigroup from September 1997 to February 2000. Mr. Sun received an MBA degree from the University of Michigan in May 1997.

DIRECTORS *(CONTINUED)*

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 an independent non-executive Director of the Company since May 2016. He served as an independent Supervisor of the Company from October 2014 to May 2016. He has been a Distinguished Professor of the "Cheung Kong Scholars Program" of the Ministry of Education since May 2018, and a distinguished professor of Liaoning University* (遼寧大學) since May 2018. He has been a professor and doctoral tutor of the Law School of Peking University* (北京大學法學院) since July 1999. Mr.Liu served as an associate dean in the Law School of Wuhan University* (武漢大學法學院) from January 1997 to October 1997, a professor and a doctoral tutor of the Law School of Wuhan University from May 1995 to December 1999 and a lecturer and an associate professor of the Law School of Wuhan University from July 1986 to April 1995. Mr. Liu obtained a doctorate degree in law from Wuhan University in June 1997 and completed his postdoctoral program in law from Peking University* (北京大學) in June 1999. Mr. Liu is currently 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 Changzhou Tronly New Electronic Materials Co., Ltd.* (常州強力電子新材料股份有限公司). Mr. Liu is also serving as the chairman of China Association for Fiscal and Tax Law* (中國財稅法學研究會), an expert advisory committee member of the Supreme People's Procuratorate, a legal consultant of the Ministry of Finance of the People's Republic of China and a legal consultant of Qingdao Municipal People's Government. Mr. Liu received various awards, including 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. He served as a deputy inspector of the Enterprise Reform Bureau of the State-owned Assets Supervision and Administration Commission of the State Council* (國務院國資委企業改革局) from July 2003 to December 2009, the director of State-owned Assets Administration Research Department of Research Institute for Fiscal Science of Ministry of Finance* (財政部財政科學研究所國有資產管理研究室) from September 2001 to July 2003, a deputy director of Difficulty Relief Working Office for Stated-owned Enterprises of the State Economic and Trade Commission* (國家經貿委國有企業脱困辦公室) from December 1997 to September 2001, a deputy director of the Stated-owned Assets Administration Research Institute* (國有資產管理研究所) from July 1995 to December 1997, a deputy director and the division director of the State-owned Assets Administration Bureau* (國家國有資產管理局) from December 1991 to July 1995 and a deputy director of China National Heavy Duty Truck Group Co., Ltd* (中國重型汽車集團公司) from August 1986 to December 1991. 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. Zhou is currently serving as an independent supervisor of Sinotrans Limited* (中國外運股份有限公司).

DIRECTORS *(CONTINUED)*

Mr. Li Jun, born in October 1962, is an independent non-executive Director of the Company. Mr. Li has extensive experience in accounting. Mr. Li has been serving as 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, and a consultant of Beijing Huazheng Junlue Management Consultancy Co., Ltd.* (北京華正均略管理諮詢有限公司) from February 2017 to October 2018. He served as a deputy director of accounting department of the China Securities Regulatory Commission of the PRC from March 2012 to January 2017, a deputy general manager of Dalian Commodity Exchange* (大連商品交易所) from August 2005 to March 2012, and a deputy director and director of the futures supervision department of the China Securities Regulatory Commission from July 1996 to July 2005. He was a chief officer of the accounting department of the Ministry of Finance of the PRC from April 1992 to June 1996, and an accountant of Shandong Yanzhou Mining Bureau* (山東兗州礦務局) from August 1980 to September 1989. Mr. Li obtained a doctoral degree in finance from the Institute of Fiscal Sciences of Ministry of Finance of the PRC(財政部財政科學研究所) in July 2001. Mr. Li 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). 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).

Ms. Xia Xue, born in January 1968, is an independent non-executive Director of the Company. Ms. Xia has accumulated extensive research experience in the regulation of securities market, corporate governance of listed companies, legal system for securities and other fields. She has been serving as an independent non-executive Director of the Company since May 2016, and a senior partner of Zhihe Partners* (至合律師事務所) since January 2020. She served as the vice president of Shanghai Shipping Freight Exchange Co., Ltd* (上海航運運價交易有限公司) from January 2012 to December 2019. From June 1997 to December 2011, she was the executive manager of Shanghai Stock Exchange, and she was a lawyer and a partner of Shanghai Second Legal Firm* (上海市第二律師事務所) from July 1990 to June 1997. 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. She is a lawyer. At present, Ms. Xia concurrently serves as an independent director of Shanghai Kehua Bio-Engineering Co. Ltd.* (上海科華生物工程股份有限公司) and Shanghai Wanye Enterprises Co., Ltd.* (上海萬業企業股份有限公司), an arbitrator of the Shanghai Arbitration Commission, and an external director of Shanghai Hongkou Commercial (Group) Co., Ltd.* (上海虹口商業(集團)有限公司).

SUPERVISORS

Ms. Zhan Yanjing, born in January 1963, is the chairman of the Supervisory Committee and a Supervisor representing Shareholders of the Company. Ms. Zhan has extensive experience in financial accounting and capital operation. Ms. Zhan has been the chairman of the Supervisory Committee and a Supervisor representing Shareholders of the Company since November 2021, the chairman of the board of CNBM Trading from February 2020 to November 2022, a non-executive Director of the Company from December 2019 to November 2021, the chairman of CNBM Group Finance Co., Ltd.* (中國建材集團財務有限公司) from September 2019 to May 2022, a director of Sinoma Energy Conservation Ltd.* (中材節能股份有限公司) since September 2019, the chief accountant of the Parent since August 2019. She served as a director of CNBM Industrial Fund Management Co., Ltd.* (中建材產業基金管理有限公司) from September 2019 to June 2020, a vice president and the chief financial officer of CRRC Corporation Limited* (中國中車股份有限公司) from May 2015 to August 2019, a vice president and the chief financial officer of CSR Corporation Limited* (中國南車股份有限公司) from December 2007 to May 2015, the chief accountant of China Southern Locomotive & Rolling Stock Industry (Group) Corporation* (中國南方機車車輛工業集團公司) from April 2005 to December 2007. Ms. Zhan successively served as the manager of the finance department, manager of the financial planning department and assistant to the general manager of Beijing Foton Motor Co., Ltd* (北京福田汽車股份有限公司) from April 1999 to April 2005. She also held various positions in Henan Diesel Engine Plant* (河南柴油機廠) of China State Shipbuilding Corporation* (中國船舶工業總公司) from August 1983 to April 1999 including the chief economist, director and deputy general manager. Ms. Zhan obtained an EMBA degree from Peking University* (北京大學) in May 2005. She is a senior accountant.

Mr. Qu Xiaoli, born in October 1970, is a Supervisor representing the Shareholders of the Company. Mr. Qu has accumulated extensive experience in enterprise financial management. Mr. Qu has been a Supervisor representing the Shareholders of the Company since December 2022, the chairman of the board of directors of Beijing New Building Material (Group) Co., Ltd.* (北新建材集團有限公司) since November 2022, the chairman of the board of directors of China National Building Materials Group Finance Co., Ltd.* (中國建材集團財務有限公司) since May 2022, the general manager of Beijing New Building Material (Group) Co., Ltd. from May 2022 to November 2022, the general manager of the strategic development department of the Parent from November 2021 to May 2022, the assistant to general manager and deputy chief accountant of the Parent since September 2021, the general manager of the finance department of the Parent since May 2019, and deputy general manager of the finance department of the Parent from May 2018 to May 2019. Mr. Qu graduated from the Faculty of Financial Accounting of Hebei College of Geology* (河北地質學院) majoring in accounting in July 1995 and is a senior accountant.

SUPERVISORS *(CONTINUED)*

Mr. Zhang Jianfeng, born in August 1975, is the secretary to the board of directors of BBMG Corporation ("BBMG"). Mr. Zhang has been a shareholder representative Supervisor of the Company since May 2022, and has been serving as 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 successively served as the deputy head of the public relations department, the deputy office manager and the deputy head of the board office of BBMG from March 2008 to March 2016, and served as the deputy head of the external cooperation department of BBMG Co., Ltd* (北京金隅集團有限責任公司) from January 2005 to March 2008. Mr. Zhang served as the cadre and the assistant to the director of the foreign economic department of Beijing Building Materials Group Co., Ltd.* (北京建材集團有限責任公司) from August 1998 to January 2005. Mr. Zhang received a 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 accumulated extensive theoretical attainments and practical experience in the legal field. 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. From June 2010 to November 2015, he served as the head of the Office of Legal Affairs* (法律事務辦公室) and an associate professor of Central University of Finance and Economics* (中央財經大學). Between November 2003 and May 2010, he served as an associate professor and a deputy dean of the School of Law of Central University of Finance and Economics* (中央財經大學法學院). 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 is an independent director of Beijing DaBeiNong Technology Group Co. Ltd.* (北京大北農科技集團股份有限公司), an independent director of Beijing Yandong Microelectronics Company Limited* (北京燕東微電子股份有限公司) and concurrently serves as the executive director of the Public Policy Research Center of China University of Political Science and Law* (中國政法大學公共決策研究中心). He is 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), a Supervisor of Beijing People's Procuratorate* (北京市檢察機關人民監督員).He is also a part-time lawyer and arbitrator.

SUPERVISORS *(CONTINUED)*

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 served as a shareholder representative Supervisor of the Company since May 2022. He has been a professor of economics at Wuhan University of Technology* (武漢理工大學) since October 2001, a doctoral supervisor in economics at Wuhan University of Technology since November 2003. He has served as a counselor of the People's Government of Hubei Province since July 2017, a member of the 11th Wuhan CPPCC, a member of the Standing Committee of the 12th Wuhan CPPCC, and deputy director of the Population Resources and Environment Committee from January 2009 to January 2017. He served as a visiting scholar at the Georgia Institute of Technology in the United States* (美國喬治亞理工學院) from January 2008 to January 2009, the deputy mayor of Laohekou City from April 2003 to April 2004. He served as a member of the Ninth Standing Committee of Hubei Provincial Political Consultative Conference from January 2003 to January 2008, the deputy dean of the School of Economics of Wuhan University of Technology* (武漢理工大學經濟學院) from May 2001 to May 2014. Mr. Wei received a doctor's degree in management from Huazhong University of Science and Technology in June 2003. He has won many provincial and ministerial awards for scientific research, teaching and political participation.

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 extensive experience in project management, finance and audit. Ms. Yu has been the chief auditor of the company since February 2023, a supervisor of Gansu Qilianshan Building Materials Holdings Co., Ltd.* (甘肅祁連山建材控股有限公司) and the chairman of supervisory committee of Gansu Qilianshan Cement Group Co., Ltd.* (甘肅祁連山水泥集團股份有限公司) since November 2022, a staff representative Supervisor of the Company since July 2020, a supervisor of Qilianshan since August 2020, a supervisor and the chairman of the supervisor committee of China United Cement Corporation* (中國聯合水泥集團有限公司) from July 2020 to May 2022, and the general manager of the audit department of the Company since September 2018. She served as a deputy general manager (in charge) of the audit department of the Company from July 2018 to September 2018, a supervisor of Southwest Cement from June 2017 to June 2022, a deputy general manager (in charge) of the audit supervision department of the Company from May 2017 to July 2018, and a deputy general manager of the finance department of the Company from September 2015 to May 2017. From February 2008 to September 2015, she served as a member of the professional inspection team of the supervisory board of the key large-scale state-owned enterprises* (國有重點大型企業監事會專業檢查組) accredited by the State Council of the People's Republic of China. From March 2004 to September 2015, she successively served as department manager and deputy director of Chung Rui CPAs LLP* (北京中瑞誠會計師事務所). From September 1998 to March 2004, she successively served as project manager and manager of Beijing Zerui Taxation Accountant Firm (Beijing Zhongchen Certified Public Accountants)* (北京澤瑞税務師事務所(北京中辰會計師事務所)). 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 was awarded as an Advanced Worker of Internal Audit Nationwide* (全國內部審計先進工作者) from 2017 to 2019, 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) in 2020 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) in 2021.

SUPERVISORS *(CONTINUED)*

Ms. Zeng Xuan, born in June 1982, concurrently serves as a staff representative Supervisor and the general manager of the board secretariat of the Company. Ms. Zeng has been a staff representative Supervisor of the Company since March 2016, the chairman of supervisory committee of Sinoma Science & Technology Co., Ltd.* (中材科技股份有限公司) since January 2023. Ms. Zeng has been serving as a general manager of the Secretariat of the Board of Directors of the Company since September 2018, and a deputy general manager of the board secretariat of the Company from March 2013 to September 2018, and she served as a deputy general manager, acting general manager and general manager of BNBM PNG LIMITED from September 2009 to March 2013. From May 2005 to July 2009, she worked in the administration and human resources department of the Company. Ms. Zeng received her master's degree in management and administration of enterprises from the Université Paris 1 Panthéon-Sorbonne* (巴黎第一大學) in February 2021. She was awarded the First Prize for Outstanding Achievements in the Reform and Development of Chinese Enterprises* (中國企業改革發展優秀成果) as a participant.

Ms. Du Guangyuan, born in September 1978, concurrently serves as a staff representative Supervisor and the general manager of the legal compliance department of the Company. Ms. Du has extensive experience in legal management. Ms. Du has been serving as a supervisor of Sinoma International and a director of Sinoma Advanced since February 2022, a staff representative Supervisor of the Company since November 2021, the general manager of the legal compliance department of the Company since February 2021, and a director of China Composites Group Corporation Ltd.* (中國複合材料集團有限公司) since June 2017. She served as a deputy general manager of the legal affairs department of the Company from February 2016 to January 2021. She worked in the legal affairs department of the Company from June 2005 to February 2016, responsible for various works of the department. Ms. Du received her master's degree in law from Peking University in June 2004. Ms. Du was awarded the second prize for 29th National Corporate Management Modernization and Innovation Achievements* (二十九屆全國企業管理現代化) as a participating creator, the first price for Outstanding Achievements in the Reform and Development of Chinese Enterprises* (中國企業改革發展優秀成果) as a main creator in 2022, the First Prize for Outstanding Achievements in the Reform and Development of Chinese Enterprises* (中國企業改革發展優秀成果) as a participant in 2018, the 2015 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, and the Advanced Individual in Legal Publicity and Education of Central Enterprises* (中央企業法制宣傳教育先進個人) from 2011 to 2015.

SENIOR MANAGEMENT

Mr. Peng Shou, born in August 1960, is the chief engineer and chief scientist of the Company. Mr. Peng has accumulated extensive business and management experience in the building materials industry. Mr. Peng has been the chief engineer and chief scientist of the Company since August 2021, the chairman of CNBM Glass New Materials Research Institute Group Co., Ltd.* (中建材玻璃新材料研究院集團有限公司) since December 2021, a non-executive director of the Company from November 2021 to December 2022, the chief engineer of the Parent since August 2020, the chairman of CNBM Engineering since September 2004, and an executive director of the Company from June 2006 to November 2021. He served as the president of the Company from June 2018 to August 2021, vice president of the Company from March 2005 to June 2018, and vice president of CNBM Engineering from May 2002 to December 2018. He served as deputy general manager of CNBM Engineering from June 2001 to May 2002. Mr. Peng received a master's degree in management from Wuhan University of Technology* (武漢工業大學) in June 2002. He is a professor-level senior engineer, and an expert enjoying special government allowances approved by the State Council. Mr. Peng is currently the director of the State Key Laboratory of New Technology for Float Glass, the vice chairman of the China Ceramic Society and the vice chairman of the China Building Materials Federation. Mr. Peng is an academician of the Chinese Academy of Engineering and a representative of the 12th and 13th National People's Congress. He has awarded the National Model Worker* (全國勞動模範), the National Science and Technology Progress Award* (國家科技進步獎), the Guanghua Engineering Science and Technology Award of the Chinese Academy of Engineering* (中國工程院光華工程科技獎), and the 2015 "Ho Leung Ho Lee Foundation Science and Technology Innovation Award* (何梁何利基金科學與技術創新獎)". He is a master of national engineering survey and design, one of the first batch of national-level candidates for the"New Century Talent Project* (新世紀百千萬人才工程)" and a national outstanding scientific and technological worker.

Mr. Chen Xue'an, born in April 1964, is a vice president and the chief financial officer of the Company. Mr. Chen has extensive experience in financial management. Mr. Chen has been a vice president of the Company since November 2011, a supervisor and the chairman of the supervisory committee of New Tianshan Cement since December 2021, the chairman of the board of directors of CBM Holdings since March 2019, the chairman of the supervisory committee of South Cement from June 2016 to August 2022., a director of Jushi Group from May 2016 to October 2022, the chairman of the supervisory committee of Southwest Cement from April 2016 to June 2022, the chairman of the supervisory committee of China Jushi from October 2014 to September 2022, a director of BNBM since September 2012, a director of CNBM Investment since August 2008, and the chief financial officer of the Company since March 2005. He served as a director of China Composites, South Cement and China United Cement and the chairman of the supervisory committee of North Cement. From April 1995 to March 2005, Mr. Chen served successively as a deputy head of the finance department of the office of the State-owned Assets Supervision and Administration of China* (國家國資局辦公室財務處), a deputy head of the Assets Inspection and Verification Department, the head of the Monitoring Department and the head of the Central Department of State-owned Assets Statistics and Evaluation Division of the Ministry of Finance* (財政部國有資產統計評價司清產核資處副處長、監測處處長、中央處處長). Mr. Chen received a master's degree in management from Beijing Institute of Technology* (北京理工大學) in November 1999. He is a researcher, and also enjoys a special government allowance approved by the State Council. Mr. Chen 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).

SENIOR MANAGEMENT *(CONTINUED)*

Mr. Cai Guobin, born in August 1967, is a vice president of the Company. Mr. Cai has extensive management experience in building material industry. Mr. Cai has been a vice president of the Company since August 2009, a director of New Tianshan Cement since September 2020, a director of CBM Holdings since May 2017, a director of China Composites from March 2016 to June 2017, and was the chairman of the supervisory committee of China United Cement from July 2015 to June 2017, the chairman of the board of CNBM Investment from August 2014 to December 2022, a director of North Cement from April 2016 to March 2022, the vice chairman of the board of China Jushi* (中國巨石) since October 2009. From July 2005 to October 2009, he served successively as a director, a vice general manager, and a supervisor of China Jushi. He served as the president of CNBM Investment from May 2004 to August 2014 and has been a director of CNBM Investment from March 2003 to December 2022. From December 2000 to May 2004, he served as a vice president of CNBM Investment. Mr. Cai is an accountant who received an EMBA degree from Tsinghua University* (清華大學) in January 2012. He 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), 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) and listed in Elites' Register of Building Materials Industry in 2008 *(建材行業精英錄).

Mr. Yu Mingqing, born in November 1963, is a vice president of the Company. Mr. Yu accumulated extensive operating and management experience in the non-metal materials industry. Mr. Yu has been a vice president of the Company since May 2018, the chairman (legal representative) of Jiangsu Shuzhi Building Materials Research Institute Co., Ltd* (江蘇數智建材研究院有限公司) since November 2022, a director of Bengbu Institute since November 2021, a director of Sinoma Science & Technology since June 2021, a director of Ningxia Building Materials since May 2021, a director of Sinoma Advanced since July 2020, a director of Sinoma International since April 2020, a director of BNBM from April 2019 to July 2021 and a director of China Triumph from June 2019 to November 2021. He was a vice president of Sinoma from July 2007 to May 2018, a deputy general manager of China National Non-Metallic Materials Corporation* (中國非金屬材料總公司) from October 2004 to July 2007, the chairman of the board of Sinoma Advanced from April 2007 to December 2009, the chairman of the board of Sinoma Advanced Materials Co., Ltd* (中材先進材料股份有限公司) from October 2004 to April 2007, the chairman of the board of Shandong Zoomber Advanced Materials Co., Ltd. (山東中博先進材料股份有限公司) from February 2004 to October 2004, the dean of the Research Institute of Synthetic Crystals* (中非人工晶體研究院) from April 2001 to November 2005, the president of Shandong Industrial Ceramics Research & Design Institute from February 1998 to April 2001, the vice president of Shandong Industrial Ceramics Research & Design Institute from February 1996 to February 1998, and successive the assistant to the president, director of the design institute, general manager and office director of Shandong Industrial Ceramics Research & Design Institute from July 1989 to February 1996, and an assistant engineer of Wuhan Building Material Industry Design & Research Institute from July 1988 to July 1989. Mr. Yu received a doctor's degree in engineering from Wuhan University of Technology* (武漢理工大學) in January 2003. He is qualified as a professor-level senior engineer and enjoys a special government allowance approved by the State Council and is a young and middle-aged expert with important contribution to the nation's building materials industry. Mr. Yu concurrently acts as a member of China Building Materials Federation* (中國建築材料聯合會). Mr. Yu was awarded the Third China Outstanding Youth Entrepreneurship Award* (第三屆中國優秀青年創業獎), the National Outstanding Entrepreneur of Building Materials Industry* (全國建築材料行業優秀企業家), and Celebrity of 40th Anniversary of Reform and Opening Up in China Building Material Industry* (中國建材行業改革開放四十年風雲人物) and so forth.

SENIOR MANAGEMENT *(CONTINUED)*

Mr. Zhang Jindong, born in January 1964, is a vice president of the Company. Mr. Zhang has extensive operating and management experience in the construction materials industry. Mr. Zhang has been a vice president of the Company since August 2014,a director of Bengbu Institute since November 2021, a director of Southwest Cement from June 2017 to January 2022, a director of China Composites since June 2017, a director of South Cement from June 2016 to August 2022, a director of China Triumph from April 2016 to August 2022, a director of North Cement from June 2017 to March 2022, the chairman of Sinoma Mining from May 2020 to November 2021, the general manager of the technology department of the Company from November 2015 to July 2018, a director of China United Cement from April 2005 to July 2014, the general manager of China United Cement from August 2004 to July 2014, a deputy general manager of China United Cement from May 2002 to August 2004, an executive deputy general manager and the general manager of Shandong Lunan Cement Co., Ltd* (山東魯南水泥有限公司) from February 1998 to May 2002 and a director and a deputy chief engineer of Lunan Cement Factory* (魯南水泥廠) from July 1985 to February 1998. Mr. Zhang obtained a Master's degree in Business Administration from Xiamen University* (廈門大學) in June 2005. He is a senior engineer.

Ms. Pei Hongyan, born in December 1973, is a secretary of the Board of Directors, the chief accountant and certified public accountant of the Company. She has extensive experience in accounting. Ms. Pei has been a secretary of the Board of Directors of the Company since March 2022, the chairman of the supervisory committee of China Jushi and the chairman of the supervisory committee of Zhongfu Shenying since August 2022, a director of China National Building Materials Group Finance Co., Ltd. since May 2022, a supervisor of New Tianshan Cement since December 2021, a supervisor of South Cement from June 2016 to August 2022, the chief accountant of the Company, the chairman of the supervisory committee of China Composites since March 2016 and a director of China United Cement from March 2016 to May 2022, a supervisor of North Cement from March 2016 to March 2022, a director of BNBM from November 2014 to January 2022, a director of China Jushi from April 2011 to September 2022, the general manager of the finance department of the Company from July 2005 to February 2023, a certified public accountant of the Company since June 2005, a senior accountant in the finance division of Parent from November 2003 to April 2005 and a general manager assistant of the finance division of Parent from November 2002 to April 2005. She also served as the chief financial officer of China Composites from May 2001 to October 2004. 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. She is a fellow member of the Association of Chartered Certified Accountants and also a non-practising member of the Chinese Institute of Certified Public Accountants. She was awarded the first prize of National Corporate Management Modernization and Innovation Achievements in National Building Materials Industry (國家級建材行業企業管理現代化創新成果).

SENIOR MANAGEMENT *(CONTINUED)*

Mr. Xue Zhongmin, born in January 1966, is a vice president of the Company. Mr. Xue has accumulated extensive experience in corporate management. Mr. Xue has been the vice president of the Company since May 2018, a director of China National Building Material (Shanghai) Aviation Composites Co., Ltd.* (中建材(上海)航空複材有限公司) since February 2021, the chairman of the board of Sinoma Science & Technology since May 2013, a director of Beijing Composite Materials Co., Ltd.* (北京玻鋼院複合材料有限公司) since June 2004, a director of Taishan Fiberglass Inc. (泰山玻璃纖維有限公司) since May 2017.He served as the chairman of Hunan Chinaly New Material Co., Ltd.* (湖南中鋰新材料有限公司) from August 2019 to June 2020, the acting chief financial officer of Sinoma Science & Technology from August 2018 to June 2020, a vice president of Sinoma from July 2016 to May 2018, a director of Sinoma Lithium Membrane Co., Ltd.* (中材鋰膜有限公司) from February 2016 to February 2021. He served as the chairman of the board of directors of Sinoma Wind Power Blade Co., Ltd.* (中材科技風電葉片股份有限公司) from May 2007 to July 2011, a vice president and vice chairman of the board of Sinoma Science & Technology from December 2004 to May 2013, the general manager and chairman of the board of directors of Beijing Composite Material Co., Ltd.* (北京玻鋼院複合材料有限公司) from June 1996 to July 2011, and the associate dean, dean and other positions of Beijing FRP Research and Design Institute* (北京玻璃鋼研究設計院) from June 1999 to July 2011. Mr. Xue obtained a doctor's degree in materials processing engineering from Beijing University of Aeronautics & Astronautics* (北京航空航天大學) in March 2006. Mr. Xue is a professor-level 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 concurrently serves as a vice chairman of China Building Materials Federation* (中國建築材料聯合會), vice chairman of Chinese Society for Composite Materials* (中國複合材料學會), and vice chairman of China Composites Industry Association* (中國複合材料工業協會). He 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).

SENIOR MANAGEMENT *(CONTINUED)*

Mr. Liu Biao, born in April 1966, is a vice president of the Company. Mr. Liu has extensive experience in finance management and corporate management. Mr. Liu has been the vice president of the Company since May 2018, a director of China National Building Material (Shanghai) Aviation Composites Co., Ltd.* (中建材(上海)航空複材有限公司) since February 2021,a vice chairman of Zhongfu Shenying Carbon Fiber Co., Ltd.* (中複神鷹碳纖維有限責任公司) from September 2020 to February 2023, the chairman of the supervisory committee of Weihai China Composites Xigang Boat Company Limited (威海中複西港船艇有限公司) since August 2020, a director of Shanghai Yaohua Pilkington Glass Group Co., Ltd.* (上海耀皮玻璃集團股份有限公司) since May 2020, a director of Lianyungang Zhongfu Lianzhong Composites Group Co., Ltd.* (連雲港中複連眾複合材料集團有限公司) and a director of g Zhongfu (Changzhou) Advanced Materials Company Limited* (中複(常州)新材料有限公司) since January 2020,the chairman (legal representative) of Beijing Zhongshi Lianzhan Technology Co., Ltd.* (北京中實聯展科技有限公司) since August 2019, the chairman of the board and general manager of China Composites from June 2018 to February 2023. He served as a deputy general manager of Sinoma from July 2016 to May 2018, a member of the standing committee of municipal party committee and a vice mayor of Xuancheng of Anhui Province from December 2013 to May 2016, the chief economist of Sinoma Parent and a deputy general manager of Sinoma Cement from July 2010 to July 2016, and the chief financial officer of Sinoma from July 2007 to July 2010. He served as the department head of the audit department and a deputy general director of the supervisory bureau of China Southern Air Holding Company* (中國南方航空集團有限公司) from March 2007 to July 2007. He served as a deputy general manager of Shantou Airlines Company Limited of CSAHC(南航集團汕頭航空有限公司) from July 2003 to November 2005, a deputy head and the head of the operation appraisal office and a deputy general manager of the finance department of China Southern Airlines Company Limited* (中國南方航空股份有限公司) from August 2001 to March 2007, 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 he is also 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 Ninth National Secondary Enterprises Management Modernization Innovation Achievement* (第九屆國家級二等企業管理現代化創新成果).

Independent Auditor's Report

MOORE

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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 138 to 336, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of 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 a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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 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 2022, the Group has goodwill of approximately RMB32,569.11 million, accounting for approximately 6.75% 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 RMB1.72 million, RMB67.77 million, RMB51.35 million and RMB0.28 million have been recorded in respect of the goodwill allocated to the cement segment, engineering 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)*

Refer to Note 18 to the consolidated financial statements *(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, and capabilities and the objectivity of their exercise;

– 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 external 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.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 25 March 2022.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all 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 responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

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 Stephens CPA Limited
Certified Public Accountants
Hong Kong, 24 March 2023

Cheung Sai Kit
Practising certificate number: P05544

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000* (restated)
Revenue	6	**230,167,736**	275,618,608
Cost of sales		**(191,176,144)**	(209,892,459)
Gross profit		**38,991,592**	65,726,149
Investment and other income, net	8	**5,532,943**	6,527,001
Selling and distribution costs		**(3,592,869)**	(4,914,400)
Administrative expenses		**(20,605,342)**	(28,696,325)
Finance costs, net	9	**(5,967,461)**	(7,251,564)
Share of results of associates	21	**3,052,534**	4,021,638
Share of results of joint ventures	22	**(7,669)**	(4,320)
Reversal of impairment loss/(impairment loss) under expected credit loss model, net		**29,091**	(1,698,786)
Profit before income tax	11	**17,432,819**	33,709,393
Income tax expense	12	**(2,528,027)**	(7,995,602)
Profit for the year		**14,904,792**	25,713,791
Profit for the year attributable to:			
Owners of the Company		**7,961,585**	16,299,953
Holders of perpetual capital instruments		**688,550**	794,707
Non-controlling interests		**6,254,657**	8,619,131
		14,904,792	25,713,791
		RMB	*RMB* (restated)
Earnings per share – basic and diluted	14	**0.944**	1.932

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Note	**2022** ***RMB'000***	2021 *RMB'000* (restated)
Profit for the year		**14,904,792**	25,713,791
Other comprehensive income/(expense), net of tax:	12(b)		
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit obligations		**11,700**	(2,910)
Change in the fair value of equity instruments at fair value through other comprehensive income, net		**–**	1,186
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(75,430)**	(3,887)
Shares of associates' other comprehensive income		**55,791**	46,485
Shares of joint ventures' other comprehensive income/(expense)		**3,300**	(1,050)
Change in the fair value on hedging instruments designated as cash flow hedges		**15,691**	10,312
Other comprehensive income for the year, net of tax		**11,052**	50,136
Total comprehensive income for the year		**14,915,844**	25,763,927
Total comprehensive income attributable to:			
Owners of the Company		**7,968,489**	16,414,058
Holders of perpetual capital instruments		**688,550**	794,707
Non-controlling interests		**6,258,805**	8,555,162
Total comprehensive income for the year		**14,915,844**	25,763,927

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000* (restated)	2020 *RMB'000* (restated)
Non-current assets				
Property, plant and equipment	15	**193,666,744**	181,356,373	172,577,647
Right-of-use assets	16	**28,813,118**	29,348,488	30,043,076
Investment properties	17	**1,477,881**	965,215	857,163
Goodwill	18	**32,569,114**	32,323,232	33,290,321
Intangible assets	19	**28,932,891**	25,602,241	19,074,348
Interests in associates	21	**29,965,697**	26,838,190	19,282,589
Interests in joint ventures	22	**126,502**	131,348	98,018
Financial assets at fair value through profit or loss	23	**3,877,229**	2,524,452	2,529,357
Financial assets at fair value through other comprehensive income	23	**–**	–	7,526
Deposits	24	**2,549,440**	3,990,272	4,075,507
Trade and other receivables	26	**3,233,288**	3,606,558	11,931,922
Deferred income tax assets	32	**7,551,871**	6,295,681	6,566,355
Derivative financial instruments	36	**3,482**	–	–
		332,767,257	312,982,050	300,333,829
Current assets				
Inventories	25	**23,947,488**	21,433,752	20,560,838
Trade and other receivables	26	**85,261,541**	87,636,262	93,557,941
Financial assets at fair value through profit or loss	23	**7,637,051**	8,259,699	6,166,752
Derivative financial instruments	36	**28,069**	16,578	16,148
Amounts due from related parties	27	**2,795,371**	2,361,764	1,908,053
Pledged bank deposits	29	**4,004,621**	3,900,702	5,008,092
Cash and cash equivalents	29	**26,025,935**	27,409,750	30,099,887
		149,700,076	151,018,507	157,317,711
Assets classified as held-for-sale		**–**	–	195,843
		149,700,076	151,018,507	157,513,554

Consolidated Statement of Financial Position *(Continued)*

As at 31 December 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000* (restated)	2020 *RMB'000* (restated)
Current liabilities				
Trade and other payables	30(a)	**99,036,514**	98,730,509	98,328,643
Amounts due to related parties	27	**6,006,367**	5,089,736	4,911,764
Borrowings – amount due within one year	31	**77,530,998**	73,939,558	89,537,013
Lease liabilities	33	**377,650**	442,452	636,411
Derivative financial instruments	36	**21,822**	7,434	19,338
Employee benefits payable	35	**67,108**	33,397	1,564
Current income tax liabilities		**2,111,502**	4,008,558	4,797,007
Financial guarantee contracts	34	**–**	–	64,000
Dividend payable to non-controlling interests		**1,007,508**	1,303,025	314,913
		186,159,469	183,554,669	198,610,653
Net current liabilities		**(36,459,393)**	(32,536,162)	(41,097,099)
Total assets less current liabilities		**296,307,864**	280,445,888	259,236,730
Non-current liabilities				
Borrowings – amount due after one year	31	**96,547,625**	93,185,422	85,708,683
Deferred income	30(b)	**2,364,781**	2,245,152	2,237,111
Lease liabilities	33	**1,832,376**	2,566,551	2,724,668
Employee benefits payable	35	**239,598**	217,027	240,878
Deferred income tax liabilities	32	**2,983,072**	2,954,380	2,333,848
Derivative financial instruments	36	**1,935**	–	–
		103,969,387	101,168,532	93,245,188
Net assets		**192,338,477**	179,277,356	165,991,542

Consolidated Statement of Financial Position *(Continued)*

As at 31 December 2022

	Notes	**2022** **RMB'000**	2021 *RMB'000* (restated)	2020 *RMB'000* (restated)
Capital and reserves				
Share capital	38	**8,434,771**	8,434,771	8,434,771
Reserves		**97,539,974**	93,975,436	82,477,036
Equity attributable to:				
Owners of the Company		**105,974,745**	102,410,207	90,911,807
Holders of perpetual capital instruments	40	**15,820,411**	16,809,142	18,637,177
Non-controlling interests		**70,543,321**	60,058,007	56,442,558
Total equity		**192,338,477**	179,277,356	165,991,542

The consolidated financial statements on pages 138 to 336 were approved and authorised for issue by the Board of Directors on 24 March 2023 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 2022

	Share Capital	Share premium	Capital reserve (Note 39(a))	Statutory surplus reserve fund (Note 39(b))	Fair value reserve (Note 39(c))	Share–based payments reserve (Note 39(d))	Hedging reserve (Note 39(e))	Exchange reserve (Note 39(f))	Retained earnings	Total	Perpetual capital instruments (Note 40)	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*	*RMB'000*
Balance at 31 December 2020													
As previous reported	8,434,771	1,788,736	12,276,674	9,460,344	(1,186)	11,929	(9,635)	(296,645)	58,658,813	90,323,801	18,637,177	56,334,614	165,295,592
– Adjustment for business combination under common control (Note 43)	–	–	310,292	32,991	–	–	–	13,904	230,819	588,006	–	107,944	695,950
Balance at 1 January 2021, as restated	8,434,771	1,788,736	12,586,966	9,493,335	(1,186)	11,929	(9,635)	(282,741)	58,889,632	90,911,807	18,637,177	56,442,558	165,991,542
Profit for the year	–	–	–	–	–	–	–	–	16,299,953	16,299,953	794,707	8,619,131	25,713,791
Other comprehensive (expense)/ income, net of tax (Note 12(b))	–	–	–	–	–	–	–	–	–	–	–	–	–
– Actuarial loss on defined benefit obligations	–	–	(2,872)	–	–	–	–	–	–	(2,872)	–	(38)	(2,910)
– Change in fair value of equity instruments at fair value through other comprehensive income	–	–	–	–	1,186	–	–	–	–	1,186	–	–	1,186
– Currency translation differences	–	–	–	–	–	–	–	64,912	–	64,912	–	(68,799)	(3,887)
– Share of associates' other comprehensive income/(expense)	–	–	(17,314)	–	–	–	–	63,796	–	46,482	–	3	46,485
– Share of joint ventures' other comprehensive expenses	–	–	–	–	–	–	–	(633)	–	(633)	–	(417)	(1,050)
– Change in the fair value on hedging instruments designated as cash flow hedges	–	–	–	–	–	–	5,030	–	–	5,030	–	5,282	10,312
Total comprehensive income/ (expense)for the year	–	–	(20,186)	–	1,186	–	5,030	128,075	16,299,953	16,414,058	794,707	8,555,162	25,763,927
Dividends paid (Note 13)	–	–	–	–	–	–	–	–	(3,964,342)	(3,964,342)	–	–	(3,964,342)
Dividends declared to the non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(5,621,496)	(5,621,496)
Exercise of share options of a subsidiary	–	–	24,075	–	–	(4,014)	–	–	–	20,061	–	21,065	41,126
Cancellation of share options of a subsidiary	–	–	–	–	–	(7,915)	–	–	7,915	–	–	–	–
Increase in non-controlling interests as a result of acquisition of subsidiaries (Note 41(a))	–	–	–	–	–	–	–	–	–	–	–	3,676,029	3,676,029
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	80,386	80,386
Appropriation to statutory reserve	–	–	–	3,178,621	–	–	–	–	(3,178,621)	–	–	–	–
Issue of perpetual capital instruments, net of issuance cost (Note 40)	–	–	–	–	–	–	–	–	–	–	4,000,000	–	4,000,000
Redemption of perpetual capital instruments (Note 40)	–	–	(22,118)	–	–	–	–	–	–	(22,118)	(5,788,121)	–	(5,810,239)
Share of reserve in associates	–	–	69,562	–	–	–	–	–	–	69,562	–	539	70,101
Interest paid on perpetual capital instruments (Note 40)	–	–	–	–	–	–	–	–	–	–	(834,621)	–	(834,621)
Business combination under common control	–	–	(142,717)	–	–	–	–	–	–	(142,717)	–	–	(142,717)
Deemed partial disposal of interest in subsidiaries without losing control (Note 42(b))	–	–	469,033	–	–	–	–	–	–	469,033	–	2,594,774	3,063,807
Decrease in non-controlling interests as result of acquisition of additional interest in subsidiaries without change in control (Note 42(a))	–	–	(289,996)	–	–	–	–	–	–	(289,996)	–	(4,649,943)	(4,939,939)
Disposal of subsidiaries (Note 41(b))	–	–	895	–	–	–	–	–	–	895	–	(1,281,171)	(1,280,276)
Government subsidy (Note)	–	–	(2,276,303)	–	–	–	–	–	–	(2,276,303)	–	–	(2,276,303)
Others	–	–	1,024,965	–	–	–	–	–	195,302	1,220,267	–	240,104	1,460,371
Balance at 31 December 2021	8,434,771	1,788,736	11,424,176	12,671,956	–	–	(4,605)	(154,666)	68,249,839	102,410,207	16,809,142	60,058,007	179,277,356

Consolidated Statement of Changes in Equity *(Continued)*

For the year ended 31 December 2022

	Attributable to owners of the Company												
	Share capital	Share premium	Capital reserve (Note 39(a))	Statutory surplus reserve (Note 39(b))	Fair value reserve (Note 39(c))	Share-based payments reserve (Note 39(d))	Hedging reserve (Note 39(e))	Exchange reserve (Note 39(f))	Retained earnings	Total	Perpetual capital instruments (Note 40)	Non-controlling interests	Total equity
	Credit/(debit) *RMB'000*	Credit/(debit) *RMB'000*	Credit/(debit) *RMB'000*	Credit/(debit) *RMB'000*	Credit/(debit) *RMB'000*	Credit/(debit) *RMB'000*	Credit/(debit) *RMB'000*	Credit/(debit) *RMB'000*	Credit/(debit) *RMB'000*	Credit/(debit) *RMB'000*	Credit/(debit) *RMB'000*	Credit/(debit) *RMB'000*	Credit/(debit) *RMB'000*
Balance at 31 December 2021													
As previous reported	8,434,771	1,788,736	11,113,884	12,634,530	-	-	(4,605)	(158,349)	68,064,435	101,873,402	16,809,142	59,941,879	178,624,423
– Adjustment for business combination under common control (Note 43)	-	-	310,292	37,426	-	-	-	3,683	185,404	536,805	-	116,128	652,933
Balance at 1 January 2022, as restated	8,434,771	1,788,736	11,424,176	12,671,956	-	-	(4,605)	(154,666)	68,249,839	102,410,207	16,809,142	60,058,007	179,277,356
Profit for the year	-	-	-	-	-	-	-	-	7,961,585	7,961,585	688,550	6,254,657	14,904,792
Other comprehensive income/(expense), net of tax (Note 12(b))													-
– Actuarial gain on defined benefit obligations	-	-	6,528	-	-	-	-	-	-	6,528	-	5,172	11,700
– Currency translation differences	-	-	(4,557)	-	-	-	-	(60,729)	-	(65,286)	-	(10,144)	(75,430)
– Share of associates' other comprehensive (expense)/income	-	-	(56,550)	-	-	-	-	111,258	-	54,708	-	1,083	55,791
– Share of joint venture' other comprehensive income	-	-	3,300	-	-	-	-	-	-	3,300	-	-	3,300
– Change in the fair value of hedging instruments designated as cash flow hedges	-	-	-	-	-	-	7,654	-	-	7,654	-	8,037	15,691
Total comprehensive (expenses)/income for the year	-	-	(51,279)	-	-	-	7,654	50,529	7,961,585	7,968,489	688,550	6,258,805	14,915,844
Dividends paid (Note 13)	-	-	-	-	-	-	-	-	(5,845,296)	(5,845,296)	-	-	(5,845,296)
Dividends declared to the non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,107,806)	(4,107,806)
Issue of perpetual capital instruments, net of issuance cost (Note 40)	-	-	-	-	-	-	-	-	-	-	7,476,050	-	7,476,050
Redemption of perpetual capital instruments (Note 40)	-	-	(24,042)	-	-	-	-	-	-	(24,042)	(8,475,958)	-	(8,500,000)
Interest paid on perpetual capital instruments (Note 40)	-	-	-	-	-	-	-	-	-	-	(677,373)	-	(677,373)
Increase in non-controlling interests as a result of acquisitions of subsidiaries (Note 42(a))	-	-	-	-	-	-	-	-	-	-	-	1,197,347	1,197,347
Contributions from non-controlling interests	-	-	(2,535)	-	-	-	-	-	-	(2,535)	-	633,970	631,435
Share of reserve in associates	-	-	(4,624)	-	-	-	-	-	-	(4,624)	-	106	(4,518)
Business combination under common control	-	-	(858,569)	-	-	-	-	-	-	(858,569)	-	-	(858,569)
Deemed partial disposal of interest in subsidiaries without losing control (Note 42(b))	-	-	2,646,940	-	-	-	-	-	-	2,646,940	-	8,002,366	10,649,306
Decrease in non-controlling interests as result of acquisition of additional interest in subsidiaries without change in control (Note 42(a))	-	-	(410,894)	-	-	-	-	-	-	(410,894)	-	(1,096,822)	(1,507,716)
Deemed disposal of subsidiaries (Note 42(b))	-	-	45,526	(11,314)	-	-	-	-	15,415	49,627	-	(181,300)	(131,673)
Recognition of equity-settled share-based payment of a subsidiary (Note 37)	-	-	-	-	-	20,389	-	-	-	20,389	-	22,292	42,681
Appropriation to statutory reserve	-	-	-	533,524	-	-	-	-	(533,524)	-	-	-	-
Others	-	-	68,569	2,051	-	-	-	(156,939)	111,372	25,053	-	(243,644)	(218,591)
Balance at 31 December 2022	8,434,771	1,788,736	12,833,268	13,196,217	-	20,389	3,049	(261,076)	69,959,391	105,974,745	15,820,411	70,543,321	192,338,477

Note:

During the years ended 31 December 2010 to 2015, certain national funds were contributed by the PRC Government to the Group. Such funds are used specifically for energy saving and emission reduction and key industries construction projects. Pursuant to the requirements of the relevant notice, those national funds were designated as capital contribution and vested solely with the PRC Government due to non-repayable feature and can be converted into share capital.

During the year ended 31 December 2021, the national funds was classified as liability due to change in repayment term through renegotiation.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 *RMB'000*	2021 *RMB'000* (restated)
Operating activities		
Profit before income tax	**17,432,819**	33,709,393
Adjustments for:		
Dividends from financial assets at fair value through profit or loss	**(222,644)**	(111,919)
Gain on disposal of subsidiaries, net	**(1,966)**	(626,319)
Gain on deemed disposal of subsidiaries, net	**(290,008)**	–
Gain on disposal of associates, net	**(29,201)**	(96,181)
Loss/(gain) on disposal of other investments	**79,476**	(49,485)
Decrease in fair value of financial assets at fair value through profit or loss, net	**1,687,499**	132,122
Decrease/(increase) in fair value of derivative financial instruments, net	**17,041**	(14,661)
Gain on disposal of property, plant and equipment, right-of-use assets and intangible assets, net	**(3,072,701)**	(1,107,627)
Waiver of payables	**(141,783)**	(165,994)
Finance costs	**6,788,236**	8,137,542
Interest income	**(820,775)**	(885,978)
Depreciation of property, plant and equipment and investment properties	**11,165,643**	10,418,315
Depreciation of right-of-use assets	**2,550,444**	2,401,102
Amortisation of intangible assets	**1,880,044**	2,007,932
Impairment loss on goodwill	**121,120**	2,863,830
Impairment loss on property, plant and equipment	**268,392**	2,191,358
Impairment loss on intangible assets	**60,170**	149,772
Loss on goodwill from deregistration of subsidiaries	**28,171**	–
Write down of inventories	**194,641**	181,856
Net foreign exchange (gain)/loss	**(240,608)**	688,288
Share of results of associates	**(3,052,534)**	(4,021,638)
Share of results of joint ventures	**7,669**	4,320
(Reversal of impairment loss)/impairment loss under expected credit loss model, net	**(29,091)**	1,698,786
Deferred income released to the consolidated statement of profit or loss	**(604,373)**	(390,134)
Defined benefit cost included in current profit and loss	**131,526**	31,968
Share-based payment expense	**42,681**	–
Discount on acquisition of interests in subsidiaries	**–**	(17,709)
Operating cash flows before working capital changes	**33,949,888**	57,128,939
Increase in inventories	**(2,978,277)**	(2,147,140)
Increase in trade and other receivables	**(904,158)**	(9,135,036)
Increase in amounts due from related parties	**(243,769)**	(567,822)
Increase in trade and other payables	**262,321**	13,021,595
Increase/(decrease) in amounts due to related parties	**638,113**	(688,862)
Decrease in defined benefit obligations	**(63,544)**	–
Increase in deferred income	**683,894**	387,055
Cash generated from operations	**31,344,468**	57,998,729
Income tax paid	**(5,814,620)**	(8,869,266)
Interest received	**820,775**	885,172
Net cash generated from operating activities	**26,350,623**	50,014,635

Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000 (restated)
Investing activities		
Purchase of financial assets at fair value through profit or loss	**(19,926,801)**	(12,501,865)
Proceeds on disposal of financial assets at fair value through profit or loss	**17,676,321**	10,165,765
Dividends received from financial assets at fair value through profit or loss	**222,644**	111,919
Purchase of property, plant and equipment	**(25,627,482)**	(27,627,298)
Payments for right-of-use assets	**(1,012,848)**	(1,342,921)
Purchase of intangible assets	**(4,432,969)**	(7,965,623)
Purchase of investment properties	**(3,056)**	(22,773)
Proceeds on disposal of property, plant and equipment and investment properties	**3,670,458**	8,093,809
Acquisition of interests in associates	**(1,493,469)**	(1,147,972)
Dividends received from associates	**1,435,409**	700,554
Proceeds from disposal of associates	**662,744**	199,583
Payment for acquisition of subsidiaries, net of cash and cash equivalents acquired (Note 41(a))	**(734,274)**	(959,160)
Proceeds from disposal of subsidiaries (Note 41(b))	**14,413**	1,344,084
Net cash outflow from deemed disposal of subsidiaries (Note 41(c))	**(886,115)**	–
Proceeds from disposal of investment properties	**2,923**	–
Proceeds from disposal of intangible assets	**1,455,550**	336,544
Business combination under common control	**(858,569)**	(142,717)
Advance to related parties	**(147,066)**	(333,160)
Increase in pledged bank deposits	**(133,369)**	(333,356)
Other cash inflow/(outflow) for investing activities	**4,436,689**	(5,026,064)
Acquisition of interests in joint ventures	**–**	(38,699)
Proceeds from disposal of assets held-for-sale	**–**	195,843
Proceeds from disposal of right-of-use assets	**–**	681,714
Net cash used in investing activities	**(25,678,867)**	(35,611,793)

Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31 December 2022

	2022 *RMB'000*	2021 *RMB'000* (restated)
Financing activities		
Proceeds from issue of perpetual capital instruments, net of issuance cost	**7,476,050**	4,000,000
Redemption of perpetual capital instruments	**(8,500,000)**	(5,810,239)
Interest paid	**(6,884,150)**	(7,654,875)
Interest paid on perpetual capital instruments	**(677,373)**	(834,621)
Dividends paid to shareholders	**(5,845,296)**	(3,964,342)
Dividends paid to non-controlling interests of subsidiaries	**(4,400,278)**	(4,441,341)
Payment for acquisition of additional interests in subsidiaries (Note 42(a))	**(1,507,716)**	(4,939,939)
Contributions from non-controlling interests	**631,435**	80,386
Net borrowings raised	**132,141,238**	142,573,480
Repayment of borrowings	**(124,327,217)**	(136,985,759)
Repayment of lease liabilities	**(973,358)**	(819,950)
Advances from related parties, net	**33,558**	1,838,666
Deemed partial disposal of interest in subsidiaries without losing control (Note 42(b))	**10,649,306**	273,323
Dividends paid to former shareholders of a subsidiary related to business combination under common control	**–**	(122,574)
Proceeds from issue of ordinary shares of a subsidiary upon exercise of share options	**–**	41,126
Net cash used in financing activities	**(2,183,801)**	(16,766,659)
Net decrease in cash and cash equivalents	**(1,512,045)**	(2,363,817)
Effect of foreign exchange rate changes	**128,230**	(326,320)
Cash and cash equivalents at beginning of the year	**27,409,750**	30,099,887
Cash and cash equivalents at end of the year	**26,025,935**	27,409,750

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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 INTERNATIONAL FINANCIAL REPORTING 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 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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

2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(CONTINUED)*

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

Impacts on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

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

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

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for borrowings measured at amortised cost. Additional disclosures as required by IFRS 7 are set out in Note 5.

2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING 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:

IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures[3]
Amendment to IFRS 16	Lease Liability in Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] Effective for annual periods beginning on or after a date to be determined

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

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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 accounting policies 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 estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payments ("IFRS 2"), leasing transactions that are accounted for in accordance with IFRS 16 Lease ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets ("IAS 36").

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.1 Basis of preparation of the consolidated financial statements *(Continued)*

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

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

Business combination under common control

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

As China National Building Material International New Zealand Co., Ltd. and China National Building Material International Singapore Company and the Company are controlled by the Parent, the CNBM New Zealand Acquisition and CNBM Singapore Acquisition have been accounted for based on the principles of merger accounting.

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

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

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.1 Basis of preparation of the consolidated financial statements *(Continued)*

Business combination under common control *(Continued)*

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

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

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

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

The consolidated financial statements of the Group have been prepared using the merger basis of accounting as if the current group structure has been in existence throughout the years presented. The opening balance at 1 January 2021 has been restated, with consequential adjustments to comparatives for the year ended 31 December 2021. The details of the restated balances have been disclosed in Note 43 to the consolidated financial statements.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(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.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Basis of consolidation *(Continued)*

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.

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 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Basis of consolidation *(Continued)*

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 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.3 Business combinations or asset acquisitions

3.3.1 Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

3.3.2 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.

3.3.3 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.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.3 Business combinations or asset acquisitions *(Continued)*

3.3.3 Business combination *(Continued)*

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting issued by International Accounting Standards Board in March 2018 (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 or IFRIC 21, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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 interest 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 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.3 Business combinations or asset acquisitions *(Continued)*

3.3.3 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 interest 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.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.3 Business combinations or asset acquisitions *(Continued)*

3.3.4 Merger accounting for business combination involving businesses under common control

Business combination involving businesses under common control has been accounted for by applying the principles of merger accounting.

In applying merger accounting, the consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of for goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative information in the consolidated financial statements have been restated as if the business combination had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses incurred in relation to the common control combination that are to be accounted for by using merger accounting are recognised as expenses in the year in which they were incurred.

3 SIGNIFICANT ACCOUNTING POLICIES *(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.

The Group's policy for goodwill arising on the acquisition of an associate and joint venture are described as Note 3.5 below.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or the joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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.

3 SIGNIFICANT ACCOUNTING POLICIES *(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.

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;

3 SIGNIFICANT ACCOUNTING POLICIES *(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: (Continued)

- 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 an 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.8 Revenue from contracts with customers *(Continued)*

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

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.9 Leases *(Continued)*

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

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.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.9 Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets (Continued)

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 SIGNIFICANT ACCOUNTING POLICIES *(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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.9 Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities (Continued)

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

Lease modifications

Except for Covid-19-related rent concession in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.9 Leases *(Continued)*

The Group as a lessee *(Continued)*

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, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In that case, the Group uses the revised discount rate that reflects change in the interest rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

(i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

(iii) there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3 SIGNIFICANT ACCOUNTING POLICIES *(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 SIGNIFICANT ACCOUNTING POLICIES *(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 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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.

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).

On the disposal of a foreign operation (i. e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.10 Foreign currencies *(Continued)*

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.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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.

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 SIGNIFICANT ACCOUNTING POLICIES *(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.

3 SIGNIFICANT ACCOUNTING POLICIES *(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 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 options reserve. For shares/share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve 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 options reserve 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 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.15 Taxation

Income tax expense represents the sum of the tax currently payable and deferred 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.

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. 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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.15 Taxation *(Continued)*

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. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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 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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.16 Property, plant and equipment *(Continued)*

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.

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 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

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.

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 generated 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) 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 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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.

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 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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.

3.24 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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets and financial liabilities are initially measured at fair value except for trade receivables and contract assets arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL or loss are recognised immediately in profit or loss.

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.

Financial assets 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; 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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

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.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets *(Continued)*

Important of financial assets subject to impairment assessment under IFRS 9 (Continued)

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;
- 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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets *(Continued)*

Important of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (continued)

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 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets *(Continued)*

Important 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 SIGNIFICANT ACCOUNTING POLICIES *(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 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial assets *(Continued)*

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Equity instruments (Continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL (Continued)

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.

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.24 Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

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.

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 SIGNIFICANT ACCOUNTING POLICIES *(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 SIGNIFICANT ACCOUNTING POLICIES *(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.

(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;

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.26 Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions apply: *(Continued)*

(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.

3.27 Comparatives

Certain comparative information for 2021 and 2020 have been restated to reflect the effect of business combination under common control as detailed in Note 43.

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.

4.1 Critical judgements in applying accounting policies

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

Principal subsidiaries

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

BNBM is a subsidiary of the Group although the Group has only 37.83% (2021: 37.83%) equity interests and voting rights in BNBM. BNBM is listed on the stock exchange of Shenzhen, PRC. The remaining 62.17% (2021: 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 47.77% (2021: 48.78%) equity interests and voting rights in Sinoma International. Sinoma International is listed on the stock exchange of Shanghai, PRC. The remaining 52.23% (2021: 51.22%) 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% (2021: 47.56%) equity interests and voting rights in Ningxia Building Materials. Ningxia Building Materials is listed on the stock exchange of Shanghai, PRC. The remaining 50.97% (2021: 52.44%) 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.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

4.1 Critical judgements in applying accounting policies *(Continued)*

Control over principal subsidiaries *(Continued)*

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

Qilianshan Cement is a subsidiary of the Group although the Group has only 20.95% (2021: 20.95%) voting rights in Qilianshan Cement through the directly-hold shareholding of the Company and the indirectly-hold shareholding of a subsidiary of the Company. Qilianshan Cement is listed on the stock exchange of Shanghai, PRC. The remaining 79.05% (2021: 79.05%) voting rights are owned by thousands of shareholders that are unrelated to the Group. Details of Qilianshan Cement are set out in Note 20.

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

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. (上海耀皮玻璃集團股份有限公司) ("Shanghai Yaohua")

Note 21 describes that Shanghai Yaohua is an associate of the Group although the Group only owns 12.74% (2021: 12.74%) equity interests in Shanghai Yaohua. The Group has significant influence over Shanghai Yaohua by virtue of the contractual right to appoint 1 out of the 4 directors to the board of directors of that company.

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

Note 21 describes that Gansu Shangfeng is an associate of the Group although the Group only owns 14.40% (2021: 14.40%) equity interests in Gansu Shangfeng. The Group has significant influence over Gansu Shangfeng by virtue of the contractual right to appoint 1 out of the 5 directors to the board of directors of that company.

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

Note 21 describes that Shanshui Cement is an associate of the Group although the Group only owns 12.94% (2021: 12.94%) equity interests in Shanshui Cement. The Group has significant influence over Shanshui Cement by virtue of the contractual right to appoint 1 out of the 5 directors to the board of directors of that company.

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 (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to volatility in financial market.

As at 31 December 2022, the carrying amounts of property, plant and equipment, right-of- use assets and intangible assets were approximately RMB193,666.74 million, RMB28,813.12 million and RMB28,932.89 million (2021 (restated): RMB181,356.37 million, RMB29,348.49 million and RMB25,602.24 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.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

4.2 Key sources of estimation uncertainty *(Continued)*

Write down of inventories

Inventories are stated at lower of cost and net realisable value. During the year, allowance of approximately RMB194.64 million (2021: RMB181.86 million) is made to write down the cost of inventories to their net realisable values.

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use 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. As at 31 December 2022, the carrying amount of goodwill is approximately RMB32,569.11 million (2021: RMB32,323.23 million). Details of the recoverable amount calculation are disclosed in Note 18.

Deferred tax asset

As at 31 December 2022, a deferred tax asset of approximately RMB1,701.63 million (2021: RMB600.55 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 RMB20,447.80 million (2021: RMB21,551.66 million) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

4.2 Key sources of estimation uncertainty *(Continued)*

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 26.

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.

(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.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(i) Foreign currency risk (Continued)

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	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(restated)		(restated)
United States Dollar ("USD")	**1,624,414**	218,780	**4,668,704**	4,640,007
Hong Kong Dollar ("HKD")	**–**	–	**54**	123,360
European Dollar ("EUR")	**2,488,100**	2,137,668	**3,768,800**	4,334,587
Indonesian Rupiah ("IDR")	**151,761**	67,834	**242,508**	339,921
Nigerian Naira ("NGN")	**53,375**	31,069	**340,479**	475,533
United Arab Emirates Dirhim ("AED")	**258,653**	66,316	**831,356**	55,792
Russian Ruble ("RUB")	**–**	4,337	**33,294**	50,533

Sensitivity analysis

The following table details the Group's sensitivity to a 15.14% (2021: 6.44%) increase or decrease in RMB against the relevant foreign currencies. 15.14% (2021: 6.44%) 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 15.14% (2021: 6.44%) change in foreign currency rates. A negative number below indicates a decrease in profit where RMB strengthen 15.14% (2021: 6.44%) against the relevant currency. For a 15.14% (2021: 6.44%) 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.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(i) Foreign currency risk (Continued)

Effect on profit after tax

	2022 ***RMB'000***	2021 *RMB'000* (restated)
USD	**394,095**	223,469
HKD	**7**	6,236
EUR	**165,792**	111,042
IDR	**11,748**	13,753
NGN	**37,167**	22,455
AED	**74,139**	(126)
RUB	**4,310**	2,335

The change in exchange rate does not affect other component of equity.

(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 the basic interest rate set by People's Bank of China arising from the Group's long-term borrowings.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(ii) Interest rate risk (Continued)

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.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

(i) Total interest revenue/income from financial assets that are measured at amortised cost is as follows:

	2022	2021
	RMB'000	*RMB'000*
		(restated)
Interest revenue		
Financial assets at amortised cost	**820,775**	885,978

(ii) Interest expense on financial liabilities not measured at fair value through profit or loss:

	2022	2021
	RMB'000	*RMB'000*
		(restated)
Financial liabilities at amortised cost	**6,788,236**	8,137,542

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 RMB67,973.13 million (2021: RMB69,237.60 million) were outstanding for the whole year. A 49 basis point (2021: 126 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 49 (2021: 126) basis points higher and all other variables were held constant, the Group's net profit for the year ended 31 December 2022 would have decreased by approximately RMB284.77 million (2021: RMB693.20 million). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings. For a 126 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 2022. 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 2022	**High/low 2022**	31 December 2021	High/low 2021
Hong Kong Stock Exchange – Hang Seng Index	**19,781**	**25,051/14,597**	23,112	31,183/22,665
Shenzhen Stock Exchange – Component Index	**11,016**	**14,941/10,088**	14,857	16,293/13,252
Shanghai Stock Exchange – Composite Index	**3,089**	**3,652/2,864**	3,619	3,731/3,313

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.

	2022			2021		
	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: Hong Kong, Shenzhen and Shanghai Stock Exchange	**4,063,445**	**347,418**	**–**	5,008,368	381,770	–

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 2022 and 2021, 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.

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

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.

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.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

The tables 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:

2022	Notes	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amounts** *RMB'000*
Trade and other receivables	26			
– Trade receivables		Note	Lifetime ECL	61,869,545
– Contract assets		Note	Lifetime ECL	3,531,575
– Bills receivable		Low risk	12m ECL	14,014,472
– Other receivables, deposits and prepayments		Low risk	12m ECL	26,338,727
Deposits	24	Low risk	12m ECL	2,549,440
Amounts due from related parties	27	Low risk	12m ECL	2,943,305

2021	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts *RMB'000* (restated)
Trade and other receivables	26			
– Trade receivables		Note	Lifetime ECL	58,706,478
– Contract assets		Note	Lifetime ECL	3,812,031
– Bills receivables		Low risk	12m ECL	18,953,227
– Other receivables, deposits and prepayments		Low risk	12m ECL	26,919,054
Deposits	24	Low risk	12m ECL	3,990,272
Amounts due from related parties	27	Low risk	12m ECL	3,194,474

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 2022 and 2021.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

As at 31 December 2022	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	0.82%	14,728,379	121,240	14,607,139
More than two months but within one year	1.15%	23,092,725	265,026	22,827,699
Between one and two years	4.04%	10,902,915	439,966	10,462,949
Between two and three years	11.18%	3,010,415	336,556	2,673,859
Over three years	66.42%	3,861,152	2,564,628	1,296,524
		55,595,586	3,727,416	51,868,170
ECL assessed individually		9,805,535	5,555,857	4,249,678
		65,401,121	9,283,273	56,117,848

As at 31 December 2021	Weighted average loss rate	Gross carrying amount RMB'000 (restated)	Loss allowance RMB'000 (restated)	Net carrying amount RMB'000 (restated)
ECL assessed collectively based on debtors' ageing				
Within two months	1.07%	6,745,152	72,359	6,672,793
More than two months but within one year	1.23%	31,107,601	382,549	30,725,052
Between one and two years	4.17%	8,871,596	369,874	8,501,722
Between two and three years	13.84%	2,498,612	345,696	2,152,916
Over three years	73.59%	3,583,399	2,636,974	946,425
		52,806,360	3,807,452	48,998,908
ECL assessed individually		9,712,149	5,223,720	4,488,429
		62,518,509	9,031,172	53,487,337

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 2022, impairment allowance on trade receivables and contract assets is provided based on the provision matrix. Impairment loss of approximately RMB319.79 million (2021: RMB613.06 million) was recognised for trade receivables and reversal of impairment loss of approximately RMB9.62 million (2021: impairment loss of RMB236.81 million) was recognised for contract assets.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

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 2021	
As previously reported	9,920,790
Business combination under common control	7,265
As restated	9,928,055
Impairment loss under expected credit loss model, net of reversal, as restated	861,499
Additions from acquisition of subsidiaries	49,942
Amounts written off as uncollectible	(229,190)
Disposal of subsidiaries	(1,579,134)
As at 31 December 2021, as restated	9,031,172
As at 1 January 2022	
As previously reported	9,012,273
Business combination under common control	18,899
As restated	9,031,172
Impairment loss under expected credit loss model, net of reversal	310,174
Additions from acquisition of subsidiaries	29
Amounts written off as uncollectible	(58,047)
Disposal of a subsidiary	(55)
As at 31 December 2022	9,283,273

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 2021	
As previously reported	8,041,337
Business combination under common control	(26,191)
As restated	8,015,146
Impairment loss under expected credit loss model, net of reversal, as restated	837,287
Additions from acquisition of subsidiaries	133,219
Amounts written off as uncollectible	(304,410)
Disposal of subsidiaries	(185,165)
As at 31 December 2021, as restated	8,496,077
As at 1 January 2022	
As previously reported	8,482,284
Business combination under common control	13,793
As restated	8,496,077
Reversal of impairment loss under expected credit loss model, net of impairment	(339,265)
Additions from acquisition of subsidiaries	6,289
Amounts written off as uncollectible	(52,756)
Disposal of a subsidiary	13,807
As at 31 December 2022	8,124,152

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(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 2022, the Group has net current liabilities and capital commitments of approximately RMB36,459.39 million (2021 (restated): RMB32,536.16 million) and RMB5,822.08 million (2021: RMB938.29 million) (Note 45), 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 2022, the Group had unused banking facilities and bonds registered but not yet issued, of approximately RMB328,663.90 million (2021: RMB316,050.10 million).

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.

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 2022									
Trade and other payables	–	99,036,514	–	–	–	–	–	99,036,514	99,036,514
Amounts due to related parties									
– Interest-free	–	3,858,344	–	–	–	–	–	3,858,344	3,858,344
– Fixed rate	3.21%	1,656,632	484,152	–	–	–	–	2,140,784	2,062,053
– Variable rate	3.18%	88,676	–	–	–	–	–	88,676	85,970
Borrowings loans									
– Fixed rate bank loans	3.34%	40,076,043	8,979,326	10,787,091	108,592	606,666	2,168,028	62,725,746	59,164,056
– Variable rate bank loans	3.34%	27,505,206	14,090,749	14,178,393	2,685,551	1,563,144	13,196,209	73,219,252	67,973,130
– Other borrowings from non-financial institutions	4.63%	504,893	513,797	338,269	85,149	–	10,191	1,452,299	1,341,437
– Bonds	3.40%	11,593,020	16,576,204	12,317,623	5,290,991	–	3,909,127	49,686,965	45,600,000
Lease liabilities	4.55%	465,049	325,264	263,795	210,729	237,833	1,646,565	3,149,235	2,210,026
Dividends payable to non-controlling interests	–	1,007,508	–	–	–	–	–	1,007,508	1,007,508
		185,791,885	40,969,492	37,885,171	8,381,012	2,407,643	20,930,120	296,365,323	282,339,038
Derivative financial instruments – net settlement									
Foreign exchange forward contracts	–	23,757	–	–	–	–	–	23,757	23,757

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

	Effective interest rate %	Within one year *RMB'000* (restated)	One to two years *RMB'000* (restated)	Two to three years *RMB'000* (restated)	Three to four years *RMB'000* (restated)	Four to five years *RMB'000* (restated)	After five years *RMB'000* (restated)	Total undiscounted cashflow *RMB'000* (restated)	Carrying amount *RMB'000* (restated)
As at 31 December 2021									
Trade and other payables	–	98,730,509	–	–	–	–	–	98,730,509	98,730,509
Amounts due to related parties									
– Interest-free	–	4,524,787	–	–	–	–	–	4,524,787	4,524,787
– Fixed rate	5.20%	594,326	–	–	–	–	–	594,326	564,949
Borrowings loans									
– Fixed rate bank loans	3.64%	20,272,570	8,974,242	5,753,902	94,633	724,227	3,626,320	39,445,894	38,061,533
– Variable rate bank loans	4.05%	32,387,657	21,844,500	10,079,134	2,074,930	1,273,490	4,519,960	72,179,671	69,368,776
– Other borrowings from non-financial institutions	5.60%	376,163	550,262	498,888	283,070	87,401	6,459	1,802,243	1,706,671
– Bonds	3.70%	23,743,433	9,127,605	16,171,855	3,162,447	4,779,395	3,148,822	60,133,557	57,988,000
Lease liabilities	4.65%	476,754	366,088	247,177	202,769	539,570	1,706,417	3,538,775	3,009,003
Dividends payable to non-controlling interests	–	1,303,025	–	–	–	–	–	1,303,025	1,303,025
		182,409,224	40,862,697	32,750,956	5,817,849	7,404,083	13,007,978	282,252,787	275,257,253
Derivative financial instruments									
– net settlement									
Foreign exchange forward contracts	–	248	–	–	–	–	–	248	248
Interest rate swaps	–	7,186	–	–	–	–	–	7,186	7,186
		7,434	–	–	–	–	–	7,434	7,434

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(d) Interest rate benchmark reform

As listed in Note 31, several of the Group's London Interbank Offered Rate ("**LIBOR**") and Hong Kong Interbank Offered Rate ("**HIBOR**") bank loans will be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

LIBOR

As at 31 December 2022, all LIBOR settings have been either ceased to be provided by any administrator or no longer be representative, which will be ceased immediately after 30 June 2023.

HIBOR

While the Hong Kong Dollar Overnight Index Average ("**HONIA**") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition:

Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs and HIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(d) Interest rate benchmark reform *(Continued)*

Interest rate related risks (Continued)

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

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 31, cash and cash equivalents disclosed in Note 29, 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.

Fair value hierarchy as at 31 December 2022

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Derivative financial instruments	**–**	**31,551**	**–**	**31,551**
Financial assets at fair value through profit or loss	**4,063,445**	**–**	**7,450,835**	**11,514,280**
Total assets	**4,063,445**	**31,551**	**7,450,835**	**11,545,831**
Liability				
Derivative financial instruments	**–**	**23,757**	**–**	**23,757**
Total liability	**–**	**23,757**	**–**	**23,757**

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 2021

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Derivative financial instruments	–	16,578	–	16,578
Financial assets at fair value through profit or loss	5,008,368	–	5,775,783	10,784,151
Total assets	5,008,368	16,578	5,775,783	10,800,729
Liability				
Derivative financial instruments	–	7,434	–	7,434
Total liability	–	7,434	–	7,434

During the years ended 31 December 2022 and 2021, there were no significant transfers between levels of the financial assets and financial liabilities.

During the years ended 31 December 2022 and 2021, 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 are included in level 1. Instruments includes in level 1 comprise primarily Hong Kong Stock Exchange, Shenzhen Stock Exchange and Shanghai Stock Exchange equity investments classified as trading securities.

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)*

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.

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.

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)*

Information about Level 3 fair value measurements

Financial assets	Fair value as at 31 December 2022	Fair value as at 31 December 2021	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: RMB4,912,236,000	Bank deposits in Mainland China with non-closely related embedded derivative: RMB3,537,028,000	Discounted cash flows Key unobservable inputs are: Expected yields of 1.12% to 3.62% (2021: 1.48% to 3.45%) 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 shares classified as financial assets at fair value through profit or loss	Unlisted equity shares, amounts of RMB2,538,599,000	Unlisted equity shares, amounts of RMB2,238,755,000	Market comparable companies Key unobservable input: Discount rate for lack of marketability – 24.0% to 26.9% (2021: 26.9 to 30.8%) (Note (ii)) Net assets value The effects of unobservable inputs are not significant	The higher the discount rate, the lower the fair value

Note*s:*

(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 2022, 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 RMB13.22 million (2021: RMB9.77 million).

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*
At 1 January 2021	3,502,798
Total loss recognised in profit or loss	(16,520)
Additions	12,560,883
Disposal	(10,271,378)
At 31 December 2021	5,775,783
At 1 January 2022	**5,775,783**
Total loss recognised in profit or loss	**(17,571)**
Additions	**19,342,961**
Disposal	**(17,650,338)**
At 31 December 2022	**7,450,835**

(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

	2022 **RMB'000**	2021 RMB'000 (restated)
Sale of goods	**195,356,743**	235,630,115
Provision of engineering services	**31,371,778**	35,388,106
Rendering of other services	**3,439,215**	4,600,387
	230,167,736	275,618,608

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, glass fiber, composite and lightweight 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 services

The revenue of the Group from provision of engineering 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 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RMB42,221.18 million (2021: RMB25,087.39 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 services and others. These activities are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Cement	–	Production and sale of cement
Concrete	–	Production and sale of concrete
New materials	–	Production and sale of glass fibre, composite and lightweight building materials
Engineering services	–	Cement and mining technical equipment and engineering services, transportation and repairment
Others	–	Merchandise trading business and others

More than 90% of the Group's operations and assets are located in the PRC for the years ended 31 December 2022 and 2021.

7 SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(Continued)*

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

For the year ended 31 December 2022

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Consolidated statement of profit or loss							
Revenue							–
External sales							–
At a point of time	110,468,111	36,130,482	45,287,991	–	7,158,123	–	199,044,707
Over time	–	–	–	31,123,029	–	–	31,123,029
	110,468,111	36,130,482	45,287,991	31,123,029	7,158,123	–	230,167,736
Inter-segment sales (Note)	1,121,148	1,020	359,762	6,986,649	16,346,091	(24,814,670)	–
	111,589,259	36,131,502	45,647,753	38,109,678	23,504,214	(24,814,670)	230,167,736
Adjusted EBITDA	19,863,938	3,232,353	10,445,646	2,795,246	(680,919)	–	35,656,264
Depreciation and amortisation	(11,669,260)	(707,496)	(2,511,241)	(362,245)	(306,320)	–	(15,556,562)
Unallocated other income, net							291,785
Unallocated administrative expenses							(36,072)
Share of results of associates	549,278	74	170,149	9,264	2,323,769	–	3,052,534
Share of results of joint ventures	150	–	(7,424)	–	(395)	–	(7,669)
Finance costs, net	(3,713,549)	(1,356,522)	(615,031)	(980)	(304,430)	–	(5,990,512)
Unallocated finance costs, net							23,051
Profit before income tax							17,432,819
Income tax expense							(2,528,027)
Profit for the year							14,904,792

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 2022 *(Continued)*

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

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

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Other information						
Addition to non-current assets:						
Property, plant and equipment	16,413,114	1,079,203	7,247,238	698,744	326,566	25,764,865
Right-of-use assets	715,270	61,187	725,025	20,873	189,431	1,711,786
Intangible assets	4,694,590	3,924	277,627	55,385	1,058	5,032,584
Unallocated						17,729
	21,822,974	1,144,314	8,249,890	775,002	517,055	32,526,964
Acquisition of subsidiaries	625,934	1,566	108,733	270,355	887,251	1,893,839
Depreciation and amortisation						
Property, plant and equipment	7,815,046	539,095	2,239,358	295,239	237,337	11,126,075
Right-of-use assets	2,153,083	157,559	160,607	31,654	47,541	2,550,444
Intangible assets	1,701,133	10,842	111,276	35,352	21,441	1,880,044
Unallocated						39,568
	11,669,262	707,496	2,511,241	362,245	306,319	15,596,131

7 SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(Continued)*

For the year ended 31 December 2022 *(Continued)*

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Total *RMB'000*
(Reversal of impairment loss)/impairment loss under expected credit loss model, net of reversal	(249,668)	(6,417)	194,222	18,601	14,171	(29,091)
Impairment of goodwill	1,717	–	51,352	67,765	286	121,120
Impairment of property, plant and equipment	175,443	24,133	67,865	–	951	268,392
Impairment of Intangible assets	29,930	–	30,240	–	–	60,170
Write down of inventories	109,000	3,184	57,545	5,075	19,837	194,641
Consolidated statement of financial position						
Assets						
Segment assets	240,948,103	52,303,553	69,253,978	30,450,318	8,718,403	401,674,355
Interests in associates	10,251,788	–	1,341,080	504,817	17,868,012	29,965,697
Interests in joint ventures	30,595	–	95,907	–	–	126,502
Unallocated assets						50,700,779
Total consolidated assets						482,467,333
Liabilities						
Segment liabilities	138,075,023	18,617,683	31,982,319	24,883,696	8,782,005	222,340,726
Unallocated liabilities						67,788,130
Total consolidated liabilities						290,128,856

7 SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(Continued)*

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

For the year ended 31 December 2021

	Cement *RMB'000* (restated)	Concrete *RMB'000* (restated)	New materials *RMB'000* (restated)	Engineering services *RMB'000* (restated)	Others *RMB'000* (restated)	Eliminations *RMB'000* (restated)	Total *RMB'000* (restated)
Consolidated statement of profit or loss							
Revenue							
External sales							
At a point of time	135,098,705	50,760,299	45,258,149	2,674,857	6,172,667	–	239,964,677
Over time	–	–	–	35,653,931	–	–	35,653,931
	135,098,705	50,760,299	45,258,149	38,328,788	6,172,667	–	275,618,608
Inter-segment sales (Note)	2,443,067	59,120	326,223	8,921,361	7,051,767	(18,801,538)	–
	137,541,772	50,819,419	45,584,372	47,250,149	13,224,434	(18,801,538)	275,618,608
Adjusted EBITDA	34,076,518	3,466,055	11,304,081	2,357,498	453,883	–	51,658,035
Depreciation and amortisation	(10,390,831)	(1,052,524)	(2,468,595)	(672,657)	(163,981)	–	(14,748,588)
Unallocated other income, net							60,468
Unallocated administrative expenses							(26,276)
Share of results of associates	1,403,790	19,810	115,636	24,566	2,457,836	–	4,021,638
Share of results of joint ventures	(671)	–	(3,649)	–	–	–	(4,320)
Finance costs, net	(4,395,464)	(1,070,770)	(641,009)	(505,089)	(284,459)	–	(6,896,791)
Unallocated finance costs, net							(354,773)
Profit before income tax							33,709,393
Income tax expense							(7,995,602)
Profit for the year							25,713,791

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 2021 *(Continued)*

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

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

	Cement *RMB'000* (restated)	Concrete *RMB'000* (restated)	New materials *RMB'000* (restated)	Engineering services *RMB'000* (restated)	Others *RMB'000* (restated)	Total *RMB'000* (restated)
Other information						
Additions to non-current assets:						
Property, plant and equipment	19,413,106	1,581,474	5,426,924	1,001,903	186,662	27,610,069
Right-of-use assets	1,035,707	220,053	389,944	184,082	18,816	1,848,602
Intangible assets	6,348,319	582,134	531,313	501,828	2,029	7,965,623
Unallocated						42,082
	26,797,132	2,383,661	6,348,181	1,687,813	207,507	37,466,376
Acquisition of subsidiaries	6,991,658	2,479	263,075	–	73,026	7,330,238
Depreciation and amortisation						
Property, plant and equipment	7,200,491	512,410	2,090,743	405,330	131,016	10,339,990
Right-of-use assets	2,062,679	155,166	140,188	21,300	21,769	2,401,102
Intangible assets	1,127,661	384,948	237,664	246,027	11,198	2,007,498
Unallocated						78,759
	10,390,831	1,052,524	2,468,595	672,657	163,983	14,827,349

7 SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(Continued)*

For the year ended 31 December 2021 *(Continued)*

	Cement *RMB'000* (restated)	Concrete *RMB'000* (restated)	New materials *RMB'000* (restated)	Engineering services *RMB'000* (restated)	Others *RMB'000* (restated)	Total *RMB'000* (restated)
Impairment loss/(reversal of impairment loss) under expected credit loss model, net of reversal	523,083	1,026,296	(303,256)	385,278	67,385	1,698,786
Impairment of goodwill	1,879,962	934,302	–	49,566	–	2,863,830
Impairment of property, plant and equipment	1,578,134	439,116	91,546	19,935	62,627	2,191,358
Write down of inventories	54,787	4,183	97,732	13,982	11,172	181,856
Consolidated statement of financial position						
Assets						
Segment assets	236,960,704	53,195,596	64,192,085	28,621,636	7,143,860	390,113,881
Interests in associates	12,195,603	65,257	7,745,747	3,495,095	3,336,488	26,838,190
Interests in joint ventures	30,840	–	100,508	–	–	131,348
Unallocated assets						46,917,138
Total consolidated assets						464,000,557
Liabilities						
Segment liabilities	131,545,710	17,922,262	31,122,629	25,345,052	7,211,166	213,146,819
Unallocated liabilities						71,576,382
Total consolidated liabilities						284,723,201

7 SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(Continued)*

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

	2022 ***RMB'000***	2021 *RMB'000* (Restated)
Adjusted EBITDA for reportable segments	**36,337,183**	51,204,152
Adjusted EBITDA for other segments	**(680,919)**	453,883
Total segments profit	**35,656,264**	51,658,035
Depreciation of property, plant and equipment	**(11,126,075)**	(10,339,990)
Amortisation of in right-of-use assets	**(2,550,444)**	(2,401,102)
Amortisation of intangible assets	**(1,880,043)**	(2,007,496)
Corporate items	**255,713**	34,192
Operating profit	**20,355,415**	36,943,639
Finance costs, net	**(5,967,461)**	(7,251,564)
Share of results of associates	**3,052,534**	4,021,638
Share of results of joint ventures	**(7,669)**	(4,320)
Profit before income tax	**17,432,819**	33,709,393

7 SEGMENTS INFORMATION *(CONTINUED)*

(b) Geographical segments

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

Revenue from external customers

	2022 ***RMB'000***	2021 *RMB'000* (restated)
PRC	**207,831,310**	257,516,623
Europe	**1,784,834**	2,674,757
Middle East	**1,954,332**	1,359,731
Southeast Asia	**3,701,657**	2,766,237
Oceania	**2,604,188**	1,054,907
Africa	**9,341,438**	9,160,696
Americas	**1,587,602**	213,406
Others	**1,362,375**	872,251
	230,167,736	275,618,608

(c) Information of major customers

No single customer accounted for 10% or more of the total revenue for the years ended 31 December 2022 and 2021.

8 INVESTMENT AND OTHER INCOME, NET

	2022 RMB'000	2021 RMB'000 (restated)
Dividends from financial assets at fair value through profit or loss	**222,644**	111,919
Discount on acquisition of interests in subsidiaries (Note 41(a))	**–**	17,709
Government subsidies:		
– VAT refunds (Note (a))	**1,035,590**	1,410,559
– Government grants (Note (b))	**1,335,419**	1,334,201
– Interest subsidy	**15,943**	173
Gain on disposal of subsidiaries, net (Note 41(b))	**1,966**	626,319
Gain on deemed disposal of subsidiaries (Note 41(c))	**290,008**	–
Gain on disposal of associates, net	**29,201**	96,181
(Loss)/gain on disposal of other investments	**(79,476)**	49,485
Decrease in fair value of financial assets at fair value through profit or loss, net	**(1,687,499)**	(132,122)
(Decrease)/increase in fair value of derivative financial instruments, net	**(17,041)**	14,661
Net rental income from:		
– Investment properties (Note 17)	**130,838**	54,962
– Land and building	**84,303**	52,294
– Equipment	**12,904**	167,503
Gain on disposal of property, plant and equipment	**1,798,136**	818,150
Gain on disposal of intangible assets	**1,274,565**	289,477
Technical and other service income	**566,329**	656,647
Claims received	**93,788**	672,455
Waiver of payables	**141,783**	165,994
Others	**283,542**	120,434
	5,532,943	6,527,001

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.

9 FINANCE COSTS, NET

	2022 RMB'000	2021 RMB'000 (restated)
Interest expenses on bank borrowings	**4,389,024**	4,961,997
Interest expenses on bonds and other borrowings	**2,449,776**	3,213,552
Interest on lease liabilities	**210,949**	212,231
Less: interest capitalised to construction in progress	**(261,513)**	(250,238)
	6,788,236	8,137,542
Interest income:		
– interest on bank deposits	**(589,397)**	(567,897)
– interest on loans receivables	**(231,378)**	(318,081)
	(820,775)	(885,978)
Finance costs, net	**5,967,461**	7,251,564

Borrowing costs capitalised for the year ended 31 December 2022 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 3.46% (2021: 3.43%) per annum to expenditure on the qualifying assets.

10 DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and supervisors' emoluments

Year ended 31 December 2022

	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 (Note f)	–	–	–	–	–	–
Mr. Liu Yan (Note f)	–	40	28	2	–	70
Mr. Fu Jinguang	–	726	495	43	–	1,264
Mr. Xiao Jiaxiang (Note d)	–	1,617	2,182	58	–	3,857
Mr. Wang Bing	–	1,061	660	58	–	1,779
Non-executive directors						
Mr. Li Xinhua	–	–	–	–	–	–
Mr. Chang Zhangli (Note h)	–	–	–	–	–	–
Mr. Wang Yumeng	–	–	–	–	–	–
Mr. Peng Shou (Note g)	–	1,263	920	41	–	2,224
Mr. Shen Yungang	–	–	–	–	–	–
Ms. Fan Xiaoyan	–	–	–	–	–	–
Independent non-executive directors						
Mr. Sun Yanjun	300	–	–	–	–	300
Mr. Liu Jianwen	300	–	–	–	–	300
Mr. Zhou Fangsheng	300	–	–	–	–	300
Mr. XiaXue	300	–	–	–	–	300
Mr. Li Jun	300	–	–	–	–	300
Supervisors						
Ms. Zhan Yanjing	–	–	–	–	–	–
Mr. Qu Xiaoli (Note f)	–	–	–	–	–	–
Ms. Hu Juan (Note b)	–	–	–	–	–	–
Mr. Zhang Jianfeng (Note c)	–	–	–	–	–	–
Ms. Yu Yuehua	–	642	144	58	–	844
Ms. Zeng Xuan	–	636	144	58	–	838
Ms. Du Guangyuan	–	617	144	58	–	819
Ms. Li Xinhua	–	–	–	–	–	–
Ms. Guo Yanming	–	–	–	–	–	–
Mr. Wang Yumeng	–	–	–	–	–	–
Ms. Xu Qian	–	–	–	–	–	–
Mr. Wei Rushan (Note e)	–	–	–	–	–	–
Independent supervisors						
Mr. Wu Weiku (Note a)	55	–	–	–	–	55
Mr. Li Xuan	200	–	–	–	–	200
Mr. Wei Jianguo (Note c)	117	–	–	–	–	117
	1,872	6,602	4,717	376	–	13,567

10 DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

(a) Directors' and supervisors' emoluments *(Continued)*

Notes:

(a) Resigned on 28 February 2022.

(b) Resigned on 6 May 2022.

(c) Appointed on 30 May 2022.

(d) Resigned on 30 September 2022.

(e) Resigned on 26 November 2022.

(f) Appointed on 19 December 2022.

(g) Resigned on 19 December 2022.

(h) Re-designated from executive director to non-executive director on 1 December 2022.

10 DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

(a) Directors' and supervisors' emoluments *(Continued)*

Year ended 31 December 2021

	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 (Note a)	–	–	–	–	–	–
Mr. Chang Zhangli	–	–	–	–	–	–
Mr. Fu Jinguang	–	943	960	53	–	1,956
Mr. Xiao Jiaxiang (Note a)	–	128	120	7	–	255
Mr. Wang Bing (Note a)	–	127	120	7	–	254
Mr. Cao Jianglin (Note b)	–	–	–	–	–	–
Mr. Cui Xingtai (Note c)	–	–	–	–	–	–
Non-executive directors						
Mr. Li Xinhua	–	–	–	–	–	–
Mr. Wang Yumeng	–	–	–	–	–	–
Mr. Peng Shou	–	1,456	960	39	–	2,455
Mr. Shen Yungang	–	–	–	–	–	–
Mr. Fan Xiaoyan	–	–	–	–	–	–
Mr. Tao Zheng (Note c)	–	–	–	–	–	–
Mr. Chen Yongxin (Note c)	–	–	–	–	–	–
Ms. Zhan Yanjing (Note c)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Sun Yanjun	300	–	–	–	–	300
Mr. Liu Jianwen	300	–	–	–	–	300
Mr. Zhou Fangsheng	300	–	–	–	–	300
Ms. XiaXue	300	–	–	–	–	300
Mr. Li Jun	300	–	–	–	–	300
Supervisors						
Mr. Li Xinhua	–	–	–	–	–	–
Mr. Guo Yanming	–	–	–	–	–	–
Ms. Zeng Xuan	–	547	300	53	–	900
Ms. Yu Yuehua	–	537	300	53	–	890
Ms. Du Guangyuan (Note a)	–	62	18	7	–	87
Mr. Wang Yumeng	–	–	–	–	–	–
Mr. Xu Qian	–	–	–	–	–	–
Independent supervisors						
Mr. Wu Weiku	200	–	–	–	–	200
Mr. Li Xuan	200	–	–	–	–	200
	1,900	3,800	2,778	219	–	8,697

Notes:

(a) Appointed on 19 November 2021

(b) Resigned on 21 October 2021

(c) Resigned on 19 November 2021

10 DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 1 (2021: none) of the director of the Company whose emoluments is included in the disclosures below. The emoluments in respect of four (2021: five) individuals were as follows:

	2022	2021
	RMB'000	*RMB'000*
Salaries, allowances and benefits-in-kind	**5,521**	5,656
Discretionary bonuses	**6,796**	10,582
Retirement plan contributions	**137**	216
	12,454	16,454

Their emoluments paid by the Group are within the following bands:

	Number of the five highest paid individuals	
	2022	2021
HKD3,000,001 – HKD3,500,000	**1**	–
HKD3,500,001 – HKD4,000,000	**2**	3
HKD4,000,001 – HKD4,500,000	**1**	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.

11 PROFIT BEFORE INCOME TAX

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

	2022 RMB'000	2021 RMB'000 (restated)
Depreciation of:		
Property, plant and equipment	**11,126,075**	10,392,032
Investment properties	**39,568**	26,283
Right-of-use assets	**2,550,444**	2,401,102
	13,716,087	12,819,417
Amortisation of intangible assets	**1,880,044**	2,007,932
Total depreciation and amortisation	**15,596,131**	14,827,349
Impairment loss on goodwill*	**121,120**	2,863,830
Impairment loss on property, plant and equipment*	**268,392**	2,191,358
Impairment loss on intangible assets*	**60,170**	149,772
Loss on goodwill from deregistration of subsidiaries	**28,171**	40,637
Cost of inventories recognised as expenses	**195,469,816**	200,947,478
Gain on disposal of property, plant and equipment, investment properties and intangible assets, net	**(3,072,701)**	(1,107,627)
Auditor's remuneration		
– Audit services	**5,350**	9,768
– Non-audit service	**1,089**	1,528
Total auditor's remuneration	**6,439**	11,296
Staff costs including directors' remunerations		
– Salaries, bonus and other allowances	**19,833,436**	20,795,899
– Equity-settled share-based payment expenses	**42,681**	–
– Retirement plan contributions	**2,424,844**	2,304,556
Total staff costs	**22,300,961**	23,100,455
Write down of inventories	**194,641**	181,856
Net foreign exchange (gain)/loss	**(240,608)**	688,288

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

12 INCOME TAX EXPENSE

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

	2022 **RMB'000**	2021 RMB'000 (restated)
Current income tax	**3,858,632**	7,999,935
Deferred income tax (Note 32)	**(1,330,605)**	(4,333)
	2,528,027	7,995,602

PRC income tax is calculated at 25% (2021: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC for both years, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rates of 15% entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

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

	2022 **RMB'000**	2021 RMB'000 (restated)
Profit before income tax	**17,432,819**	33,709,393
Tax at domestic income tax rate of 25% (2021: 25%)	**4,358,205**	8,427,348
Tax effect of:		
Share of results of associates	**(763,133)**	(1,005,409)
Share of results of joint ventures	**1,917**	1,080
Tax effect of expenses not deductible for tax purposes	**1,579,231**	1,347,913
Tax effect of income not taxable for tax purposes	**(1,976,533)**	(704,268)
Tax effect of tax losses not recognised	**1,430,063**	1,665,919
Utilisation of tax losses previously not recognised	**(755,181)**	(339,035)
Income tax credits granted to subsidiaries on acquisition of certain qualified equipment (Note)	**(2,652)**	(23,726)
Effect of different tax rates of subsidiaries	**(1,343,890)**	(1,374,220)
	2,528,027	7,995,602

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

12 INCOME TAX EXPENSE (CONTINUED)

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

	2022			2021		
	Before taxation RMB'000	**Taxation (charged)/ credited (Note 32) RMB'000**	**Net of taxation RMB'000**	Before taxation RMB'000 (restated)	Taxation credited/ (charged) (Note 32) RMB'000 (restated)	Net of taxation RMB'000 (restated)
Actuarial gain/(loss) on defined benefit obligations	**11,923**	**(223)**	**11,700**	(3,122)	212	(2,910)
Change in the fair value of equity instruments at fair value through other comprehensive income	**–**	**–**	**–**	1,395	(209)	1,186
Currency translation differences	**(75,467)**	**37**	**(75,430)**	(3,887)	–	(3,887)
Share of associates' other comprehensive income	**55,791**	**–**	**55,791**	46,485	–	46,485
Share of joint ventures' other comprehensive income/(expense)	**3,300**	**–**	**3,300**	(1,050)	–	(1,050)
Change in the fair value on hedging instruments designated as cash flow hedges	**18,152**	**(2,461)**	**15,691**	12,132	(1,820)	10,312
Other comprehensive income/ (expense)	**13,699**	**(2,647)**	**11,502**	51,953	(1,817)	50,136

13 DIVIDENDS

	2022 *RMB'000*	2021 *RMB'000*
Dividends paid – RMB0.693 (2021: RMB0.47) per share by the Company	**5,845,296**	3,964,342
Proposed final dividend – RMB0.378 (2021: RMB0.693) per share by the Company (see below)	**3,188,343**	5,845,296

The final dividend of RMB3,188,343,000 in total (pre-tax) has been proposed by the board of directors on 24 March 2023 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 ordinary equity holders of the Company is based on the following data:

	2022 *RMB'000*	2021 *RMB'000* (restated)
Profit attributable to owners of the Company	**7,961,585**	16,299,833

	2022 *'000*	2021 *'000*
Weighted average number of ordinary shares in issue	**8,434,771**	8,434,771

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

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 2021					
As previously reported	20,384,041	116,625,544	116,872,200	4,892,429	258,774,214
Business combination under common control (Note 43)	2,536	130,373	18,522	4,398	155,829
As restated	20,386,577	116,755,917	116,890,722	4,896,827	258,930,043
Additions, as restated	21,751,725	2,392,484	3,137,793	342,739	27,624,741
Acquisition of subsidiaries (Note 41(a))	218,162	2,780,542	1,715,718	21,283	4,735,705
Transfer from construction in progress, as restated	(19,750,416)	7,272,273	12,450,820	27,323	–
Transfer to construction in progress for reconstruction	67,027	(30,393)	(207,238)	–	(170,604)
Disposals, as restated	(5,997,699)	(1,938,544)	(3,879,233)	(1,569,539)	(13,385,015)
Disposals of subsidiaries (Note 41(b))	(398,655)	(1,109,732)	(3,260,020)	(18,655)	(4,787,062)
Transfer from investment properties (Note 17)	–	18,035	–	–	18,035
Transfer to investment properties (Note 17)	(92,602)	(11,123)	–	–	(103,725)
As at 31 December 2021, as restated	16,184,119	126,129,459	126,848,562	3,699,978	272,862,118
As at 1 January 2022					
As previously reported	16,183,440	125,997,327	126,838,418	3,695,945	272,715,130
Business combination under common control (Note 43)	679	132,132	10,144	4,033	146,988
As restated	16,184,119	126,129,459	126,848,562	3,699,978	272,862,118
Additions	19,886,616	2,494,971	3,059,835	323,443	25,764,865
Acquisition of subsidiaries (Note 41(a))	371,484	412,928	166,490	3,265	954,167
Transfer from construction in progress	(16,289,558)	5,863,160	10,393,466	32,932	–
Transfer to construction in progress for reconstruction	370,689	(353,305)	(519,213)	(7,887)	(509,716)
Disposals	(472,158)	(2,443,304)	(4,684,896)	(824,033)	(8,424,391)
Disposals of subsidiaries (Note 41(b))	–	(163,355)	(153,095)	(10,973)	(327,423)
Deemed disposal of subsidiaries	(201,556)	(527,266)	(1,020,655)	(6,238)	(1,755,715)
Transfer from investment properties (Note 17)	2,380	7,881	–	–	10,261
Transfer to investment properties (Note 17)	(363,680)	(216,146)	–	–	(579,826)
As at 31 December 2022	**19,488,336**	**131,205,023**	**134,090,494**	**3,210,487**	**287,994,340**

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 2021					
As previously reported	832,282	29,548,639	53,107,971	2,828,461	86,317,353
Business combination under common control (Note 43)	–	18,976	13,819	2,248	35,043
As restated	832,282	29,567,615	53,121,790	2,830,709	86,352,396
Charge for the year, as restated	–	3,254,948	6,713,739	423,345	10,392,032
Disposals, as restated	(9,515)	(1,318,354)	(3,399,111)	(1,446,138)	(6,173,118)
Impairment loss recognised	326,491	1,000,837	820,522	43,508	2,191,358
Transfer to construction in progress for reconstruction	–	(10,943)	(159,661)	–	(170,604)
Disposal of subsidiaries (Note 41(b))	–	(257,798)	(824,513)	(9,036)	(1,091,347)
Transfer from investment properties (Note 17)	–	7,977	–	–	7,977
Transfer to investment properties (Note 17)	–	(2,949)	–	–	(2,949)
As at 31 December 2021, as restated	1,149,258	32,241,333	56,272,766	1,842,388	91,505,745
As at 1 January 2022					
As previously reported	1,149,258	32,217,936	56,266,982	1,839,963	91,474,139
Business combination under common control (Note 43)	–	23,397	5,784	2,425	31,606
As restated	1,149,258	32,241,333	56,272,766	1,842,388	91,505,745
Charge for the year	–	3,669,405	7,098,443	358,227	11,126,075
Disposals	(359,810)	(1,780,798)	(3,937,631)	(655,424)	(6,733,663)
Impairment loss recognised	11,932	2,593	248,554	5,313	268,392
Deemed disposal of subsidiaries (Note 41(b))	(10,805)	(189,300)	(719,328)	(2,761)	(922,194)
Disposal of subsidiaries (Note 41(b))	–	(160,647)	(149,714)	(10,356)	(320,717)
Transfer to construction in progress for reconstruction	–	(103,804)	(399,284)	(6,628)	(509,716)
Transfer from construction in progress	(42)	35	7	–	–
Transfer from investment properties (Note 17)	–	7,603	–	–	7,603
Transfer to investment properties (Note 17)	–	(93,929)	–	–	(93,929)
As at 31 December 2022	**790,533**	**33,592,491**	**58,413,813**	**1,530,759**	**94,327,596**
Carrying amount					
As at 31 December 2022	**18,697,803**	**97,612,532**	**75,676,681**	**1,679,728**	**193,666,744**
As at 31 December 2021, as restated	15,034,861	93,888,126	70,575,796	1,857,590	181,356,373

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:

	2022 *RMB'000*	2021 *RMB'000*
Construction in progress	**1,411,410**	880,000
Land and buildings	**393,832**	168,510
Plant and machinery	**184,286**	392,704
Motor vehicles	**–**	237
Total	**1,989,528**	1,441,451

At 31 December 2022, land and buildings with carrying amount of approximately RMB5,222.32 millions (2021: approximately RMB4,699.97 million) are still in the process of applying the title certificates.

15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Impairment assessment

For the years ended 31 December 2022 and 2021, the management of the Group performed impairment assessments on property, plant and equipment of certain subsidiaries located in PRC which suffered from continuous losses. In addition, during the year ended 31 December 2021, in following a series of the government's policies on environmental protection and capacity replacement, some production lines in several subsidiaries of the Group had been suspended during the year or to be suspended in the near future.

With assistance from independent professional valuer, management of the Group assessed the recoverable amounts of these assets, except for those that can be used by other business within the Group, and concluded the relevant, recoverable amounts are lower than their carrying amount.

The recoverable amounts are based on the higher of the value in use and the fair value less costs of disposal for these assets from the use or scrap sales.

The key assumptions used in estimating the value in use of these assets. The value in use calculations use cash flow projection based on the financial budgets approved by the management covering a five-year period of these assets with a pre-tax discount rate of 11% to 14% (2021: 10% to 16%). Cash flow projections during the budget period 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.

Accordingly, impairment loss of approximately RMB268.39 million (2021: approximately RMB2,191.36 million) has been recognised in respect of these property, plant and equipment in profit or loss for the year.

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 2022 Carrying amount	**21,640,029**	**2,802,421**	**4,192,022**	**178,646**	**28,813,118**
As at 31 December 2021 Carrying amount, as restated	20,634,126	2,848,292	5,662,340	203,730	29,348,488
For the year ended 31 December 2022 Depreciation charge	**627,186**	**366,819**	**1,528,373**	**28,066**	**2,550,444**
For the year ended 31 December 2021 Depreciation charge, as restated	561,523	253,650	1,555,096	30,833	2,401,102

	2022 *RMB'000*	2021 *RMB'000* (restated)
Expense relating to short-term leases	**122,245**	265,940
Expense relating to leases of low-value assets, excluding short – term leases of low value assets	**1,903**	3,348
Variable lease payments not included in the measurement of lease liabilities	**5,791**	161
Total cash outflow for leases	**536,951**	1,082,319
Additions to right-of-use assets	**1,711,786**	1,848,602
Additions upon acquisition of subsidiaries	**415,318**	1,238,292

The Group leases various offices, plant and machinery and motor vehicles for its operations. Lease contracts are entered into for fixed term of 2 years to 50 years (2021: 2 years to 18 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 RMB941.79 million (2021: RMB221.16 million) where the applications are still in the process.

The Group regularly entered into short-term leases for office, plant and machinery and motor vehicles. As at 31 December 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

16 RIGHT OF USE ASSETS *(CONTINUED)*

As at 31 December 2022, the Group has pledged leasehold lands with a carrying amount of approximately RMB194.39 million (2021: RMB152.88 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.

As at 31 December 2022, there is no new leases for several production plants that have not yet commenced (2021: with average non-cancellable period ranging from 2 to 18 years), excluding period under extension options, the total future undiscounted cash flows over the non-cancellable period amounted to RMBnil (2021: RMB225.51 million).

17 INVESTMENT PROPERTIES

	RMB'000
Cost	
As at 1 January 2021	1,196,967
Additions	22,773
Disposal	(66,756)
Transfer from property, plant and equipment (Note 15)	103,725
Transfer to property, plant and equipment (Note 15)	(18,035)
Transfer from right-of-use assets	93,620
Transfer to right-of-use assets	(1,225)
As at 31 December 2021 and 1 January 2022	1,331,069
As at 1 January 2022	**1,331,069**
Additions	**17,729**
Acquisitions of subsidiaries (Note 41(a))	**68,862**
Disposal	**(31,730)**
Transfer from property, plant and equipment (Note 15)	**579,826**
Transfer to property, plant and equipment (Note 15)	**(10,261)**
Transfer from right-of-use assets	**15,597**
Transfer to right-of-use assets	**(50)**
As at 31 December 2022	**1,971,042**

17 INVESTMENT PROPERTIES *(CONTINUED)*

	RMB'000
Depreciation	
As at 1 January 2021	339,804
Charge for the year	26,283
Disposal	(4,860)
Transfer from property, plant and equipment (Note 15)	2,949
Transfer to property, plant and equipment (Note 15)	(7,977)
Transfer from right-of-use assets	10,071
Transfer to right-of-use assets	(416)
As at 31 December 2021 and 1 January 2022	365,854
As at 1 January 2022	**365,854**
Charge for the year	**39,568**
Disposal	**(3,663)**
Transfer from property, plant and equipment (Note 15)	**93,929**
Transfer to property, plant and equipment (Note 15)	**(7,603)**
Transfer from right-of-use assets	**5,087**
Transfer to right-of-use assets	**(11)**
As at 31 December 2022	**493,161**
Carrying amount	
As at 31 December 2022	**1,477,881**
As at 31 December 2021	965,215

The cost of investment properties is depreciated over their estimated useful lives at an estimated rate of 2.38% (2021: 2.38%) per annum.

As at 31 December 2022, the Group has pledged investment properties with carrying amount of approximately RMB1.06 million (2021: RMBnil) to secure bank borrowings granted to the Group.

17 INVESTMENT PROPERTIES *(CONTINUED)*

The fair value of the Group's investment properties as at 31 December 2022 was approximately RMB2,359.14 million (2021: RMB1,256.21 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. 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 6.3% to 7.0% (2021: 6.0% to 7.5%), 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 RMB241.71 million (2021: RMB97.80 million), were assessed by income capitalisation approach, which categorised under level 3 fair value hierarchy, with fair value of approximately RMB752.65 million (2021: RMB315.59 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 RMB1,236.17 million (2021: RMB2,562.05 million). There was no transfer into or out of level 3 fair value hierarchy during both years.

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 RMB82.05 million (2021: RMB70.70 million). Direct operating expenses arising on the investment properties amounted to approximately RMB29.76 million (2021: RMB15.74 million).

18 GOODWILL

	2022 RMB'000	2021 RMB'000
As at 1 January	**32,323,232**	33,290,321
Arising from acquisition of subsidiaries (Note 41(a))	**386,387**	2,117,973
De-registration of a subsidiary	**(28,171)**	(40,637)
Disposal of subsidiaries (Note 41(b))	**–**	(62)
Impairment loss recognised	**(121,120)**	(2,863,830)
Exchange difference	**8,786**	(180,533)
As at 31 December	**32,569,114**	32,323,232

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:

	2022 RMB'000	2021 RMB'000
Cement	**25,958,227**	25,852,025
Concrete	**5,166,576**	5,190,690
New materials	**472,059**	515,907
Engineering services	**877,156**	704,140
Others	**95,096**	60,470
	32,569,114	32,323,232

The Group tests goodwill annually for impairment, or more frequently, if there are indications that goodwill might be impaired.

18 GOODWILL (CONTINUED)

During the year ended 31 December 2022, the Group recognised impairment loss of approximately RMB1.72 million (2021: RMB1,879.96 million), RMBnil (2021: RMB934.30 million), RMB67.77 million (2021: RMB49.57 million), RMB51.35 million (2021: RMBnil) and RMB0.28 million (2021: RMBnil) in relation to goodwill allocated to the CGU of cement segment and concrete segment, engineering service segment, new material segment and other segment, respectively. Losses have been incurred by certain subsidiaries of the cement segment, concrete segment and engineering service segment and the recoverable amount of these subsidiaries is less than their carrying amount. The management does not expect these subsidiaries to operate at a profit in the foreseeable future.

The basis of the recoverable amounts of the above 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 2% to 15% (2021: 0% to 10%), and pre-tax discount rates of 11% to 16% (2021: 10% to 15%). 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 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 6% (2021: 0% to 6%) and pre-tax discount rates of 10% to 28% (2021: 9% to 10%). 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.

19 INTANGIBLE ASSETS

	Mining rights *RMB'000*	Patents and trademarks *RMB'000*	Total *RMB'000*
Cost			
As at 1 January 2021			
As previously reported	23,082,474	3,320,352	26,402,826
Business combination under common control (Note 43)	–	928	928
As restated	23,082,474	3,321,280	26,403,754
Additions, as restated	6,736,546	1,229,077	7,965,623
Acquisition of subsidiaries (Note 41(a))	943,756	412,485	1,356,241
Disposals	(71,496)	(24,181)	(95,677)
Disposals of subsidiaries (Note 41(b))	–	(575,695)	(575,695)
Exchange difference, as restated	(435)	(29,231)	(29,666)
As at 31 December 2021, as restated	30,690,845	4,333,735	35,024,580
As at 1 January 2022			
As previously reported	**30,690,845**	**4,332,765**	**35,023,610**
Business combination under common control (Note 43)	**–**	**970**	**970**
As restated	**30,690,845**	**4,333,735**	**35,024,580**
Additions	**4,383,037**	**649,547**	**5,032,584**
Acquisition of subsidiaries (Note 41(a))	**393,482**	**62,011**	**455,493**
Disposals	**(443,420)**	**(66,216)**	**(509,636)**
Deemed disposals of a subsidiary (Note 41(c))	**–**	**(97,355)**	**(97,355)**
Exchange difference	**(105)**	**8,892**	**8,787**
As at 31 December 2022	**35,023,839**	**4,890,614**	**39,914,453**

19 INTANGIBLE ASSETS *(CONTINUED)*

	Mining rights *RMB'000*	Patents and trademarks *RMB'000*	Total *RMB'000*
Amortisation and impairment			
As at 1 January 2021			
As previously reported	5,367,928	1,960,768	7,328,696
Business combination under common control (Note 43)	–	710	710
As restated	5,367,928	1,961,478	7,329,406
Charge for the year, as restated	1,377,972	629,960	2,007,932
Disposals	(38,894)	(9,716)	(48,610)
Disposals of subsidiaries (Note 41(b))	–	(1,572)	(1,572)
Impairment loss recognised	88,268	61,504	149,772
Exchange difference, as restated	(15)	(14,574)	(14,589)
As at 31 December 2021, as restated	6,795,259	2,627,080	9,422,339
As at 1 January 2022			
As previously reported	**6,795,259**	**2,626,326**	**9,421,585**
Business combination under common control (Note 43)	**–**	**754**	**754**
As restated	**6,795,259**	**2,627,080**	**9,422,339**
Charge for the year	**1,572,372**	**307,672**	**1,880,044**
Disposals	**(275,346)**	**(53,305)**	**(328,651)**
Deemed disposals of a subsidiary (Note 41(c))	**–**	**(60,702)**	**(60,702)**
Impairment loss recognised	**29,930**	**30,240**	**60,170**
Exchange difference	**3,020**	**5,342**	**8,362**
As at 31 December 2022	**8,125,235**	**2,856,327**	**10,981,562**
Carrying amount			
As at 31 December 2022	**26,898,604**	**2,034,287**	**28,932,891**
As at 31 December 2021, as restated	23,895,586	1,706,655	25,602,241

Trademarks have indefinite useful lives. Patents included above have finite useful lives, over which the assets are amortised. The amortisation rates of patents are ranging from 5% to 33% per annum. Mining rights are amortised over its concession period from 1 to 30 years.

As at 31 December 2022, the Group has pledged mining rights with carrying amount of approximately RMB5,471.52 million (2021: RMBnil) to secure bank borrowings granted to the Group.

During the year ended 31 December 2022, 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 approximately RMB60.17 million (2021: RMB149.77 million) is recognised in respect of those intangible assets. For details, please refer to Note 15.

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021, which are established and operated in the PRC, are as follows:

Name of subsidiary	Legal status	Nominal value of paid-in capital	Attributable equity interest to the Company Direct 2022 %	Direct 2021 %	Indirect 2022 %	Indirect 2021 %	Principal activities
China United Cement Corporation Limited ("China United Cement")	Limited liability company	RMB8,000,000,000	**–**	–	**84.52**	87.70	Production and sale of cement
South Cement Company Limited ("South Cement")	Limited liability company	RMB1,103,633,369	**–**	–	**84.52**	87.63	Production and sale of cement
Shanghai South Cement Company Limited	Limited liability company	RMB5,000,000,000	**–**	–	**84.52**	87.63	Production and sale of cement
Zhejiang South Cement Company Limited	Limited liability company	RMB4,500,000,000	**–**	–	**84.52**	87.63	Production and sale of cement
Hunan South Cement Company Limited	Limited liability company	RMB5,000,000,000	**–**	–	**84.52**	87.63	Production and sale of cement
South New Materials Technology Company Limited	Limited liability company	RMB2,410,000,000	**–**	–	**67.61**	70.16	Production and sale of composite materials
Jiangxi South Cement Company Limited	Limited liability company	RMB3,000,000,000	**–**	–	**84.52**	87.63	Production and sale of cement
North Cement Company Limited	Limited liability company	RMB4,000,000,000	**70.00**	70.00	**3.89**	4.03	Production and sale of cement
South West Cement Company Limited ("Southwest Cement")	Limited liability company	RMB11,672,940,193	**–**	–	**84.52**	83.94	Production and sale of cement
Sichuan Southwest Cement Company Limited (Note (ix))	Limited liability company	RMB3,000,000,000	**–**	–	**–**	83.94	Production and sale of cement
Chongqing Zhongjiancai New Material Co. Limited (formerly known as Chongqing Southwest Cement Company Limited) (Note (x))	Limited liability company	RMB2,000,000,000	**–**	–	**–**	83.94	Production and sale of cement

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021, which are established and operated in the PRC, are as follows: *(Continued)*

Name of subsidiary	Legal status	Nominal value of paid-in capital	Attributable equity interest to the Company Direct 2022 %	Direct 2021 %	Indirect 2022 %	Indirect 2021 %	Principal activities
Guizhou Southwest Cement Company Limited	Limited liability company	RMB3,000,000,000	**–**	–	**84.52**	83.94	Production and sale of cement
Yunnan Southwest Cement Company Limited	Limited liability company	RMB2,000,000,000	**–**	–	**84.52**	83.94	Production and sale of cement
Sinoma Cement Company Limited ("Sinoma Cement")	Limited liability company	RMB1,853,280,000	**–**	–	**84.52**	87.70	Production and sale of cement
Tianshan Cement (Note (i)) (Note 42(a))	Joint stock company with limited liability	RMB8,663,422,814 (2021: RMB8,348,805,927)	**84.52**	87.70	**–**	–	Production and sale of cement
Ningxia Building Materials (Note (ii))	Joint stock company with limited liability	RMB478,181,042	**49.03**	47.56	**–**	–	Production and sale of cement
Gansu Qilianshan Cement Group Company Limited ("Qilianshan Cement") (Note (iii))	Joint stock company with limited liability	RMB776,290,282	**14.93**	14.93	**6.02**	6.02	Production and sale of cement
Beijing New Building Material Public Limited Company ("BNBM") (Notes (iv) & (v))	Joint stock company with limited liability	RMB1,689,507,842	**37.83**	37.83	**–**	–	Production and sale of lightweight building materials
Taishan Gypsum Company Limited ("Taishan Gypsum") (Note (vi))	Limited liability company	RMB155,625,000	**–**	–	**37.83**	37.83	Production and sale of lightweight building materials
Sinoma Science & Technology Company Limited ("Sinoma Science & Technology") (Note (vii))	Joint stock company with limited liability	RMB1,678,123,584	**60.24**	60.24	**–**	–	Production and sale of composite materials
Taishan Fiberglass Inc. ("CTG")	Limited liability company	RMB3,911,724,537	**–**	–	**60.24**	60.24	Production and sale of fiberglass
Sinoma Wind Power Blade Company Limited	Limited liability company	RMB441,019,253	**–**	–	**60.24**	60.24	Production and sale of turbine blades

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021, which are established and operated in the PRC, are as follows: *(Continued)*

Name of subsidiary	Legal status	Nominal value of paid-in capital	Attributable equity interest to the Company Direct 2022 %	Direct 2021 %	Indirect 2022 %	Indirect 2021 %	Principal activities
Lianyuangang Zhongfu Lianzhong Composite Material Group Company Limited	Limited liability company	RMB261,307,535	**–**	–	**60.24**	60.24	Production and sale of composite materials
Sinoma International Engineering Company Limited ("Sinoma International") (Note (viii))	Joint stock company with limited liability	RMB2,265,632,064 (2021: RMB2,219,082,949)	**47.77**	48.78	**–**	–	Production and sale of engineering services
Chengdu Design & Research Institute of Building Materials Industry Company Limited	Limited liability company	RMB60,000,000	**–**	–	**47.77**	48.78	Production and sale of building materials
CNBM Investment	Limited liability company	RMB3,000,000,000	**100.00**	100.00	**–**	–	Sale of lightweight building materials
China Building Materials Graphite New Materials Co., Ltd.	Limited liability company	RMB10,000,000	**100.00**	–	**–**	–	Production and sale of graphite

Notes:

(i) Tianshan Cement is a joint stock company listed on the Shenzhen Stock Exchange.

(ii) Ningxia Building Materials is joint stock company listed on the Shanghai Stock Exchange.

(iii) Qilianshan Cement is a joint stock company listed on Shanghai Stock Exchange.

(iv) The paid-in capital of BNBM represents the issued ordinary listed share capital and paid-in capital of the rest of the companies represents registered capital.

(v) BNBM is a joint stock company listed on the Shenzhen Stock Exchange.

(vi) The entity is considered to be controlled by the Company because it is a subsidiary of another Company's subsidiary.

(vii) Sinoma Science & Technology is a joint stock company listed on the Shenzhen Stock Exchange.

(viii) Sinoma International is a joint stock company listed on the Shanghai Stock Exchange.

(ix) Sichuan Southwest Cement Company Limited was deregistered on 18 May 2022.

(x) Chongqing Southwest Cement Company Limited was deregistered on 28 December 2022.

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 2022, certain subsidiaries of the Company which had outstanding issued debt securities as follows:

Name	**Total face value of debt securities** *RMB'000*	**Maturity date**
China United	2,000,000	28 August 2023 – 13 November 2023
South Cement	5,000,000	9 April 2024 – 9 August 2026
Southwest Cement	5,500,000	28 April 2023 – 22 April 2026
Sinoma Science & Technology	3,600,000	22 January 2024 – 21 March 2025
BNBM	2,500,000	8 February 2023 – 27 October 2024
Sinoma International	1,500,000	10 September 2024 – 2 November 2025
Tianshan Cement	2,000,000	25 September 2025

As at 31 December 2021, certain subsidiaries of the Company which had outstanding issued debt securities as follows:

Name	**Total face value of debt securities** *RMB'000*	**Maturity date**
China United	7,000,000	24 March 2022 – 13 November 2023
South Cement	8,400,000	24 April 2022 – 9 August 2026
Southwest Cement	6,500,000	17 June 2022 – 22 April 2026
Sinoma Science & Technology	2,800,000	23 January 2024 – 16 August 2024
BNBM	1,000,000	27 October 2024
Sinoma International	2,000,000	20 January 2022 – 10 September 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%)

	2022	2021
	RMB'000	*RMB'000*
Current assets	**11,098,885**	9,173,797
Non-current assets	**17,495,916**	17,400,318
Current liabilities	**(5,277,169)**	(5,417,781)
Non-current liabilities	**(1,887,921)**	(1,630,104)
	21,429,711	19,526,230
Non-controlling interests	**13,506,916**	12,359,324
Equity attributable to owners of the Company	**7,922,795**	7,166,906
	21,429,711	19,526,230
Revenue	**20,364,327**	21,091,199
Expenses	**(17,191,424)**	(17,294,394)
Profit for the year	**3,172,903**	3,796,805
Profit attributable to owners of the Company	**1,197,546**	1,571,179
Profit attributable to the non-controlling interests	**1,975,357**	2,225,626
Profit for the year	**3,172,903**	3,796,805
Other comprehensive income/(expense) attributable to owners of the Company	**7,237**	(2,758)
Other comprehensive income/(expense) attributable to the non-controlling interests	**12,977**	(4,533)
Other comprehensive income/(expense) for the year	**20,214**	(7,291)
Total comprehensive income attributable to owners of the Company	**1,204,783**	1,568,421
Total comprehensive income attributable to the non-controlling interests	**1,988,334**	2,221,093
Total comprehensive income for the year	**3,193,117**	3,789,514
Dividends paid to non-controlling interests	**746,512**	587,282
Net cash inflow from operating activities	**3,664,355**	3,832,445
Net cash outflow from investing activities	**(2,256,974)**	(3,150,534)
Net cash outflow from financing activities	**(1,422,043)**	(712,724)
Net cash outflow	**(14,662)**	(30,813)

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

(ii) Sinoma International and its subsidiaries (Non-controlling interests holding %: 52.23% (2021: 51.22%))

	2022 **RMB'000**	2021 RMB'000 (restated)
Current assets	**30,406,962**	31,552,031
Non-current assets	**11,949,682**	10,254,882
Current liabilities	**(23,150,076)**	(24,951,552)
Non-current liabilities	**(3,730,894)**	(3,025,841)
	15,475,674	13,829,520
Non-controlling interests	**8,375,067**	7,357,436
Equity attributable to owners of the Company	**7,100,607**	6,472,084
	15,475,674	13,829,520
Revenue	**38,663,092**	36,507,911
Expenses	**(36,330,217)**	(34,460,243)
Profit for the year	**2,332,875**	2,047,668
Profit attributable to owners of the Company	**1,070,265**	814,021
Profit attributable to the non-controlling interests	**1,262,610**	1,233,647
Profit for the year	**2,332,875**	2,047,668
Other comprehensive income/(expense) attributable to owners of the Company	**13,395**	(29,819)
Other comprehensive income/(expense) attributable to the non-controlling interests	**15,311**	(58,319)
Other comprehensive income/(expense) for the year	**28,706**	(88,138)
Total comprehensive income attributable to owners of the Company	**1,083,660**	784,202
Total comprehensive income attributable to the non-controlling interests	**1,277,921**	1,175,328
Total comprehensive income for the year	**2,361,581**	1,959,530
Dividends paid to non-controlling interests	**339,413**	429,483
Net cash inflow from operating activities	**917,587**	2,160,141
Net cash outflow from investing activities	**(985,997)**	(669,918)
Net cash outflow from financing activities	**(444,641)**	(1,426,096)
Net cash (outflow)/inflow	**(513,051)**	64,127

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

(iii) Qilianshan Cement and its subsidiaries (Non-controlling interests holding %: 79.05%)

	2022	2021
	RMB'000	*RMB'000*
Current assets	**2,551,189**	2,558,408
Non-current assets	**9,286,631**	9,373,665
Current liabilities	**(1,801,709)**	(1,774,839)
Non-current liabilities	**(388,715)**	(816,610)
	9,647,396	9,340,624
Non-controlling interests	**9,422,661**	8,768,692
Equity attributable to owners of the Company	**224,735**	571,932
	9,647,396	9,340,624
Revenue	**7,871,291**	7,672,538
Expenses	**(7,054,441)**	(6,656,086)
Profit for the year	**816,850**	1,016,452
Profit attributable to owners of the Company	**20,503**	56,111
Profit attributable to the non-controlling interests	**796,347**	960,341
Profit for the year	**816,850**	1,016,452
Other comprehensive income attributable to owners of the Company	**24**	26
Other comprehensive income attributable to the non-controlling interests	**943**	497
Other comprehensive income for the year	**967**	523
Total comprehensive income attributable to owners of the Company	**20,527**	56,137
Total comprehensive income attributable to the non-controlling interests	**797,290**	960,838
Total comprehensive income for the year	**817,817**	1,016,975
Dividends paid to non-controlling interests	**375,725**	426,208
Net cash inflow from operating activities	**1,220,022**	1,447,404
Net cash outflow from investing activities	**(374,206)**	(1,237,881)
Net cash outflow from financing activities	**(442,786)**	(604,504)
Net cash inflow/(outflow)	**403,030**	(394,981)

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

(iv) Tianshan Cement and its subsidiaries (Non-controlling interests holding %: 15.48% (2021: 12.30%))

	2022 **RMB'000**	2021 RMB'000
Current assets	**33,541,312**	73,258,353
Non-current assets	**220,167,602**	212,024,459
Current liabilities	**(104,765,921)**	(140,140,850)
Non-current liabilities	**(51,409,726)**	(53,623,734)
	97,533,267	91,518,228
Non-controlling interests	**25,615,444**	24,743,680
Equity attributable to owners of the Company	**71,917,823**	66,774,548
	97,533,267	91,518,228
Revenue	**132,259,231**	170,022,223
Expenses	**(127,185,152)**	(155,082,873)
Profit for the year	**5,074,079**	14,939,350
Profit attributable to owners of the Company	**3,983,545**	11,344,034
Profit attributable to the non-controlling interests	**1,090,534**	3,595,316
Profit for the year	**5,074,079**	14,939,350
Other comprehensive (expense)/income attributable to owners of the Company	**(117,500)**	33,739
Other comprehensive (expense)/income attributable to the non-controlling interests	**(30,320)**	8,115
Other comprehensive (expense)/income for the year	**(147,820)**	41,854
Total comprehensive income attributable to owners of the Company	**3,866,045**	11,377,773
Total comprehensive income attributable to the non-controlling interests	**1,060,214**	3,603,431
Total comprehensive income for the year	**4,926,259**	14,981,204
Dividends paid to non-controlling interests	**1,720,568**	2,967,263
Net cash inflow from operating activities	**15,252,471**	28,421,855
Net cash outflow from investing activities	**(14,231,886)**	(19,307,690)
Net cash outflow from financing activities	**(5,233,525)**	(9,633,358)
Net cash outflow	**(4,212,940)**	(519,193)

21 INTERESTS IN ASSOCIATES

	2022	2021
	RMB'000	*RMB'000*
		(restated)
Cost of investments in associates		
– listed in the PRC	**1,495,189**	1,495,189
– listed in Hong Kong	**740,095**	740,095
– unlisted	**12,151,354**	10,679,515
Share of post-acquisition profit, net of dividend received	**15,579,059**	13,923,391
	29,965,697	26,838,190
Fair value of listed investments (Note)	**17,903,863**	21,544,957
Share of results of associates	**3,052,534**	4,021,638

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 2022, the cost of investments in associates included goodwill of associates of approximately RMB1,637.10 million (2021: RMB1,548.17 million).

21 INTERESTS IN ASSOCIATES *(CONTINUED)*

Set out below are the associates of the Group as at 31 December 2022, 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 interest to the Group		Principal activities
			2022 **%**	2021 %	
China Jushi Co., Ltd. ("China Jushi") (Note (i))	the PRC	RMB2,918,840,920	**26.97**	26.97	Production of glass fiber
Shandong Quan Xing China United Cement Company Limited ("Shandong Quan Xing")	the PRC	RMB2,000,000,000	**49.00**	49.00	Sales of production of cement
Nanfang Wannianqing Cement Company Limited ("Nanfang Wannianqing") (Note (ii))	the PRC	RMB1,000,000,000	**50.00**	50.00	Production of cement
Shanghai Yaohua Pikington Gloass Group Co., Ltd. ("Shanghai Yaohua") (Note (iii))	the PRC	RMB934,916,069	**12.74**	12.74	Production of glass fiber
Gansu Shangfeng Cement Co., Ltd. ("Gansu Shangfeng") (Notes (iv) & (v))	the PRC	RMB813,619,871	**14.40**	14.40	Production of cement
China Shanshui Cement Group Limited ("Shanshui Cement") (Notes (vi) & (vii))	the PRC	USD100,000,000	**12.94**	12.94	Production of cement
CNBM Institute for Glass and New Materials Group Co. Limited (formerly known as (CNBM) Bengbu Design & Research Institute for Glass Industry Co., Ltd) ("Bengbu Institute") (Note (viii))	the PRC	RMB3,715,904,078	**45.08**	45.08	Provision and sale of engineering services

Notes:

(i) China Jushi is a joint stock company listed on the Shanghai Stock Exchange.

(ii) Nanfang Wanniangqing 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 has virtue of the contractual right to appoint 1 out of the 4 directors to the board of directors of that Company.

(iv) Gansu Shangfang is a joint stock company listed on the Shenzhen stock Exchange.

(v) Gansu Shangfeng was considered as an associate of the Group because South Cement has virtue of its contractual right to appoint 1 out of the 5 directors to the board of directors of that company.

(vi) Shanshui Cement is a joint stock company listed on the Hong Kong Stock Exchange.

(vii) Shanshui Cement was considered as an associate of the Group because China Building Material Holdings Co., Limited has virtue of its contractual right to appoint 1 out of 5 directors to the board of directors of that Company.

(viii) On 8 December 2021, the Company entered into a subscription agreement with Bengbu Institute, China Triumph and Bengbu Huajin Technology Development Co., Ltd. ("Bengbu Huajin") pursuant to which the Company and Bengbu Huajin will respectively subscribe to 45.08% and 4.45% of the registered capital in Bengbu Institute by transferring 91% and 9% equity interests in China Triumph held by the Company and Bengbu Huajin to Bengbu Institute. The transaction was completed on 31 December 2021 and Bengbu Institute became an associate of the Group since then.

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

	2022 *RMB'000*	2021 *RMB'000*
Current assets	**11,916,699**	14,063,722
Non-current assets	**36,716,972**	29,764,595
Current liabilities	**(12,767,335)**	(13,883,989)
Non-current liabilities	**(7,068,846)**	(6,423,023)
Non-controlling interests	**(1,199,821)**	(953,741)
Revenue	**20,192,223**	19,706,882
Profit for the year	**6,820,295**	6,028,474
Other comprehensive income/(expense) for the year	**432,961**	(82,644)
Total comprehensive income for the year	**7,253,256**	5,945,830
Dividends received from the associate during the year	**518,275**	211,602

21 INTERESTS IN ASSOCIATES *(CONTINUED)*

(i) China Jushi *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in China Jushi recognised in the consolidated financial statements:

	2022	2021
	RMB'000	*RMB'000*
Net assets of the associate	**28,797,490**	23,521,305
Non-controlling interests of the associate	**(1,199,821)**	(953,741)
	27,597,669	22,567,564
Proportion of the Group's ownership interest in China Jushi	**26.97%**	26.97%
Group's share of net assets of the associate	**7,443,091**	6,086,472
Goodwill	**18,693**	18,693
Carrying amount of the Group's interest in China Jushi	**7,461,784**	6,105,165

21 INTERESTS IN ASSOCIATES *(CONTINUED)*

(ii) Shangdong Quan Xing

	2022 **RMB'000**	2021 RMB'000
Current assets	**4,593,130**	4,795,633
Non-current assets	**4,326,227**	3,868,348
Current liabilities	**(3,665,237)**	(3,594,212)
Non-current liabilities	**(381,887)**	(261,064)
Non-controlling interests	**(599,450)**	(595,506)
Revenue	**2,518,081**	3,725,934
Profit for the year	**71,145**	570,246
Total comprehensive income for the year	**71,145**	570,246

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shangdong Quan Xing recognised in the consolidated financial statements:

	2022 **RMB'000**	2021 RMB'000
Net assets of the associate	**4,872,233**	4,808,705
Non-controlling interests of the associate	**(599,450)**	(595,506)
	4,272,783	4,213,199
Proportion of the Group's ownership interest in Shangdong Quan Xing	**49%**	49%
Group's share of net assets of the associate	**2,093,664**	2,064,468
Carrying amount of the Group's interest in Shangdong Quan Xing	**2,093,664**	2,064,468

21 INTERESTS IN ASSOCIATES *(CONTINUED)*

(iii) Nanfang Wannianqing

	2022 **RMB'000**	2021 *RMB'000*
Current assets	**4,761,300**	4,787,419
Non-current assets	**3,547,476**	3,561,064
Current liabilities	**(1,928,193)**	(1,957,513)
Non-current liabilities	**(128,097)**	(151,392)
Non-controlling interests	**(849,305)**	(941,904)
Revenue	**8,035,079**	10,223,945
Profit for the year	**458,580**	1,420,674
Other comprehensive income for the year	**4,135**	7,962
Total comprehensive income for the year	**462,715**	1,428,636
Dividends received from the associate during the year	**100,000**	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:

	2022 **RMB'000**	2021 *RMB'000*
Net assets of the associate	**6,252,486**	6,239,578
Non-controlling interests of the associate	**(849,305)**	(941,904)
	5,403,181	5,297,674
Proportion of the Group's ownership interest in Nanfang Wannianqing	**50%**	50%
Group's share of net assets of the associate	**2,701,591**	2,648,837
Carrying amount of the Group's interest in Nanfang Wannianqing	**2,701,591**	2,648,837

21 INTERESTS IN ASSOCIATES *(CONTINUED)*

(iv) Bengbu Institute

	2022 **RMB'000**	2021 RMB'000
Current assets	**29,226,190**	29,678,328
Non-current assets	**15,858,009**	14,656,910
Current liabilities	**(33,660,051)**	(32,110,836)
Non-current liabilities	**(6,002,776)**	(7,147,809)
Non-controlling interests	**(493,818)**	(427,275)
Revenue	**17,262,618**	16,892,036
Profit for the year	**701,050**	350,679
Other comprehensive (expense)/income for the year	**(137,026)**	214,868
Total comprehensive income for the year	**564,024**	565,547

Reconciliation of the above summarised financial information to the carrying amount of the interest in Bengbu Institute recognised in the consolidated financial statements:

	2022 **RMB'000**	2021 RMB'000
Net assets of the associate	**5,421,372**	5,076,593
Non-controlling interests of the associate	**(493,818)**	(427,275)
	4,927,554	4,649,318
Proportion of the Group's ownership interest in Bengbu Institute	**45.08%**	45.08%
Group's share of net assets of the associate	**2,221,341**	2,095,913
Goodwill	**937,497**	937,497
Carrying amount of the Group's interest in Bengbu Institute	**3,158,838**	3,033,410

21 INTERESTS IN ASSOCIATES *(CONTINUED)*

(v) Aggregate information of associates that are not individually material:

	2022 **RMB'000**	2021 *RMB'000*
The Group's share of results from continuing operations	**795,264**	1,407,545
The Group's share of other comprehensive income	**7,359**	64,793
The Group's share of total comprehensive income	**802,623**	1,472,338
Aggregate carrying amount of the Group's interests in these associates	**14,549,820**	13,018,830

22 INTERESTS IN JOINT VENTURES

	2022 **RMB'000**	2021 RMB'000
Cost of investments in joint ventures		
– unlisted	**142,553**	142,553
Share of post-acquisition losses, net of dividend received	**(16,051)**	(11,205)
	126,502	131,348
Share of results of joint ventures	**(7,669)**	(4,320)

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:

	2022 **RMB'000**	2021 RMB'000
The Group's share of results from continuing operations	**(7,669)**	(4,320)
The Group's share of other comprehensive expenses	**3,300**	(1,050)
The Group's share of total comprehensive expense	**(4,369)**	(5,370)
Aggregate carrying amount of the Group's interests in these joint venture	**126,502**	131,348

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	RMB'000	*RMB'000*
Financial assets at fair value through profit or loss:		
– Equity shares listed outside Hong Kong	**1,713,973**	3,112,267
– Equity shares listed in Hong Kong	**2,349,472**	1,896,101
– Structured deposits (Note)	**4,912,236**	3,537,028
– Unlisted equity investments	**2,538,599**	2,238,755
	11,514,280	10,784,151

	2022	2021
	RMB'000	*RMB'000*
Analysed for reporting purposes:		
Non-current portion	**3,877,229**	2,524,452
Current portion	**7,637,051**	8,259,699
	11,514,280	10,784,151

Note: During the years ended 31 December 2022 and 2021, the Group entered into certain investments with certain financial institutions. The investment based on respective contracts have maturity dates within 3 months.

24 DEPOSITS

	2022 RMB'000	2021 RMB'000
Investment deposits for acquisition of subsidiaries	**23,567**	529,048
Investment deposits for acquisition of associates	**29,484**	29,484
Deposits paid to acquire property, plant and equipment	**1,464,847**	1,602,230
Deposits paid to acquire intangible assets	**742,961**	1,342,628
Deposits paid to acquire right-of-use assets	**288,581**	486,882
	2,549,440	3,990,272

25 INVENTORIES

	2022 RMB'000	2021 RMB'000 (restated)
Raw materials	**9,118,097**	8,653,959
Work-in-progress	**5,462,914**	4,853,321
Finished goods	**9,183,165**	7,756,732
Consumables	**183,312**	169,740
	23,947,488	21,433,752

26 TRADE AND OTHER RECEIVABLES

	2022 ***RMB'000***	2021 *RMB'000* (restated)
Trade receivables, net of allowance for credit losses (Note (a))	**52,747,528**	49,819,063
Bills receivable (Note (b))	**13,984,603**	18,934,902
Contract assets (Note 28)	**3,370,320**	3,668,274
Other receivables, deposits and prepayments	**18,392,378**	18,820,581
	88,494,829	91,242,820

	2022 ***RMB'000***	2021 *RMB'000* (restated)
Analysed for reporting purposes:		
Non-current portion	**3,233,288**	3,606,558
Current portion	**85,261,541**	87,636,262
	88,494,829	91,242,820

Notes:

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

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

	2022 ***RMB'000***	2021 *RMB'000* (restated)
Within two months	**13,564,947**	9,073,836
More than two months but within one year	**21,539,987**	28,564,009
Between one and two years	**11,751,176**	8,938,296
Between two and three years	**3,362,952**	2,106,974
Over three years	**2,528,466**	1,135,948
	52,747,528	49,819,063

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

26 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Notes: *(Continued)*

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

	2022 ***RMB'000***	2021 *RMB'000* (restated)
RMB	**81,354,289**	85,643,799
EUR	**3,242,798**	3,805,322
USD	**2,314,746**	1,196,154
HKD	**–**	58,976
Others	**1,582,996**	538,569
	88,494,829	91,242,820

(d) As at 31 December 2022, approximately RMB1,876.62 million of bills receivable (2021: approximately RMB1,561.65 million of bills receivable and approximately RMB25.36 million of trade receivables) 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).

27 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	2022 **RMB'000**	2021 RMB'000 (restated)
Amounts due from related parties		
Trading in nature:		
– Fellow subsidiaries	**981,619**	1,063,925
– Associates	**378,476**	232,840
– Joint ventures	**166,990**	193
– Immediate holding company	**500**	–
– Non-controlling interests of subsidiaries	**108,756**	58,755
	1,636,341	1,355,713
Non-trading in nature:		
– Fellow subsidiaries	**964,186**	249,950
– Associates	**79,489**	292,571
– Joint ventures	**3**	21,558
– Immediate holding company	**13**	2
– Non-controlling interests of subsidiaries	**115,339**	441,970
	1,159,030	1,006,051
	2,795,371	2,361,764
Amounts due to related parties		
Trading in nature:		
– Fellow subsidiaries	**1,576,820**	1,066,513
– Associates	**296,724**	185,090
– Joint ventures	**16,138**	787
– Non-controlling interests of subsidiaries	**75,699**	58,417
	1,965,381	1,310,807
Non-trading in nature:		
– Fellow subsidiaries	**2,790,969**	2,439,388
– Associates	**75,814**	70,661
– Joint ventures	**1,157**	103
– Immediate holding company	**989,916**	713,894
– Non-controlling interests of subsidiaries	**183,130**	554,883
	4,040,986	3,778,929
	6,006,367	5,089,736

27 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 2022, amounts due from related parties of approximately RMB589.32 million (2021: RMB98.90 million) and RMB98.80 million (2021: RMBnil) carry the fixed interest rate of 3.85% to 5.00% (2021: 4.35%) per annum and variable interest rate of 2.70% to 3.00% (2021: Nil) per annum respectively. The remaining balances of amounts due from related parties are interest-free.

As at 31 December 2022, amounts due to related parties of approximately RMB2,062.05 million and RMB85.97 million (2021: RMBnil and RMB544.95 million) carry the fixed interest rate of 3.00% to 4.75% (2021: 5.20%) per annum and variable interest rate of 2.56% to 3.75% (2021: Nil) per annum respectively. The remaining balances of amounts due to related parties are interest-free.

28 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2022 ***RMB'000***	2021 *RMB'000*
Arising from performance under construction contracts, included in trade and other receivables (Note 26)	**3,097,876**	3,347,019
Retention receivables, included in trade and other receivables (Note 26)	**272,444**	321,255
	3,370,320	3,668,274

As at 1 January 2021, contract assets amounted to RMB11,507.53 million.

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.

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.

28 CONTRACT ASSETS AND CONTRACT LIABILITIES *(CONTINUED)*

(a) Contract assets *(Continued)*

Typical payment terms which impact on the amount of contract assets recognised in respect of project contract work are as follows:

The Group's construction 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.

(b) Contract liabilities

	2022 ***RMB'000***	2021 *RMB'000* (restated)
Billings in advance of performance from construction contracts, included in trade and other payables (Note 30)	**4,732,220**	4,814,189
Advance from customers, included in trade and other payables (Note 30)	**5,093,364**	7,509,866
	9,825,584	12,324,055

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.

28 CONTRACT ASSETS AND CONTRACT LIABILITIES *(CONTINUED)*

(b) Contract liabilities *(Continued)*

Movements in contract liabilities:

	RMB'000 (restated)
At 1 January 2021	
As previously reported	**15,277,561**
Business combination under common control	**1,855,011**
As restated	**17,132,572**
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, as stated	**(17,246,444)**
Increase in contract liabilities as a result of billing in advance of project contract work and advance from customers, as stated	**12,438,241**
Exchange realignment	**(314)**
At 31 December 2021, as restated	**12,324,055**
At 1 January 2022, as restated	
As previously reported	**12,317,944**
Business combination under common control	**6,111**
As restated	**12,324,055**
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	**(12,324,055)**
Increase in contract liabilities as a result of billing in advance of project contract work and advance from customers	**9,825,584**
At 31 December 2022	**9,825,584**

29 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:

	2022 ***RMB'000***	2021 *RMB'000* (restated)
USD	**2,353,934**	3,225,743
HKD	**108,680**	245,372
EUR	**525,891**	506,731
IDR	**46,126**	236,370
NGN	**321,874**	451,129
XOF	**7,717**	4,302
RUB	**33,294**	35,598
EGP	**291,430**	231,121
ZAR	**296,841**	54,143
Others	**595,704**	361,156
	4,581,491	5,351,665

As at 31 December 2022, the Group pledged approximately RMB4,004.62 million (2021 (restated): approximately RMB3,900.70 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 0.25% to 4.70% (2021: range from 0.35% to 2.80%) per annum.

30 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:

	2022	2021
	RMB'000	*RMB'000*
		(restated)
Within two months	**21,122,767**	10,160,472
More than two months but within one year	**21,774,345**	23,913,965
Between one and two years	**3,017,135**	2,722,046
Between two and three years	**713,030**	1,230,015
Over three years	**2,043,556**	2,079,748
Trade payables	**48,670,833**	40,106,246
Bills payable	**17,063,717**	18,746,322
Contract liabilities (Note 28)	**9,825,584**	12,324,055
Other payables	**23,476,380**	27,553,886
	99,036,514	98,730,509

The credit period on purchase of goods and services provided from supplier is 90 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.

31 BORROWINGS

	2022	2021
	RMB'000	*RMB'000*
		(restated)
Bank borrowings:		
– Secured	**4,611,454**	4,641,385
– Unsecured	**122,525,732**	102,788,924
	127,137,186	107,430,309
Bonds	**45,600,000**	57,988,000
Borrowings from other financial institutions	**1,341,437**	1,706,671
	174,078,623	167,124,980

	2022	2021
	RMB'000	*RMB'000*
		(restated)
Analysed for reporting purposes:		
Non-current	**96,547,625**	93,185,422
Current	**77,530,998**	73,939,558
	174,078,623	167,124,980

31 BORROWINGS *(CONTINUED)*

The exposure of the fixed rate and variable rate bank borrowings and the contractual maturity dates are as follows:

	2022	2021
	RMB'000	*RMB'000*
		(restated)
Fixed rate bank borrowings repayable:		
Within one year	**38,340,663**	19,561,100
Between one and two years	**8,441,206**	8,659,289
Between two and three years	**9,941,546**	5,551,968
Between three and four years	**102,671**	91,312
Between four and five years	**529,830**	698,810
More than five years	**1,808,140**	3,499,054
	59,164,056	38,061,533
Variable rate bank borrowings repayable:		
Within one year	**27,503,630**	31,126,382
Between one and two years	**13,245,496**	20,993,810
Between two and three years	**12,882,555**	9,686,622
Between three and four years	**2,316,594**	1,994,126
Between four and five years	**1,304,088**	1,223,897
More than five years	**10,720,767**	4,343,939
	67,973,130	69,368,776
Bonds and other borrowings repayable:		
Within one year	**11,686,705**	23,252,485
Between one and two years	**15,977,023**	9,323,015
Between two and three years	**11,595,279**	16,067,277
Between three and four years	**4,672,830**	3,317,670
Between four and five years	**–**	4,691,633
More than five years	**3,009,600**	3,042,591
	46,941,437	59,694,671
	174,078,623	167,124,980

31 BORROWINGS *(CONTINUED)*

As at 31 December 2022, borrowings of approximately RMB5,569.00 million (2021: RMB1,934.50 million) are provided by an associate, which is a fellow subsidiary of the Company before it became an associate, during the year ended 31 December 2022.

As at 31 December 2022, the Group's variable rate bank borrowings of approximately RMB1,296.44 million and RMB3,048.83 million (2021: approximately RMB1,668.82 million and RMB2,970.47 million) are carrying interest at LIBOR plus a premium and HIBOR plus a premium respectively.

	2022	2021
	RMB'000	*RMB'000*
Effective interest rate per annum:		
Fixed rate borrowings	**0.75% to 13.00%**	1.00% to 5.00%
Variable rate borrowings	**1.00%-5.50%**	1.00% to 5.44%

As at 31 December 2022, bank borrowings of approximately RMB14,512.14 million (2021: approximately RMB48,651.31 million) were guaranteed by independent third parties.

As at 31 December 2022, certain bank borrowings are denominated in foreign currencies, including HKD, EUR, USD, VUV and TZS of approximately RMB3,048.83 million, RMB2,077.69 million, RMB803.29 million, RMB53.99 million and RMB36.97 million respectively (2021: approximately RMB2,790.47 million, RMB1,798.95 million, RMB801.00 million, RMBnil and RMBnil respectively).

The bank borrowings of approximately RMB4,611.45 million (2021 (restated): approximately RMB4,906.51 million) are secured by the following assets of the Group:

	2022	2021
	RMB'000	*RMB'000*
Property, plant and equipment (Note 15)	**1,989,528**	1,441,451
Right-of-use assets (Note 16)	**194,392**	152,879
Investment properties (Note 17)	**1,058**	–
Intangible assets (Note 19)	**5,471,523**	–
Cash and cash equivalents (Note 29)	**4,004,621**	3,900,702
Trade receivables (Note 26)	**–**	25,364
Bills receivables (Note 26)	**1,876,618**	1,561,646
	13,537,740	7,082,042

32 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 2021								
As previously reported	(400,280)	(1,114,397)	(353,301)	2,075,807	2,441,105	935,960	646,657	4,231,551
Business combination under common control (Note 43)	–	–	–	943	–	–	13	956
As at 1 January 2021, as restated	(400,280)	(1,114,397)	(353,301)	2,076,750	2,441,105	935,960	646,670	4,232,507
Arising from acquisition of subsidiaries (Note 41(a))	(322,103)	(311,040)	–	19,409	1,797	6,970	(97,937)	(702,904)
Arising from disposal of subsidiaries (Note 41(b))	31,338	237	–	(214,664)	(2,686)	(133)	19,401	(166,507)
Credit/(charge) to the consolidated statement of profit or loss (Note 12(a))	58,752	97,237	–	5,370	76,312	(342,379)	109,034	4,326
Credit/(charge) to the consolidated other comprehensive income (Note12(b))	–	–	–	–	–	–	(1,817)	(1,817)
Exchange realignment	(27,969)	(17,703)	–	19,549	109	133	1,569	(24,312)
As at 31 December 2021 and 1 January 2022, as restated	(660,262)	(1,345,666)	(353,301)	1,906,414	2,516,637	600,551	676,920	3,341,293
Arising from acquisition of subsidiaries (Note 41(a))	(3,716)	(94,085)	–	(436)	775	382	(5,900)	(102,980)
Arising from disposal of a subsidiary (Note 41(b))	–	627	–	6	(11)	(225)	4	401
Arising from deemed disposal of subsidiaries (Note 41(c))	645	–	–	(6,557)	(2,698)	–	(746)	(9,356)
Credit/(charge) to the consolidated statement of profit or loss (Note 12(a))	47,026	146,115	–	(6,485)	4,002	1,098,632	41,315	1,330,605
Credit/(charge) to the consolidated other comprehensive income (Note 12(b))	–	–	–	–	–	–	(2,647)	(2,647)
Exchange realignment	–	–	–	8,725	2	2,285	471	11,483
As at 31 December 2022	**(616,307)**	**(1,293,009)**	**(353,301)**	**1,901,667**	**2,518,707**	**1,701,625**	**709,417**	**4,568,799**

32 DEFERRED INCOME TAX *(CONTINUED)*

	2022	2021
	RMB'000	*RMB'000*
		(restated)
For presentation purpose:		
Deferred income tax assets	**7,551,871**	6,295,681
Deferred income tax liabilities	**(2,983,072)**	(2,954,380)
	4,568,799	3,341,301

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:

	2022	2021
	RMB'000	*RMB'000*
Unused tax losses expiring in:		
2022	**–**	4,173,485
2023	**2,924,086**	3,536,351
2024	**2,582,371**	3,694,936
2025	**3,321,853**	4,943,116
2026	**3,610,792**	5,203,776
2027	**8,008,702**	–
	20,447,804	21,551,664

33 LEASE LIABILITIES

	2022 RMB'000	2021 RMB'000 (restated)
Lease liabilities payable:		
Within one year	**377,650**	442,912
More than one year but less than two years	**266,730**	316,070
More than two years but less than five years	**515,149**	826,403
More than five years	**1,050,497**	1,423,618
	2,210,026	3,009,003
Less: Amount due for settlement within 12 months shown under current liabilities	**(377,650)**	(442,452)
Amount due for settlement after 12 months shown under non-current liabilities	**1,832,376**	2,566,551

34 FINANCIAL GUARANTEE CONTRACTS

	2022 RMB'000	2021 RMB'000
As at 1 January	**–**	64,000
Settlement during the year	**–**	(64,000)
As at 31 December	**–**	–

Subsidiaries had guaranteed bank borrowings of former related parties which are independent to the Group. During the year ended 31 December 2021, the subsidiaries had fully settled the guaranteed amount of RMB64.00 million to the lender.

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.

35 EMPLOYEE BENEFITS PAYABLE *(CONTINUED)*

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 dated 29 January 2023 for the present value of the defined benefit obligation as at 31 December 2022 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:

	2022	2021
Discount rate	2.90%	2.80%
Benefit increase rates	From 1% to 6%	From 1% to 6%
Mortality for current early retiree		
– Male	0.14%	2.29%
– Female	0.06%	0.13%
Mortality for current retiree		
– Male	0.47%	1.25%
– Female	0.15%	0.76%

The assumptions on mortality are set based on actuarial advice in accordance with published statistics and experience in each territory.

35 EMPLOYEE BENEFITS PAYABLE *(CONTINUED)*

The actuarial valuation showed that the market value of plan assets was RMBnil (2021: RMBnil) and that the actuarial value of these assets represented 0% (2021: 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:

	2022 ***RMB'000***	2021 *RMB'000*
Service cost:		
– Current service cost	**68,035**	28,986
– Past service cost and losses/(gains) from settlements	**56,551**	(3,479)
Net interest expenses	**6,940**	6,461
Components of defined benefit cost recognised in profit or loss	**131,526**	31,968
Remeasurement of net defined benefit liabilities:		
Actuarial (gains)/losses recognised for the year	**(11,923)**	3,122
Components of defined benefit cost recognised in other comprehensive income	**(11,923)**	3,122
Total	**119,603**	35,090

The net interest expenses of approximately RMB6.94 million (2021: approximately RMB6.46 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:

	2022 **RMB'000**	2021 *RMB'000*
As at 1 January	**250,424**	242,442
Interest cost	**6,940**	6,461
Remeasurements:		
– Adjustments for restrictions on the defined benefit asset	**68,035**	28,986
– Actuarial (gains)/losses recognised for the year	**(11,923)**	3,122
– Past service cost, including losses on curtailments	**56,551**	(3,479)
Benefits paid	**(63,321)**	(27,108)
As at 31 December	**306,706**	250,424

	2022 **RMB'000**	2021 *RMB'000*
Analysed for reporting purposes:		
Non-current portion	**239,598**	217,027
Current portion	**67,108**	33,397
	306,706	250,424

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 RMB8.50 million (increase by RMB8.50 million) (2021: decrease by RMB9.77 million (increase by RMB9.77 million)).

- If the benefits increase rates increase (decrease) by 0.5%, the defined benefit obligation would increase by RMB8.87 million (decrease by RMB8.87 million) (2021: increase by RMB10.15 million (decrease by RMB10.15 million)).

- If the mortality changes to 95% of original assumption, the defined benefit obligation would increase by RMB2.95 million (decrease by RMB2.95 million) (2021: increase by RMB3.22 million (decrease by RMB3.22 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 10.1 years (2021: 10.2 years).

The Group expects to make a contribution of RMB67.11 million (2021: RMB68.44 million) to the defined benefit plan during the next financial year.

36 DERIVATIVE FINANCIAL INSTRUMENTS

	2022 **RMB'000**	2021 RMB'000
Derivative financial assets		
Held for trading derivatives that are not designated in hedge accounting relationships:		
– Foreign currency forward contracts	**20,495**	16,578
Derivatives that are designated and effective as hedging instruments carried at fair value:		
– Interest rate swaps	**11,056**	–
	31,551	16,578
Analysis for reporting purposes:		
Non-current portion	**3,482**	–
Current portion	**28,069**	16,578
	31,551	16,578
Derivative financial liabilities		
Held for trading derivatives that are not designated in hedge accounting relationships:		
– Foreign currency forward contracts	**23,757**	248
Derivatives that are designated and effective as hedging instruments carried at fair value:		
– Interest rate swaps	**–**	7,186
	23,757	7,434
Analysis for reporting purposes:		
Non-current portion	**1,935**	–
Current portion	**21,822**	7,434
	23,757	7,434

36 DERIVATIVE FINANCIAL INSTRUMENTS *(CONTINUED)*

Major terms of the foreign currency forward contracts are as follows:

31 December 2022

Notional amounts	Maturities	Exchange rates
Sell USD20,000,000	12 January 2023	RM6.7100 : USD 1
Sell USD20,000,000	13 January 2023	RM6.7200 : USD 1
Sell USD30,000,000	20 January 2023	RM6.7100 : USD 1
Sell USD30,000,000	17 February 2023	RM6.7500 : USD 1
Sell USD20,000,000	6 March 2023	RM6.8900 : USD 1
Sell USD20,000,000	14 March 2023	RM6.9000 : USD 1
Sell USD40,000,000	22 March 2023	RM7.0200 : USD 1
Sell USD20,000,000	11 April 2023	RM6.7000 : USD 1
Sell USD20,000,000	25 April 2023	RM7.2000 : USD 1
Sell USD50,000,000	26 February 2024	RM6.7100 : USD 1

31 December 2021

Notional amounts	Maturities	Exchange rates
Sell USD3,000,000	7 February 2022	RMB6.4900: USD 1
Sell USD3,000,000	7 February 2022	RMB6.5500: USD 1
Sell USD3,000,000	21 February 2022	RMB6.5900: USD 1
Sell USD3,000,000	10 March 2022	RMB6.4100: USD 1
Sell USD3,000,000	22 March 2022	RMB6.4700: USD 1
Sell USD3,000,000	6 April 2022	RMB6.5200: USD 1
Sell USD3,000,000	6 April 2022	RMB6.5400: USD 1
Sell USD3,000,000	16 May 2022	RMB6.5600: USD 1
Sell USD3,000,000	2 June 2022	RMB6.6200: USD 1
Sell USD3,000,000	2 June 2022	RMB6.6200: USD 1

36 DERIVATIVE FINANCIAL INSTRUMENTS *(CONTINUED)*

Major terms of interest rate swaps are as follow:

31 December 2022

Notional amounts	Maturities	Floating interest rate	Fixed interest rate
EUR50,000,000	6 January 2023	From Euribor	to 1.45%
EUR56,151,800	20 June 2023	From Euribor	to 0.35%
EUR107,000,000	20 February 2025	From Euribor	to 0.43%

31 December 2021

Notional amounts	Maturities	Floating interest rate	Fixed interest rate
EUR56,151,800	20 June 2023	From Euribor	to 0.35%
EUR107,000,000	20 February 2025	From Euribor	to 0.43%

37 SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of a subsidiary of the Company

Sinoma International's share option incentive plan (the "Equity Incentive Plan") was adopted pursuant to a resolution passed on 6 December 2017 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 6 December 2022. Under the Scheme, the Board of Directors of Sinoma International may grant options to eligible employees, including directors, employees and its subsidiaries of the Sinoma International, to subscribe for shares in Sinoma International.

During the year ended 31 December 2021, all of the options under the Equity Incentive Plan were exercised, forfeited, expired or cancelled. At 31 December 2020, the number of shares in respect of which options had been granted and remained outstanding under the Equity Incentive Plan was 11,180,289, representing 0.62% of the shares of Sinoma International in issue at that date. The total number of shares in respect of which options may be granted under the Equity Incentive Plan is not permitted to exceed 1% of the shares of Sinoma International in issue at any point in time, without prior approval from Sinoma International's shareholders.

No consideration is payable on the grant of an option. The options vest after two years from the date of grant and are then exercisable within a period of three years. The exercise price is determined by the directors of Sinoma International, and will not be less than the higher of (i) the average trading price of shares of Sinoma International on the last trading day before the date of grant, (ii) the closing price of shares of Sinoma International on the last trading day before the date of grant; (iii) the average trading price of shares of Sinoma International for the last 20 trading days before the date of grant; (iv) the average closing price of shares of Sinoma International for the last 30 trading days before the pricing benchmark date; and the nominal value of the underlying shares of Sinoma International, being RMB1.00 per share. Options granted under the Equity Incentive Plan have a contractual term of 5 years from the grant date.

37 SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

Equity-settled share option scheme of a subsidiary of the Company *(Continued)*

Details of the terms and movements of the share options granted pursuant to the Equity Incentive Plan for the years ended 31 December 2021 are as follows:

Category of participants	Date of grant	Exercise period	Exercise price per Sinoma International Share *RMB*	Outstanding at 1 January 2021	Exercised during the year	Forfeited during the year	Expired during the year	Cancelled during the year *(Note)*	Outstanding at 31 December 2021
Directors and employees (455 in total) of Sinoma International and its subsidiaries	7 December 2017	From 7 December 2020 to 6 December 2021	8.837	5,590,145	(4,951,410)	(171,734)	(467,001)	–	–
		From 7 December 2021 to 6 December 2022	8.837	5,590,144	–	(171,602)	–	(5,418,542)	–
Exercisable at the end of the year				11,180,289	(4,951,410)	(343,336)	(467,001)	(5,418,542)	–
Weighted average exercise price (RMB)									–

Note: During the year ended 31 December 2021, the directors of Sinoma International considered certain performance conditions were not achieved, 5,418,542 unit of the share options were cancelled.

Due to cancellation of share option, no expense was recognised for the year ended 31 December 2021.

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

37 SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

Equity-settled share award scheme of a subsidiary of the Company

On 11 April 2022, Sinoma International's share award scheme (the "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 the Sinoma International (the "Awardees"). Under the Share Award Scheme, 49,438,000 shares of Sinoma International 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 (collectively referred to as the "Awarded Shares"). The Awardees are required to paid RMB5.97 per Awarded Share at the date of grant. Subject to the acceptance of the Awardees, that the Awardees remain as employees of the Sinoma International on the vesting date of the Awarded Shares and fulfill certain conditions under the Share Award Scheme, the Awarded Shares shall be vested as below:

Date of grant	**Vesting period**
11 April 2022	11 April 2022 to 10 April 2025

The following table discloses movements of the Awarded Shares under the Share Award Scheme during the year:

	Awarded Shares under restriction at 1 January 2022 *'000*	**Granted during the year** *'000*	**Awarded Shares under restriction at 31 December 2022** *'000*
Awarded Shares	–	49,438	49,438

The fair value of the Awarded Shares were based on the closing price per share of Sinoma International at the date of grant. No other feature of the Awarded Shares were incorporated into the measurement of the fair values.

The Group recognised a share award expense of RMB42,681,000 (2021: RMBnil) during the year ended 31 December 2022 in respect of the Awarded Shares granted in the current year.

38 SHARE CAPITAL

	Domestic share (Note (a))		H Shares (Note (b))		Unlisted foreign shares (Note (c))		
	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Total capital *RMB'000*
Registered paid up shares of RMB1.0 each							
As at 1 January 2021	4,454,898,633	4,454,899	3,868,697,794	3,868,698	111,174,235	111,174	8,434,771
Conversion of shares (Note (d))	(578,274,471)	(578,275)	689,448,706	689,449	(111,174,235)	(111,174)	–
As at 31 December 2021, 1 January 2022 and 31 December 2022	**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.

(d) During the year ended 31 December 2021, the Company obtained approval from China Securities Regulatory Commission and Listing Committee of the Stock Exchange in respect of the conversion of 578,274,471 of domestic shares and 111,174,235 of unlisted foreign shares into H shares (the "Conversion of shares"). The Conversion of shares was completed on 9 August 2021.

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) Fair value reserve

The fair value reserve represents cumulative gains and losses arising from revaluation of equity instruments at fair value through other comprehensive income that have been recognised in other comprehensive income. Gains and losses arising from revaluation of equity instruments at fair value through other comprehensive income will not be reclassified to profit or loss in subsequent periods.

(d) 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.

(e) 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.

39 RESERVES *(CONTINUED)*

(f) 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 notes 3.10.

40 PERPETUAL CAPITAL INSTRUMENTS

	Principal *RMB'000*	Distribution/ appropriation *RMB'000*	Total *RMB'000*
Balance as at 1 January 2021	18,333,816	303,361	18,637,177
Issuance of perpetual capital instruments	4,000,000	–	4,000,000
Redemption of perpetual capital instruments	(5,788,121)	–	(5,788,121)
Profit attributable to holders of perpetual capital instruments	–	794,707	794,707
Distributions made to holders of perpetual capital instruments	–	(834,621)	(834,621)
Balance as at 31 December 2021	16,545,695	263,447	16,809,142
Balance as at 1 January 2022	**16,545,695**	**263,447**	**16,809,142**
Issuance of perpetual capital instruments	**7,476,050**	**–**	**7,476,050**
Redemption of perpetual capital instruments	**(8,475,958)**	**–**	**(8,475,958)**
Profit attributable to holders of perpetual capital instruments	**–**	**688,550**	**688,550**
Distributions made to holders of perpetual capital instruments	**–**	**(677,373)**	**(677,373)**
Balance as at 31 December 2022	**15,545,787**	**274,624**	**15,820,411**

40 PERPETUAL CAPITAL INSTRUMENTS *(CONTINUED)*

During the year ended 31 December 2022, the Company issued the perpetual interest-bearing debentures in an aggregate principal amounts of RMB7,500.00 million (2021: RMB4,000.00 million) with coupon rates ranging from 2.74% to 3.13% (2021: 3.33% to 3.52%). The net proceeds after deducting the issuance cost amounted to approximately RMB7,476.05 million (2021: RMB4,000.00 million). Unless a mandatory interest payment event has occurred, 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. 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 RMB677.37 million (2021: RMB834.62 million) has been paid by the Group to the holders of the above-mentioned perpetual capital instruments for the year ended 31 December 2022.

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries not under common control

During the year ended 31 December 2022, the Group acquired 9 (2021: 31) 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 and provision of cement and mining technical equipment and engineering services, transportation services and repairment services.

These acquisitions have been accounted for using the acquisition method.

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries not under common control *(Continued)*

Summary of net assets acquired in the transactions during the year, goodwill and discount on acquisition arising, are as follows:

	2022 *RMB'000*	2021 *RMB'000*
Net assets acquired:		
Property, plant and equipment (Note 15)	**954,167**	4,735,705
Right-of-use assets (Note 16)	**415,318**	1,238,292
Investment properties	**68,862**	–
Intangible assets (Note 19)	**455,494**	1,356,241
Interests in associates	**–**	21,000
Deferred income tax assets (Note 32)	**8,557**	76,680
Inventories	**167,148**	533,658
Financial assets at fair value through profit or less	**66,725**	–
Trade and other receivables	**737,873**	998,922
Amounts due from the related parties	**42,772**	1,368,518
Pledged bank deposits	**9,384**	147,936
Cash and cash equivalents	**657,994**	307,006
Trade and other payables	**(791,138)**	(1,980,284)
Current income tax liabilities	**(54,924)**	(144,453)
Amounts due to the related parties	**(92,461)**	(53,991)
Borrowings	**(136,911)**	(970,085)
Lease liabilities	**(494)**	(298)
Deferred income	**(71,390)**	(29,032)
Deferred income tax liabilities (Note 32)	**(111,537)**	(779,584)
Net assets	**2,325,439**	6,826,231
Non-controlling interests	**(1,197,347)**	(3,149,587)
Discount on acquisition of interests in subsidiaries (Note 8)	**–**	(17,709)
Goodwill (Note 18)	**386,387**	2,117,973
Total consideration	**1,514,479**	5,776,908

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries not under common control *(Continued)*

	2022 *RMB'000*	2021 *RMB'000*
Total consideration satisfied by:		
Cash	**1,392,268**	1,266,166
Other payables	**66,696**	1,193,816
Additional interests to non-controlling interests	**–**	526,442
Partial interests of the Group's subsidiaries	**–**	2,790,484
Transferred from prepayment	**55,515**	–
	1,514,479	5,776,908
Net cash outflow arising on acquisition:		
Cash consideration paid	**(1,392,268)**	(1,266,166)
Less: Cash and cash equivalents acquired	**657,994**	307,006
	(734,274)	(959,160)

Note: 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 and concrete 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 RMB1,448.02 million (2021: approximately RMB2,822.38 million) at the date of acquisition had gross contractual amounts of approximately RMB1,454.32 million (2021: RMB3,005.54 million). The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to approximately RMB6.32 million (2021: RMB183.16 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 RMB1,197.35 million (2021: RMB3,149.58 million).

During the year ended 31 December 2022, included in the revenue and profit for the year are approximately RMB200.55 million and loss of RMB11.81 million respectively attributable to the additional business mainly generated by these newly acquired companies.

Regarding the acquisition occurred during the year ended 31 December 2022, had these business combinations been effected at 1 January 2022, the revenue of the Group would be approximately RMB230,813.54 million and profit for the year of the Group would be approximately RMB14,853.14 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 2021, included in the revenue and profit for the year were approximately RMB1,469.53 million and RMB144.78 million respectively attributable to the additional business mainly generated by these newly acquired companies.

Regarding the acquisition occurred during the year ended 31 December 2021, had these business combinations been effected at 1 January 2021, the revenue of the Group would be approximately RMB276,533.46 million (restated) and profit for the year of the Group would be approximately RMB25,643.08 million (restated). 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.

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries not under common control *(Continued)*

Details of the Group's significant acquisitions during the year are as follows:

CNBM Heilongjiang Graphite New Materials Co., Ltd. (中建材黑龍江石墨新材料有限公司) (formerly known as Heilongjiang Pride New Material Technology Company Limited (黑龍江普萊德材料科技有限公司")) ("CNBM Heilongjiang Graphite")

On 15 August 2022, CNBM Investment entered into a capital contribution agreement with CNBM Heilongjiang Graphite, whereby CNBM Investment subscribed newly increased registered share capital of CNBM Heilongjiang Graphite representing approximately 40.07% equity interest in CNBM Heilongjiang Graphite at a cash consideration of approximately RMB590 million. CNBM Heilongjiang Graphite is principally engaged in mining of graphite and was acquired with the objective of improving the Group's business in graphite new materials. The transaction has been completed on 31 August 2022. The acquisition has been accounted for as acquisition of business using the acquisition method.

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries not under common control *(Continued)*

Net assets acquired in the transactions are as follows:

	2022 **Fair value** ***RMB'000***
Net assets acquired:	
Property, plant and equipment	**490,003**
Right-of-use assets	**112,521**
Intangible assets	**396,163**
Deferred income tax assets	**2,100**
Inventories	**40,136**
Trade and other receivables	**217,201**
Cash and cash equivalents	**584,391**
Trade and other payables	**(279,735)**
Current income tax liabilities	**(2,808)**
Borrowings	**(56,184)**
Deferred income	**(65,970)**
Deferred income tax liabilities	**(49,839)**
Net assets	**1,387,979**
Non-controlling interests	**(831,816)**
Goodwill	**33,788**
Total consideration	**589,951**
Total consideration satisfied by:	
Cash	**589,951**
	589,951
Net cash outflow arising on acquisition:	
Cash consideration paid	**(589,951)**
Less: Cash and cash equivalents acquired	**584,391**
	(5,560)

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries not under common control *(Continued)*

The non-controlling interests (59.93%) in CNBM Heilongjiang Graphite recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of CNBM Heilongjiang Graphite and amounted to RMB831.82 million.

The goodwill arising on the acquisition of CNBM Heilongjiang Graphite is mainly attributable to the benefit of expected revenue growth and future market development in graphite new materials. 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 these acquisitions is expected to be deductible for tax purposes.

Included in the revenue and profit for the year are approximately RMB111.88 million and loss of RMB3.78 million respectively attributable to the additional business generated by CNBM Heilongjiang Graphite.

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(b) Disposal of subsidiaries

During the year ended 31 December 2022, the Group disposed its equity interest in a wholly owned subsidiary (2021: 40 subsidiaries) to a third party. The net assets of the disposed subsidiaries at the date of disposal were as follows:

	2022	2021
	RMB'000	*RMB'000*
Net assets disposed of:		
Property, plant and equipment (Note 15)	**6,706**	3,695,715
Right-of-use assets	**53**	396,629
Goodwill (Note 18)	**–**	62
Intangible assets (Note 19)	**–**	574,123
Interest in associates	**–**	42,193
Financial assets at fair value through other comprehensive income	**–**	531,406
Financial assets at fair value through profit and loss	**–**	115,936
Deposits	**–**	196,451
Deferred income tax assets (Note 34)	**401**	238,474
Inventory	**947**	1,502,484
Trade and other receivables	**12,057**	29,220,170
Amounts due from related parties	**–**	1,815,789
Pledged bank deposits	**–**	1,588,682
Cash and cash equivalents	**–**	657,288
Trade and other payables	**(6,856)**	(18,797,673)
Current income tax liabilities	**(861)**	(62,226)
Dividend payable to non-controlling interests	**–**	(192,043)
Amounts due to related parties	**–**	(1,025,823)
Borrowings	**–**	(14,685,694)
Deferred income	**–**	(17,912)
Lease liabilities	**–**	(33,325)
Deferred income tax liabilities (Note 34)	**–**	(71,967)
Non-controlling interests	**–**	(1,281,171)
Net assets disposal of	**12,447**	4,407,568

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(b) Disposal of subsidiaries *(Continued)*

	2022 **RMB'000**	2021 RMB'000
Consideration received:		
Cash received	**14,413**	2,001,372
Gain on disposal of subsidiaries:		
Consideration received and receivable	**14,413**	2,001,372
Net assets disposed of	**(12,447)**	(4,407,568)
Release of capital reserve	**–**	(895)
Investment in associates retained	**–**	3,033,410
Gain on disposal of subsidiaries (Note 8)	**1,966**	626,319
Net cash inflow arising from disposal of subsidiaries:		
Cash consideration	**14,413**	2,001,372
Cash and cash equivalents disposed of	**–**	(657,288)
Net cash inflow from disposal of subsidiaries	**14,413**	1,344,084

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(b) Disposal of subsidiaries *(Continued)*

Details of the Group's significant disposal during the year ended 31 December 2021 are as follows:

China Triumph International Engineering Company Limited (中國建材國際工程集團有限公司) ("China Triumph")

On 8 December 2021, the Company entered into a subscription agreement with Bengbu Institute, China Triumph and Bengbu Huajin pursuant to which the Company and Bengbu Huajin will respectively subscribe to 45.08% and 4.45% of the registered capital in Bengbu Institute by transferring 91% and 9% equity interests in China Triumph held by the Company and Bengbu Huajin to Bengbu Institute The transaction was completed on 31 December 2021.

Net assets disposed in the transactions, and gain on disposal arising, are as follows:

	2021 *RMB'000*
Net assets disposed of:	
Property, plant and equipment	2,449,812
Right-of-use assets	332,880
Goodwill	62
Intangible assets	571,795
Interests in associates	9,231
Financial assets at fair value through other comprehensive income	531,406
Deposits	196,451
Deferred income tax assets	206,868
Inventories	1,496,838
Trade and other receivables	25,680,510
Amounts due from the related parties	1,357,056
Pledged bank deposits	1,393,504
Cash and cash equivalents	132,109
Trade and other payables	(16,002,981)
Current income tax liabilities	(36,059)
Dividend payable to non-controlling interests	(192,043)
Amounts due to related parties	(471,333)
Borrowings	(14,311,826)
Deferred income	(17,912)
Lease liabilities	(2,019)
Deferred income tax liabilities	(71,967)
Non-controlling interests	(644,298)
Net assets disposal of	2,608,084

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(b) Disposal of subsidiaries *(Continued)*

China Triumph International Engineering Company Limited ("中國建材國際工程集團有限公司")

	2021 *RMB,000*
Gain on disposal of subsidiary:	
Net assets disposed of	(2,608,084)
Release of capital reserve	(895)
Investment in an associate retained	3,033,410
Gain on disposal of subsidiary, net	424,431
Net cash inflow arising from disposal of subsidiary:	
Cash consideration	–
Cash and cash equivalents disposed of	(132,109)
	(132,109)

(c) Deemed disposal of a subsidiary

On 29 June 2022, Sinoma Advanced, a non-wholly owned subsidiary of the Company, entered into the Capital Contribution Agreement with the Company, Sinoma Group, Building Materials Academy, BNBM and the minority shareholder of Sinoma Advanced, pursuant to which, Sinoma Group, Building Materials Academy, BNBM and the minority shareholder of Sinoma Advanced agreed to make a capital contribution totalling RMB979.20 million to Sinoma Advanced on a basis of RMB4.69/registered capital. Upon completion of the Capital Contribution on 29 June 2022, the registered capital of Sinoma Advanced will increase from RMB167.15 million to RMB375.79 million. The Company, Sinoma Group, Building Materials Academy, BNBM and the minority shareholder of Sinoma Advanced will hold approximately 44.33%, 26.56%, 28.35%, 0.41% and 0.35% equity interests in Sinoma Advanced, respectively. At the same time, Sinoma Group will enter into an equity transfer agreement with Building Materials Academy, pursuant to which, Sinoma Group will transfer its 26.56% equity interests in Sinoma Advanced to Building Materials Academy at nil consideration, so that Building Materials Academy will become the controlling shareholder of Sinoma Advanced holding approximately 54.91% equity interests in Sinoma Advanced. Accordingly, the Group lost control of Sinoma Advanced and Sinoma Advanced will cease to be a subsidiary of the Company and become an associated company of the Company. The net assets of Sinoma Advanced as at the date of deemed disposal are as follows:

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

(c) Deemed disposal of a subsidiary (Continued)

	RMB'000
Net assets disposed of:	
Property, plant and equipment (Note 15)	833,521
Right-of-use assets	165,828
Intangible assets	36,653
Interests in associates	182,836
Deposits	81,662
Deferred income tax assets	10,001
Inventories	335,678
Trade and other receivables	207,552
Pledged bank deposits	38,834
Cash and cash equivalents	886,115
Trade and other payables	(938,577)
Borrowings	(1,127,290)
Current income tax liabilities	(4,761)
Dividend payable to non-controlling interests	(3,045)
Deferred income	(31,282)
Deferred income tax liabilities	(645)
Net assets disposed of:	673,080
Gain on deemed disposal:	
Net assets disposed of	(673,080)
Non-controlling interests	181,243
Fair value of the equity interest in Sinoma Advanced held by the Group as interest in an associate (44.33%)	781,845
Gain on deemed disposal of a subsidiary (Note 8)	290,008
Net cash outflow of cash on a deemed disposal:	
Cash and cash equivalents	(886,115)

42 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Acquisition of additional interests in subsidiaries without change in control

For the year ended 31 December 2022, the Group acquired additional issued shares of 3 (2021: 14) subsidiaries for a consideration of approximately RMB1,507.71 million (2021: approximately RMB4,939.94 million). The carrying amount of the non-controlling interests in these subsidiaries on the date of acquisition was approximately RMB1,096.82 million (2021: approximately RMB4,649.94 million). The Group recognised a decrease in non-controlling interests of approximately RMB1,096.82 million (2021: approximately RMB4,649.94 million) and a decrease in equity attributable to owners of the Group of approximately RMB410.89 million (2021: RMB290.00 million).

	2022 ***RMB'000***	2021 *RMB'000*
Carrying amount of non-controlling interests acquired	**1,096,822**	4,649,943
Consideration paid to non-controlling interests	**(1,507,716)**	(4,939,939)
Excess of consideration paid recognised within equity	**(410,894)**	(289,996)

Details of the Group's significant acquisition of additional interests in subsidiaries during both years are as follows:

Ningxia Building Materials

During the year ended 31 December 2022, the Group acquired additional equity interests in Ningxia Building Materials for a consideration of approximately RMB96.33 million. After that, the Group's effective equity interests in Ningxia Building Materials increased from 47.56% to 49.03%. The carrying amount of the non-controlling interests in this subsidiary on the date of acquisition was approximately RMB105.13 million. The Group recognised a decrease in non-controlling interest of approximately RMB105.13 million and an increase in equity attributable to owners of the Company of approximately RMB8.80 million.

Sinoma Lithium Battery Separator Co., Ltd. (中材鋰膜有限公司) ("Sinoma Lithium Battery")

During the year ended 31 December 2022, the Group acquired additional equity interests in Sinoma Lithium Battery for a consideration of approximately RMB700.00 million. After that, the Group's effective equity interests in Sinoma Lithium Battery increased from 63.84% to 74.16%. The carrying amount of the non-controlling interests in the subsidiary on the date of acquisition was approximately RMB301.82 million. The Group recognised a decrease in non-controlling interests of approximately RMB301.82 million and a decrease in equity attributable to owners of the Company of approximately RMB398.18 million.

42 TRANSACTIONS WITH NON-CONTROLLING INTERESTS *(CONTINUED)*

(a) Acquisition of additional interests in subsidiaries without change in control *(Continued)*

BNBM Waterproof (Chengdu) Co., Ltd. (北新防水(成都)有限公司) ("BNBM Waterproof (Chengdu)")

During the year ended 31 December 2022, the Group acquired additional equity interests in BNBM Waterproof (Chengdu) for a consideration of approximately RMB234.40 million. After that, the Group's effective equity interests in BNBM Waterproof (Chengdu) increased from 70.00% to 100.00%. The carrying amount of the non-controlling interests in the subsidiary on the date of acquisition was approximately RMB186.61 million. The Group recognised a decrease in non-controlling interests of approximately RMB182.29 million and a decrease in equity attributable to owners of the Company of approximately RMB47.79 million.

Restructuring of cement assets

During the year ended 31 December 2021, the Company and Tianshan Cement entered into an indicative asset purchase agreement, pursuant to which the Company transferred 100% equity interest held in China United Cement and Sinoma Cement, 85.10% equity interest held in South Cement and 79.93% of equity interest held in Southwest Cement to Tianshan Cement for consideration which was paid in the form of new shares to be issued by Tianshan Cement to the Company. On the same date, Tianshan Cement entered into another indicative asset purchase agreements with 27 minority shareholders of South Cement or Southwest Cement pursuant to which Tianshan Cement acquired certain equity interests in South Cement and Southwest Cement in consideration for issuance of consideration shares by Tianshan Cement and cash consideration of RMB2,679.77 million.

After that, the Group's effective equity interests in Tianshan Cement was increased from 45.87% to 87.70%. The carrying amount of the non-controlling interests in the certain subsidiaries on the date of acquisition was approximately RMB3,417.18 million. The Group recognised a decrease in non-controlling interests of approximately RMB3,417.18 million and an increase in equity attributable to owners of the Company of approximately RMB737.41 million.

Restructuring of cement engineering assets

During the year ended 31 December 2021, the Company, China Building Materials Academy Co., Ltd. and China Triumph (Collectively "CNBM Seller") and Sinoma International entered into an indicative asset purchase agreement, pursuant to which the CNBM Seller agreed to transfer the entire equity interest of Beijing Triumph Building Materials Engineering Co., Ltd ("BTBM") and Sinoma Mining and 51.15% equity interest of Nanjing Triumph International Engineering Company Limited ("Nanjing Triumph") to Sinoma International in consideration for issuance of 476,484,556 ordinary shares by Sinoma International and cash consideration of RMB516.09 million. On the same date, Sinoma International and 49 minority shareholders of Nanjiang Triumph (the "Independent seller") entered into another indicative asset purchase agreement, pursuant to which the Independent seller agreed to transfer 46.85% equity interest in Nanjing Triumph to Sinoma International for cash consideration of RMB472.72 million.

42 TRANSACTIONS WITH NON-CONTROLLING INTERESTS *(CONTINUED)*

(a) Acquisition of additional interests in subsidiaries without change in control *(Continued)*

Restructuring of cement engineering assets *(Continued)*

After that, the Group's effective equity interests in Sinoma International was increased from 40.03% to 48.78%. The carrying amount of the non-controlling interests in the certain subsidiaries on the date of acquisition was approximately RMB113.85 million. The Group recognised a decrease in non-controlling interests of approximately RMB113.85 million and a decrease in equity attributable to owners of the Company of approximately RMB358.87 million.

(b) Deemed partial disposal of interests in subsidiaries without losing control

	2022 ***RMB'000***	2021 *RMB'000*
Carrying amount of equity interest obtained by non-controlling interests	**(8,002,366)**	(2,594,774)
Capital contributed by non-controlling interests	**10,649,306**	3,063,807
Excess of consideration received recognised within equity	**2,646,940**	469,033

Details of the Group's significant deemed partial disposal of interests in subsidiaries without losing control during the years ended 31 December 2022 and 2021 are as follows:

Tianshan Cement

During the year ended 31 December 2022, Tianshan Cement, a partially owned subsidiary of the Company, entered into a capital increase agreement with independent third parties ("Tianshan investor"), pursuant to which the Tianshan investor agreed to contribute approximately RMB4,230.32 million to Tianshan Cement. After that, the Group's effective equity interests in Tianshan Cement were diluted from 87.7% to 84.52%. As a result, the Group recognised a decrease in equity attributable to owners of the Company of approximately RMB1,160.34 million and an increase in non-controlling interests of approximately RMB3,069.98 million.

42 TRANSACTIONS WITH NON-CONTROLLING INTERESTS *(CONTINUED)*

(b) Deemed partial disposal of interests in subsidiaries without losing control *(Continued)*

Sinoma Lithium Battery

During the year ended 31 December 2022, Sinoma Lithium Battery Separator Co., Ltd. ("Sinoma Lithium Battery,"), a partially owned subsidiary of the Company, entered into a capital increase agreement with an independent third party ("Sinoma Lithium Battery investor"), pursuant to which the Sinoma Lithium Battery investor agreed to contribute RMB5,000.00 million to Sinoma Lithium Battery. After that, the Group's effective equity interests in Sinoma Lithium Battery were diluted from 74.16%% to 50.79%. As a result, the Group recognised an increase in equity attributable to owners of the Company of approximately RMB1,049.07 million and an increase in non-controlling interests of approximately RMB3,950.93 million.

Henan subsidiaries of China United Cement ("中聯水泥河南子公司") ("Henan subsidiaries")

During the year ended 31 December 2021, China United Cement has transferred its Henan subsidiaries to a non-wholly owned subsidiary of China United Cement in exchange for the equity instruments issued by the subsidiary valued at the fair value of the Henan subsidiaries of RMB2,790.48 million. As a result of this transaction, the Group's effective equity interest in the Henan subsidiaries was diluted from 100% to 60%, the Group recognised an increase in equity attributable to owners of the Company of approximately RMB422.50 million and an increase in non-controlling interests of approximately RMB2,367.98 million.

43 BUSINESS COMBINATION UNDER COMMON CONTROL

As mentioned in Note 3.1, the acquisitions of CNBM New Zealand, CNBM Singapore, CNBM Oversea, BNBM Tanzania and CNBM Smart have been accounted for based on merger accounting. Accordingly, the assets and liabilities of CNBM New Zealand, CNBM Singapore, CNBM Oversea, BNBM Tanzania and CNBM Smart acquired by the Group have been accounted for at historical cost and the consolidated financial statements of the Group for year prior to the combination have been restated to include the financial position and results of operation of CNBM New Zealand, CNBM Singapore, CNBM Oversea, BNBM Tanzania and CNBM Smart on a combined basis. The details of the restated balances are stated as below.

43 BUSINESS COMBINATION UNDER COMMON CONTROL *(CONTINUED)*

The reconciliation of the effect arising from the common control combination on the consolidated statements of financial position as at 31 December 2020 and 2021 are as follows:

As at 31 December 2020

	The Group, as previously reported RMB'000	China National Building Material International New Zealand Co., Ltd. RMB'000	China National Building Material International Singapore Company RMB'000	CNBM Overseas Economic Cooperation Co., Ltd. RMB'000	Beijing New Building Materials (Tanzania) Company Limited RMB'000	CNBM Smart Industry Technology Co., Ltd RMB'000	Adjustments RMB'000	Consolidated RMB'000
Non-current assets								
Property, plant and equipment	172,456,861	36	40	52,350	63,628	4,732	–	172,577,647
Right-of-use assets	29,979,586	–	–	32,750	29,107	1,633	–	30,043,076
Investment properties	857,163	–	–	–	–	–	–	857,163
Goodwill	33,290,321	–	–	–	–	–	–	33,290,321
Intangible assets	19,074,130	–	–	3	–	215	–	19,074,348
Interests in associates	19,313,566	–	–	–	–	26,648	(57,625)	19,282,589
Interest in joint ventures	98,018	–	–	–	–	–	–	98,018
Financial assets at fair value through profit or loss	2,529,357	–	–	–	–	–	–	2,529,357
Financial assets at fair value through other comprehensive income	7,526	–	–	–	–	–	–	7,526
Deposits	4,075,507	–	–	–	–	–	–	4,075,507
Trade and other receivables	11,930,475	1,447	–	–	–	–	–	11,931,922
Deferred income tax assets	6,565,399	–	3	162	–	791	–	6,566,355
	300,177,909	1,483	43	85,265	92,735	34,019	(57,625)	300,333,829
Current assets								
Inventories	20,308,739	152,003	–	42,510	57,539	47	–	20,560,838
Trade and other receivables	93,112,674	46,751	37,120	209,671	55,807	228,198	(132,280)	93,557,941
Financial assets at fair value through profit or loss	6,166,752	–	–	–	–	–	–	6,166,752
Derivative financial instruments	16,148	–	–	–	–	–	–	16,148
Amounts due from related parties	1,844,800	–	–	–	–	–	63,253	1,908,053
Pledged bank deposits	4,995,816	3,295	–	194	–	8,787	–	5,008,092
Cash and cash equivalents	29,823,909	5,302	125,206	95,899	5,386	44,185	–	30,099,887
	156,268,838	207,351	162,326	348,274	118,732	281,217	(69,027)	157,317,711
Assets classified as held-for-sale	195,843	–	–	–	–	–	–	195,843
	156,464,681	207,351	162,326	348,274	118,732	281,217	(69,027)	157,513,554

43 BUSINESS COMBINATION UNDER COMMON CONTROL *(CONTINUED)*

As at 31 December 2020 *(Continued)*

	The Group, as previously reported RMB'000	China National Building Material International New Zealand Co., Ltd. RMB'000	China National Building Material International Singapore Company RMB'000	CNBM Overseas Economic Cooperation Co., Ltd. RMB'000	Beijing New Building Materials (Tanzania) Company Limited RMB'000	CNBM Smart Industry Technology Co., Ltd RMB'000	Adjustments RMB'000	Consolidated RMB'000
Current liabilities								
Trade and other payables	98,213,176	139,668	1,549	103,913	55,094	48,260	(233,017)	98,328,643
Amounts due to related parties	4,748,403	–	–	–	–	–	163,361	4,911,764
Borrowings – amount due within one year	89,440,797	–	–	25,109	61,230	9,877	–	89,537,013
Lease liabilities	633,246	–	–	3,165	–	–	–	636,411
Derivative financial instruments	19,338	–	–	–	–	–	–	19,338
Employee benefits payable	1,564	–	–	–	–	–	–	1,564
Current income tax liabilities	4,776,948	–	6,616	5,056	1,657	6,730	–	4,797,007
Financial guarantee contracts	64,000	–	–	–	–	–	–	64,000
Dividend payable to non-controlling interests	313,879	–	–	–	–	1,034	–	314,913
	198,211,351	139,668	8,165	137,243	117,981	65,901	(69,656)	198,610,653
Net current (liabilities)/assets	(41,746,670)	67,683	154,161	211,031	751	215,316	629	(41,097,099)
Total assets less current liabilities	258,431,239	69,166	154,204	296,296	93,486	249,335	(56,996)	259,236,730
Non-current liabilities								
Borrowings – amount due after one year	85,629,115	79,568	–	–	–	–	–	85,708,683
Deferred income	2,234,392	–	–	–	–	2,719	–	2,237,111
Lease liabilities	2,697,414	–	–	27,254	–	–	–	2,724,668
Employee benefits payable	240,878	–	–	–	–	–	–	240,878
Deferred income tax liabilities	2,333,848	–	–	–	–	–	–	2,333,848
	93,135,647	79,568	–	27,254	–	2,719	–	93,245,188
Net assets	165,295,592	(10,402)	154,204	269,042	93,486	246,616	(56,996)	165,991,542
Capital and reserves								
Share capital	8,434,771	3,162	1,836	200,000	74,811	100,000	(379,809)	8,434,771
Reserves	81,889,030	(13,564)	152,368	69,042	18,675	129,651	231,834	82,477,036
Equity attributable to:								
Owners of the Company	90,323,801	(10,402)	154,204	269,042	93,486	229,651	(147,975)	90,911,807
Holders of perpetual capital instruments	18,637,177	–	–	–	–	–	–	18,637,177
Non-controlling interests	56,334,614	–	–	–	–	16,965	90,979	56,442,558
Total equity	165,295,592	(10,402)	154,204	269,042	93,486	246,616	(56,996)	165,991,542

43 BUSINESS COMBINATION UNDER COMMON CONTROL *(CONTINUED)*

As at 31 December 2021

	The Group, as previously reported *RMB'000*	China National Building Material International New Zealand Co., Ltd. *RMB'000*	China National Building Material International Singapore Company *RMB'000*	CNBM Overseas Economic Cooperation Co., Ltd. *RMB'000*	Beijing New Building Materials (Tanzania) Company Limited *RMB'000*	CNBM Smart Industry Technology Co., Ltd. *RMB'000*	Adjustments *RMB'000*	Consolidated *RMB'000*
Non-current assets								
Property, plant and equipment	181,240,991	34	20	49,532	60,807	4,989	–	181,356,373
Right-of-use assets	29,277,058	–	985	34,376	28,152	7,917	–	29,348,488
Investment properties	965,215	–	–	–	–	–	–	965,215
Goodwill	32,323,232	–	–	–	–	–	–	32,323,232
Intangible assets	25,602,025	–	–	38	–	178	–	25,602,241
Interests in associates	26,870,710	–	–	–	–	18,042	(50,562)	26,838,190
Interest in joint ventures	131,348	–	–	–	–	–	–	131,348
Financial assets at fair value through profit or loss	2,524,452	–	–	–	–	–	–	2,524,452
Deposits	3,990,272	–	–	–	–	–	–	3,990,272
Trade and other receivables	3,604,945	–	–	691	–	922	–	3,606,558
Deferred income tax assets	6,294,168	–	7	124	–	1,382	–	6,295,681
	312,824,416	34	1,012	84,761	88,959	33,430	(50,562)	312,982,050
Current assets								
Inventories	21,199,061	65,035	6,337	87,011	78,455	–	(2,147)	21,433,752
Trade and other receivables	87,002,546	22,147	115,465	342,136	56,228	331,933	(234,193)	87,636,262
Financial assets at fair value through profit or loss	8,259,699	–	–	–	–	–	–	8,259,699
Derivative financial instruments	16,578	–	–	–	–	–	–	16,578
Amounts due from related parties	2,198,675	–	–	–	–	–	163,089	2,361,764
Pledged bank deposits	3,780,941	–	–	113,467	–	6,294	–	3,900,702
Cash and cash equivalents	27,260,215	25,317	1,690	107,782	2,503	12,243	–	27,409,750
	149,717,715	112,499	123,492	650,396	137,186	350,470	(73,251)	151,018,507

43 BUSINESS COMBINATION UNDER COMMON CONTROL *(CONTINUED)*

As at 31 December 2021 *(Continued)*

	The Group, as previously reported *RMB'000*	China National Building Material International New Zealand Co., Ltd. *RMB'000*	China National Building Material International Singapore Company *RMB'000*	CNBM Overseas Economic Cooperation Co., Ltd. *RMB'000*	Beijing New Building Materials (Tanzania) Company Limited *RMB'000*	CNBM Smart Industry Technology Co., Ltd. *RMB'000*	Adjustments *RMB'000*	Consolidated *RMB'000*
Current liabilities								
Trade and other payables	98,539,961	61,139	219	287,584	68,014	83,217	(309,625)	98,730,509
Amounts due to related parties	4,834,060	–	–	–	–	–	255,676	5,089,736
Borrowings – amount due within one year	73,750,558	–	73,638	38,749	57,923	38,690	(20,000)	73,939,558
Lease liabilities	432,754	–	–	5,632	–	4,066	–	442,452
Derivative financial instruments	7,434	–	–	–	–	–	–	7,434
Employee benefits payable	33,397	–	–	–	–	–	–	33,397
Current income tax liabilities	3,976,820	16,779	8,316	2,241	3,539	863	–	4,008,558
Dividend payable to non-controlling interests	1,301,091	–	–	–	–	1,934	–	1,303,025
	182,876,075	77,918	82,173	334,206	129,476	128,770	(73,949)	183,554,669
Net current (liabilities)/assets	(33,158,360)	34,581	41,319	316,190	7,710	221,700	698	(32,536,162)
Total assets less current liabilities	279,666,056	34,615	42,331	400,951	96,669	255,130	(49,864)	280,445,888
Non-current liabilities								
Borrowings – amount due after one year	93,092,947	–	–	92,475	–	–	–	93,185,422
Deferred income	2,242,652	–	–	–	–	2,500	–	2,245,152
Lease liabilities	2,534,627	–	985	26,639	–	4,300	–	2,566,551
Employee benefits payable	217,027	–	–	–	–	–	–	217,027
Deferred income tax liabilities	2,954,380	–	–	–	–	–	–	2,954,380
	101,041,633	–	985	119,114	–	6,800	–	101,168,532
Net assets	178,624,423	34,615	41,346	281,837	96,669	248,330	(49,864)	179,277,356
Capital and reserves								
Share capital	8,434,771	3,162	1,836	200,000	74,811	100,000	(379,809)	8,434,771
Reserves	93,438,631	31,453	39,510	81,837	21,858	132,821	229,326	93,975,436
Equity attributable to:								
Owners of the Company	101,873,402	34,615	41,346	281,837	96,669	232,821	(150,483)	102,410,207
Holders of perpetual capital instruments	16,809,142	–	–	–	–	–	–	16,809,142
Non-controlling interests	59,941,879	–	–	–	–	15,509	100,619	60,058,007
Total equity	178,624,423	34,615	41,346	281,837	96,669	248,330	(49,864)	179,277,356

43 BUSINESS COMBINATION UNDER COMMON CONTROL *(CONTINUED)*

The reconciliation of the effect, arising from the common control combination on the consolidated statements of profit or loss for the year ended 31 December 2021 are as follows:

For the year ended 31 December 2021

	The Group, as previously reported *RMB'000*	China National Building Material International New Zealand Co., Ltd. *RMB'000*	China National Building Material International Singapore Company *RMB'000*	CNBM Overseas Economic Cooperation Co., Ltd. *RMB'000*	Beijing New Building Materials (Tanzania) Company Limited *RMB'000*	CNBM Smart Industry Technology Co., Ltd. *RMB'000*	Adjustments *RMB'000*	Consolidated *RMB'000*
Revenue	273,683,403	239,195	16,372	980,993	432,912	344,613	(78,880)	275,618,608
Cost of sales	(208,315,090)	(117,192)	–	(877,651)	(395,378)	(266,028)	78,880	(209,892,459)
Gross profit	65,368,313	122,003	16,372	103,342	37,534	78,585	–	65,726,149
Investment and other income, net	6,525,408	52	–	1,291	–	250	–	6,527,001
Selling and distribution costs	(4,836,207)	(4,904)	–	(36,369)	(16,093)	(20,827)	–	(4,914,400)
Administrative expenses	(28,605,502)	(7,502)	(1,276)	(38,954)	(6,655)	(36,436)	–	(28,696,325)
Finance costs, net	(7,236,048)	(2,792)	(674)	(3,562)	(6,767)	(1,721)	–	(7,251,564)
Share of results of associates	4,023,181	–	–	–	–	(8,606)	7,063	4,021,638
Share of results of joint ventures	(4,320)	–	–	–	–	–	–	(4,320)
Impairment loss under expected credit loss model, net of reversal	(1,647,168)	(44,593)	(27)	(2,963)	(158)	(3,947)	70	(1,698,786)
Profit before income tax	33,587,657	62,264	14,395	22,785	7,861	7,298	7,133	33,709,393
Income tax expense	(7,968,613)	(16,968)	(2,449)	(4,055)	(2,432)	(1,085)	–	(7,995,602)
Profit for the year	25,619,044	45,296	11,946	18,730	5,429	6,213	7,133	25,713,791
Profit/(loss) attributable to:								
Owners of the Company	16,218,359	45,296	11,946	18,730	5,429	3,169	(2,976)	16,299,953
Holders of perpetual capital instruments	794,707	–	–	–	–		–	794,707
Non-controlling interests	8,605,978	–	–	–	–	3,044	10,109	8,619,131
	25,619,044	45,296	11,946	18,730	5,429	6,213	7,133	25,713,791

43 BUSINESS COMBINATION UNDER COMMON CONTROL *(CONTINUED)*

	Impact on earnings per share of the Group *RMB*
Reported figures before restatement	1.923
Restatement arising from business combination of entities under common control	0.009
Restated	1.932

The effect of business combinations of entities under common control described above on the Group's net profit for the year ended 31 December 2021 is as follows:

	Impact on net profit of the Group RMB
Reported figures before restatement	25,619,044
Restatement arising from business combination of entities under common control	94,747
Restated	25,713,791

44 CONTINGENT LIABILITIES AND LITIGATION

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 was any of the directors, supervisors and senior management of the Group involved in any material litigation.

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 announcement dated 19 March 2019 and 30 July 2019, the 2019 interim report, the 2019 annual report, the 2020 interim report, 2020 annual report and 2021 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 litigation of 41 plaintiffs has been concluded, and the litigation of the remaining 49 plaintiffs will be ongoing.

In addition to the multi-district consolidated litigation cases involved in the above settlements, there has also been litigation brought by builders and suppliers. Among them, The Mitchell Co., Inc against Knauf Gips KG has been settled and the settlement payment has been made, and other cases are still ongoing. The Company will continue to monitor the progress of the gypsum board litigation in the US and will make further disclose if and when necessary or appropriate.

45 CAPITAL COMMITMENTS

	2022 **RMB'000**	2021 *RMB'000*
Capital expenditure of the Group contracted but not provided in the consolidated financial statements in respect of:		
– Purchase of property, plant and equipment	**5,822,078**	938,285

46 OPERATING LEASING ARRANGMENTS

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:

	2022 **RMB'000**	2021 *RMB'000*
Within one year	**200,141**	134,499
In the second year	**156,367**	65,650
In the third year	**141,701**	33,641
In the fourth year	**124,249**	26,454
In the fifth year	**124,799**	16,661
After five years	**116,319**	24,447
	863,576	301,352

47 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 27) *RMB'000*	**Borrowings (Note 31)** *RMB'000*	**Lease liabilities (Note 33)** *RMB'000*
At 1 January 2021			
As previously reported	2,892,096	175,069,912	3,330,660
Business combination under common control	–	96,215	30,419
As restated	2,892,096	175,166,127	3,361,079
Financing cash flows, as restated	1,838,666	5,674,462	(802,674)
Acquisition of subsidiaries (Note 41(a))	53,991	970,085	298
Disposal of subsidiaries (Note 41(b))	(1,025,823)	(14,685,694)	(33,325)
New leases entered	–	–	488,404
Early termination of leases	–	–	(217,010)
Interest expenses	–	–	212,231
At 31 December 2021, as restated	3,758,930	167,124,980	3,009,003
As 1 January 2022			
As previously reported	**3,758,930**	**166,843,505**	**2,967,381**
Business combination under common control	**19,999**	**281,475**	**41,622**
As restated	**3,778,929**	**167,124,980**	**3,009,003**
Financing cash flows	**33,558**	**7,944,022**	**(1,184,307)**
Acquisition of subsidiaries (Note 41(a))	**76,000**	**136,911**	**494**
Deemed disposal of a subsidiary (Note 41(c))	**–**	**(1,127,290)**	**–**
New leases entered	**–**	**–**	**173,887**
Interest expenses	**152,499**	**–**	**210,949**
At 31 December 2022	**4,040,986**	**174,078,623**	**2,210,026**

48 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.

48 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 and the non-controlling interests of the Group's subsidiaries:

	2022	2021
	RMB'000	*RMB'000*
		(restated)
Provision of production supplies to		
– The Parent Group	**1,169,229**	1,265,555
– Associates	**278,849**	14,714
– Joint ventures	**8,692**	11,222
– Non-controlling interests of subsidiaries	**167,966**	671
	1,624,736	1,292,162
Provision of support services to		
– The Parent Group	**114,420**	40,853
– Associates	**94,557**	104,735
– Joint ventures	**–**	55,161
– Non-controlling interests of subsidiaries	**165,653**	20,661
	374,630	221,410
Rental income received from		
– The Parent Group	**79,782**	6,381
– Associates	**4,904**	–
– Joint ventures	**523**	–
	85,209	6,381
Rendering of engineering service to		
– The Parent Group	**546,030**	105,478
– Associates	**260,161**	–
– Joint ventures	**480,122**	–
	1,286,313	105,478
Interest income received from the Parent Group	**7,056**	111,090

48 RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with related parties *(Continued)*

	2022 RMB'000	2021 RMB'000
Provision of production supplies by		
– The Parent Group	**3,732,531**	1,357,588
– Associates	**169,288**	2,632
– Joint ventures	**482**	–
– Non-controlling interests of subsidiaries	**3,478**	4,427
	3,905,779	1,364,647
Provision of support services by		
– The Parent Group	**2,922,278**	33,344
– Associates	**14,770**	20,108
– Joint ventures	**7,351**	5,775
– Non-controlling shareholders of subsidiaries	**9**	–
	2,944,408	59,227
Supplying of equipment by the Parent Group	**870,272**	1,338,845
Interest expense paid to		
– The Parent Group	**120,838**	98,257
– Non-controlling shareholders of subsidiaries	**24,605**	–
	145,443	98,257
Provision of engineering services by		
– The Parent Group	**485,036**	1,104,645
– Associates	**13,454**	86
– Joint ventures	**–**	8,697
	498,490	1,113,428

48 RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with related parties *(Continued)*

	2022 **RMB'000**	2021 RMB'000
Supply of raw materials by		
– Associates	**38,563**	65,971
– Joint ventures	**14,081**	–
– Non-controlling interests of subsidiaries	**66,211**	–
	118,855	65,971
Supply of raw materials (limestone and clay) by the Parent Group	**57,344**	176,847
Short term lease expenses paid to the Parent Group	**32,082**	1,318
Provision of other financial service by the Parent Group	**175**	171

48 RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Transactions and balances with other state-owned enterprises in the PRC

During the year ended 31 December 2022, 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, cash and cash equivalents and borrowings as of 31 December 2022 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:

	2022 ***RMB'000***	2021 *RMB'000*
Short-term benefits	**13,191**	8,479
Post-employment benefits	**376**	216
	13,567	8,695

49 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 reporting period includes:

	2022	2021
	RMB'000	*RMB'000*
Investments in subsidiaries	**51,771,390**	52,366,220
Other non-current assets	**7,789,248**	5,784,712
Amounts due from subsidiaries	**58,269,497**	65,868,690
Other current assets	**2,325,469**	2,206,413
Non-current liabilities	**(29,401,880)**	(33,745,756)
Current liabilities	**(24,832,124)**	(23,587,935)
Net assets	**65,921,600**	68,892,344
Share capital (Note 38)	**8,434,771**	8,434,771
Reserves	**41,666,418**	43,648,431
Perpetual capital instruments	**15,820,411**	16,809,142
Total equity	**65,921,600**	68,892,344

49 INFORMATION ABOUT THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(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 fund (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 2021	8,434,771	1,788,736	13,800,337	2,426,160	10,533,934	36,983,938	17,489,452	54,473,390
Net profit for the year	–	–	–	–	21,855,257	21,855,257	776,546	22,631,803
Actuarial loss on defined benefit obligations	–	–	(4,559)	–	–	(4,559)	–	(4,559)
Total comprehensive income/(expense) for the year	–	–	(4,559)	–	21,855,257	21,850,698	776,546	22,627,244
Government subsidy (Note)	–	–	(2,770,366)	–	–	(2,770,366)	–	(2,770,366)
Issue of perpetual capital instruments, net of issuance cost	–	–	–	–	–	–	4,000,000	4,000,000
Dividends (Note 13)	–	–	–	–	(3,964,342)	(3,964,342)	–	(3,964,342)
Interest paid on perpetual capital instruments	–	–	–	–	–	–	(763,342)	(763,342)
Redemption of perpetual capital instruments	–	–	(16,726)	–	–	(16,726)	(4,693,514)	(4,710,240)
Balance at 31 December 2021 and 1 January 2022	8,434,771	1,788,736	11,008,686	2,426,160	28,424,849	52,083,202	16,809,142	68,892,344
Net profit for the year	–	–	–	–	3,885,996	3,885,996	688,550	4,574,546
Actuarial gain on defined benefit obligations	–	–	1,329	–	–	1,329	–	1,329
Total comprehensive income for the year	–	–	1,329	–	3,885,996	3,887,325	688,550	4,575,875
Dividends (Note 13)	–	–	–	–	(5,845,296)	(5,845,296)	–	(5,845,296)
Issue of perpetual capital instruments, net of issuance cost	–	–	–	–	–	–	7,476,050	7,476,050
Redemption of perpetual capital instruments	–	–	(24,042)	–	–	(24,042)	(8,475,958)	(8,500,000)
Interest paid on perpetual capital instruments	–	–	–	–	–	–	(677,373)	(677,373)
Balance at 31 December 2022	8,434,771	1,788,736	10,985,973	2,426,160	26,465,549	50,101,189	15,820,411	65,921,600

Note:

During the years ended 31 December 2010 to 2015, certain national funds were contributed by the PRC Government to the Group. Such funds are used specifically for energy saving and emission reduction and key industries construction projects.

Pursuant to the requirements of the relevant notice, those national funds were designated as capital contribution and vested solely with the PRC Government due to non-repayable feature and can be converted into share capital.

During the year ended 31 December 2021, the national funds was classified as liability due to change in repayment term through renegotiation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2022	2021	2020	2019	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(restated)	*(restated)*	*(restated)*	*(restated)*
Revenue	**230,167,736**	275,618,608	254,842,661	253,535,337	219,051,673
Cost of sales	**(191,176,144)**	(209,892,459)	(187,995,450)	(185,000,826)	(160,743,539)
Gross profit	**38,991,592**	65,726,149	66,847,211	68,534,511	58,308,134
Investment and other income, net	**5,532,943**	6,527,001	5,335,945	4,321,407	2,121,730
Selling and distribution costs	**(3,592,869)**	(4,914,400)	(4,857,728)	(5,043,214)	(4,734,424)
Administrative expenses	**(20,605,342)**	(28,696,325)	(30,442,261)	(30,123,246)	(22,968,071)
Finance costs, net	**(5,967,461)**	(7,251,564)	(7,079,112)	(8,753,807)	(10,740,618)
Share of results of associates	**3,052,534**	4,021,638	3,272,981	2,458,390	2,011,230
Share of results of joint ventures	**(7,669)**	(4,320)	1,354	733	(4,881)
Reversal of impairment loss/ (impairment loss) under expected credit loss model, net	**29,091**	(1,698,786)	(3,017,999)	(3,971,217)	(3,804,474)
Profit before income tax	**17,432,819**	33,709,393	30,060,391	27,423,557	20,188,626
Income tax expense	**(2,528,027)**	(7,995,602)	(8,395,946)	(9,019,141)	(6,302,067)
Profit for the year	**14,904,792**	25,713,791	21,664,445	18,404,416	13,886,559
Profit for the year attributable to:					
Owners of the Company	**7,961,585**	16,299,953	12,562,708	10,969,095	7,927,468
Holders of perpetual capital instruments	**688,550**	794,707	991,808	1,170,455	980,882
Non-controlling interests	**6,254,657**	8,619,131	8,109,929	6,269,867	4,978,209
	14,904,792	25,713,791	21,664,445	18,404,417	13,886,559
Final dividend proposed	**3,188,343**	5,845,296	3,964,342	2,952,170	1,578,259

EXTRACTS FROM THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2022	2021	2020	2019	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(restated)	*(restated)*	*(restated)*	*(restated)*
Total assets	**482,467,333**	464,000,557	457,847,383	446,597,898	436,407,040
Total liabilities	**(290,128,856)**	(284,723,201)	(291,855,841)	(295,480,884)	(300,650,555)
Perpetual capital instruments	**(15,820,411)**	(16,809,142)	(18,637,177)	(20,785,279)	(22,219,087)
Non-controlling interests	**(70,543,321)**	(60,058,007)	(56,442,558)	(49,806,816)	(41,845,006)
Equity attributable to owners of the Company	**105,974,745**	102,410,207	90,911,807	80,524,919	71,692,392

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

"14th Five-Year Plan"	the 14th Five-Year Plan for Economic and Social Development of the People's Republic of China
"4335"	4335 guiding principle, that is, to establish four concepts, establish three closed-loop systems, achieve three great changes, and create a five "Sinic Growth Values" enterprise
"Baker Tilly China"	天職國際會計師事務所（特殊普通合夥） (Baker Tilly China Certified Public Accountants (Special General Partnership))
"Baker Tilly HK"	天職香港會計師事務所有限公司 (Baker Tilly Hong Kong Limited)
"BBMG"	北京金隅資產經營管理有限責任公司 (BBMG Assets Management Co., Ltd.)
"Beijing Composite"	北京玻鋼院複合材料有限公司 (Beijing Composite Materials Co., Ltd.)
"Beijing Triumph"	北京凱盛建材工程有限公司 (Beijing Triumph Building Materials Engineering Co., Ltd.)
"Binzhou Cement"	黑龍江省賓州水泥有限公司 (Heilongjiang Binzhou Cement Company Limited)
"BNBM"	北新集團建材股份有限公司 (Beijing New Building Material Public Limited Company)
"BNBM Coating"	北新塗料有限公司 (BNBM Coating Limited Company)
"BNBM PNG"	中建投巴新公司 (BNBM PNG Limited)
"BNBMG"	北新建材集團有限公司 (Beijing New Building Material (Group) Co., Ltd.)
"BNBM Waterproof"	北新防水有限公司 (BNBM Waterproof Limited Company)
"BNS"	北新科技發展有限公司 (BNS Company Limited)
"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.)

Definitions *(Continued)*

"Carbon Neutrality"	the offset of carbon dioxide emissions through afforestation, energy conservation and other channels in order to achieve "zero emissions" of carbon dioxide
"CBIRC"	中國銀行保險監督管理委員會 (China Banking and Insurance Regulatory Commission)
"CBM Holdings"	中國建材控股有限公司 (China Building Material Holdings Co., Limited)
"CBMI Construction"	中材建設有限公司 (CBMI Construction Co., Ltd.)
"CCDRI"	成都建築材料工業設計研究院有限公司 (Chengdu Design & Research Institute of Building Materials Industry Co., Ltd.)
"Cement+"	to develop, optimize and expand cement, commercial concrete, aggregate businesses which are the extension of industry chain of cement-related products and the new focal point of profit growth
"China 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 Clearing"	China Securities Depository and Clearing Corporation Limited
"China Composites"	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
"China Jushi"	中國巨石股份有限公司 (China Jushi Co., Ltd.) (previously known as 中國玻纖股份有限公司 China Fiberglass Company Limited)
"China Standard Sand"	廈門艾思歐標準砂有限公司 (China ISO Standard Sand Co., Ltd.)
"China Sinoma Overseas"	中材海外工程有限公司 (Sinoma Overseas Engineering Co., Ltd.)
"China Triumph"	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
"China United Cement"	中國聯合水泥集團有限公司 (China United Cement Corporation)
"China United Tongli"	河南中聯同力材料有限公司 (Henan China United Tongli Material Co., Ltd.)
"Cinda"	中國信達資產管理股份有限公司 (China Cinda Asset Management 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 Overseas"	中建材海外經濟合作有限公司 (CNBM Overseas Economic Cooperation Co., Ltd)
"CNBM Smart"	中建材智慧工業科技有限公司 (CNBM Smart Industry 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.)
"CNBMI Logistics"	中建投物流有限公司 (CNBMI Logistics Company Limited)
"CNBMIT"	中建材物資有限公司 (CNBMIT Co., Ltd.)
"CO_2 Emission Peak"	carbon dioxide emissions no longer increase and have reached the peak, then gradually fall back
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"Company Law"	the Company Law of the PRC
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules
"CTG"	泰山玻璃纖維有限公司 (Taishan Fiberglass Inc.)
"Director(s)"	the director(s) of the Company
"Domestic Shares"	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"East China Material"	華東材料有限公司 (East China Material Limited Company)
"Group"	the Company and, except where the context otherwise requires, all its subsidiaries
"Guang An BNBM"	廣安北新建材有限公司 (Guang An BNBM Building Material Company Limited)

"Guizhou Cement"	貴州西南水泥有限公司 (Guizhou Southwest Cement Company Limited)
"H Share(s)"	the overseas listed foreign shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HKD
"Hong Kong Companies Ordinance"	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
"Hunan Chinaly"	湖南中鋰新材料有限公司 (Hunan Chinaly New Material Co., Ltd.)
"IAS"	International Accounting Standards
"IASB"	International Accounting Standards Board
"IFRIC"	International Financial Reporting Interpretations Committee
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	person(s) or company(ies) which is (are) independent from the Company or its connected persons (as defined in the Listing Rules)
"Individual H Shareholders"	Shareholders whose names appear on the register of members of H Shares of the Company
"Jiahua Special Cement"	嘉華特種水泥股份有限公司 (Jiahua Special Cement Company Limited)
"Jiamusi North Cement"	佳木斯北方水泥有限公司 (Jiamusi North Cement Company Limited)
"Jiangxi Cement"	江西南方水泥有限公司 (Jiangxi South Cement Company Limited)
"Jushi Group"	巨石集團有限公司 (Jushi Group Company Limited)
"Kharachi"	喀喇沁草原水泥有限責任公司 (Kharachi Grassland Cement Co., Ltd.)
"Liaoyuan Weijin"	遼源渭津金剛水泥有限公司 (Liaoyuan Weijin Jingang Cement Company Limited)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"management of three delicacies"	improve operating efficiency, enhance refined management and streamline the organizational structure

“MIIT”	中華人民共和國工業和信息化部 (Ministry of Industry and Information Technology of the People’s Republic of China)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nanjing Triumph”	南京凱盛國際工程有限公司 (Nanjing Triumph International Engineering Company Limited)
“Ningxia Building Materials”	寧夏建材集團股份有限公司 (Ningxia Building Materials Group Co., Limited)
“Ningxia Saima”	寧夏賽馬水泥有限公司 (Ningxia Saima Cement Co., Ltd.)
“Non-Competition Agreement”	the non-competition agreement dated 28 February 2006 entered into between the Company and the Parent, which is stated on pages 155 to 157 of the prospectus of the Company
“North Cement”	北方水泥有限公司 (North Cement Company Limited)
“NRDI”	南京玻璃纖維研究設計院有限公司 (Nanjing Fiberglass R&D Institute Co., Ltd.)
“Parent”	中國建材集團有限公司 (China National Building Material Group Co., Ltd.*) (previously known as 中國建築材料集團有限公司 China National Building Materials Group Corporation)
“Parent Group”	the Parent and its subsidiaries
“PCP”	Price – Cost – Profit
“PRC”	the People’s Republic of China
“Promoters”	the 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)
“Qingtongxia Cement”	寧夏青銅峽水泥股份有限公司 (Ningxia Qingtongxia Cement Co., Ltd.)
“Reporting Period”	the period from 1 January 2022 to 31 December 2022

"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Sanshi Material"	三獅南方新材料有限公司 (Sanshi South New Material Limited Company)
"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"	中國中材股份有限公司 (China National Materials Company Limited), a joint stock company incorporated in the PRC with limited liability
"Sinoma (Gansu)"	中材甘肅水泥有限責任公司 (Sinoma (Gansu) Cement Co., Ltd.)
"Sinoma (Tianshui)"	天水中材水泥有限責任公司 (Sinoma (Tianshui) Cement Co., Ltd.)
"Sinoma Advanced"	中材高新材料股份有限公司 (Sinoma Advanced Materials Co., Ltd.)
"Sinoma Blade"	中材科技風電葉片股份有限公司 (Sinoma Wind Power Blade Co., Ltd.)
"Sinoma Cement"	中材水泥有限責任公司 (Sinoma Cement Co., Ltd.)
"Sinoma Handan"	邯鄲中材建設有限責任公司 (Sinoma (Handan) Construction Co., Ltd.)
"Sinoma Graphite"	中建材石墨新材料有限公司 (CNBM Graphite New Material 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 Lithium Membrane"	中材鋰膜有限公司 (Sinoma Lithium Membrane Co., Ltd.)
"Sinoma Mining"	中材礦山建設有限公司 (Sinoma Mining Construction Co., Ltd.)

"Sinoma Parent"	中國中材集團有限公司 (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 Suzhou"	蘇州中材建設有限公司 (Sinoma (Suzhou) Construction Co., Ltd.)
"South Cement"	南方水泥有限公司 (South Cement Company Limited)
"South China Materials"	南方新材料科技有限公司 (South New Materials Technology Company Limited)
"South Graphite"	南方石墨有限公司 (South Graphite Co., Ltd.)
"Southwest Cement"	西南水泥有限公司 (Southwest Cement Company Limited)
"State" or "PRC Government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"Suzhou Academy"	蘇州混凝土水泥製品研究院有限公司 (Suzhou Concrete Cement Products Academy Co., Ltd.*)
"Suzhou Limited"	中材科技（蘇州）有限公司 (Sinoma Science & Technology (Suzhou) Co., Ltd.)
"Suzhou Nonmetallic Minerals"	蘇州中材非金屬礦工業設計研究院有限公司 (Suzhou Sinoma Design and Research Institute of Non-metallic Minerals Industry Co., Ltd.)
"Taishan Finance"	泰安市泰山財金投資有限公司 (Taian Taishan Finance Investment 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.)
"Tianshan Cement" or "New Tianshan Cement"	新疆天山水泥股份有限公司 (New Tianshan Cement Co., Ltd.*), New Tianshan Cement refers to Xinjiang Tianshan Cement Co., Ltd. after business integration
"Tieling North"	金剛水泥（鐵嶺）水泥有限公司 (Jingang Cement (Tieling) Cement Company Limited)
"Unlisted Foreign Shares"	the unlisted foreign shares with a nominal value of RMB1.00 each in the registered capital of the Company
"Unlisted Shares"	the Domestic Shares and the Unlisted Foreign Shares
"Wangqing North Cement"	汪清北方水泥有限責任公司 (Wangqing North Cement Limited Liability Company)
"Wuzhong Saima"	吳忠賽馬新型建材有限公司 (Wuzhong Saima New Building Materials Co., Ltd.)
"Xinjiang Cement"	新疆天山水泥有限責任公司 (Xinjiang Tianshan Cement Co., Ltd.)
"Yichun North Cement"	伊春北方水泥有限公司 (Yichun North Cement Company Limited)
"Yunnan Cement"	雲南西南水泥有限公司 (Yunnan Southwest Cement Company Limited)
"Zhejiang Cement"	浙江南方水泥有限公司 (Zhejiang South Cement Company Limited*)
"Zhongfu Lianzhong"	連雲港中複連眾複合材料集團有限公司 (Lianyungang Zhongfu Lianzhong Composites Group Co., Ltd.)
"Zhongfu Shenying"	中複神鷹碳纖維有限責任公司 (Zhongfu Shenying Carbon Fiber Co., Ltd.)
"Zhongnan Cement"	湖南南方水泥集團有限公司 (Hunan South Cement Group Company Limited)
"Zhongfu New Material"	中複（常州）新材料有限公司 China Composites (Changzhou) Advanced Materials Co., Ltd (formerly known as Changzhou China Composites Liberty Company Co., Ltd) （常州中復麗寶第複合材料有限公司）

* *For identification purposes only*