



華新水泥股份有限公司
HUAXIN CEMENT CO., LTD.

HUAXIN CEMENT CO., LTD.*
華新水泥股份有限公司

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

Stock code : 6655

2024
INTERIM REPORT

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INTERPRETATION

In this report, unless otherwise requires, the below terms have the following meanings:

A Shares	means	Ordinary shares listed on the SSE with a nominal value of RMB1.00 per share in the Company's share capital, subscribed and traded in RMB
Board	means	the board of directors of the Company
China or PRC	means	The People's Republic of China
Director(s)	means	the director(s) of the Company
EBITDA	means	Earnings before interest, tax, depreciation and amortization
EPC	means	Engineering, procurement, and construction
H Shares	means	Foreign shares listed on the SEHK with a nominal value of RMB1.00 per share in the Company's share capital, subscribed and traded in Hong Kong dollars
Hong Kong	means	Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Listing Rules	means	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	means	The Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Hong Kong Listing Rules
Reporting Period	means	From 1 January 2024 to 30 June 2024
RMB or Yuan or K Yuan or 10 K Yuan or Million Yuan or 100 Million Yuan	means	RMB, RMB1,000, RMB10,000, RMB million, RMB100 million, the lawful currency of China
RMX	means	Ready-mixed Concrete
SEHK	means	The Stock Exchange of Hong Kong Limited
SFO	means	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SSE	means	Shanghai Stock Exchange
The Company or Company or Parent Company or Huaxin Cement	means	Huaxin Cement Co., Ltd.
The Group	means	The Company and its subsidiaries

CORPORATE INFORMATION

1. CORPORATE INFORMATION

Name of the Company in Chinese	華新水泥股份有限公司
Abbreviation in Chinese	華新水泥
Name of the Company in English	Huaxin Cement Co., Ltd.
Abbreviation in English	HUAXIN CEMENT
Legal Representative	Mr. Li Yeqing

2. CONTACT PERSONS AND MEANS OF CONTACT

Joint Company Secretary	Mr. Ye Jiaxing (Secretary to the Board) Ms. Lee Mei Yi
Tel	0086 27 87773898
Fax	0086 27 87773992
E-mail	investor@huaxincem.com
Securities Affairs Representative	Ms. Wang Xiaoqiong
Tel	0086 27 87773898
Fax	0086 27 87773992
E-mail	investor@huaxincem.com

3. BASIC INFORMATION

Registered office of the Company	No. 600 East Daqi Avenue, Huangshi City, Hubei Province
Business address of the Company	Tower B, Huaxin Tower, No.426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province
Principal place of business in Hong Kong	5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong
Postal code of the business address	430073
Website of the Company	www.huaxincem.com
E-mail	investor@huaxincem.com

4. INFORMATION DISCLOSURE AND PLACE AVAILABLE

Press for Information Disclosure	China Securities Journal
Website designated by CSRC to publish the interim report	www.sse.com.cn
Website designated by the SEHK to publish the interim report	www.hkexnews.hk
Location where the Company's interim report is available for inspection	Securities and Investors Relations Department of the Company

5. COMPANY'S SHARES

Type	Place of listing	Abbreviation	Stock code
A Shares	SSE	Huaxin Cement	600801
H Shares	SEHK	Huaxin Cement	06655

6. REGISTRAR FOR SHARE TRANSFER

A Shares registrar and transfer office	China Securities Depository and Clearing Corporation Limited Shanghai Branch
H Shares registrar and transfer office	Tricor Investor Services Limited

MANAGEMENT DISCUSSION AND ANALYSIS

I. THE COMPANY'S PRINCIPAL BUSINESSES AND OVERVIEW OF THE INDUSTRY DURING THE REPORTING PERIOD

1. Overview of the industry in which the Company operates during the Reporting Period

Demand for building materials such as cement, aggregate and concrete is closely tied to the national economic development and fixed asset investments, showing strong cyclic patterns. In the first half of 2024, the national economy continued its positive recovery trend, maintaining overall stability and making progress. Gross domestic product grew by 5.0% year-on-year in the first half of 2024. From January to June, the national fixed asset investment (excluding rural households) amounted to 24.54 trillion Yuan, marking a 3.9% increase over the same period of the previous year. Infrastructure investment, which is closely linked to the demand for building materials like cement, saw a growth of 5.4%, whereas investment in real estate dropped by 10.1%.

In the first half of 2024, the domestic demand for cement continued to plummet, with the national total cement output of 850 million tons, a significant 10.76% year-on-year decrease, hitting the lowest level for the same period since 2011. The industry faced intensified competition and low cement prices due to a sharp decline in demand and worsening overcapacity issues. Moreover, amidst the emphasis on energy conservation, emission reduction, consumption reduction and carbon reduction, the high production costs of cement persisted, contributing to a sustained decline in industry performance.

(Data source: National Statistics Bureau and China Cement Association)

2. The Company's principal businesses

At the beginning of the listing, the Company was engaging in manufacturing and sales of cement, cement technical services, research, manufacturing, installation and maintenance of cement equipment, as well as cement import and export trade. For the past 20 years, through integration development, eco business transformation strategy, overseas development strategy and new building material business expansion, the Company expanded its businesses to the production and sales of RMX, aggregates, production and sales of cement based high-tech building materials, cement kiln co-processing of waste materials, EPC for both domestic and international cement projects, equipment business and project contracting regarding cement kiln co-processing technology. Starting as a local cement plant, Huaxin Cement has developed into a global building material group with integrated development throughout the whole industry chain. Its businesses cover 17 provinces/cities/municipalities and 16 overseas countries with over 300 subsidiaries in cement, RMX, aggregate, eco business, equipment engineering and new building materials.

The Company ranks among Chinese Manufacturing Industry Top 500 and Fortune China Top 500. As of 30 June 2024, the Company owns a total cement capacity of 127 million tons/year, (grinding capacity, capacity in joint ventures are included), cement equipment manufacturing capacity of 50,000 tons/year, commercial concrete capacity of 52,184 m³/hour (including commissioned processing), aggregate capacity of 280 million tons/year, composite eco wall material of 660 million units/year, aerated block (board) 950,000 m³/year, mortar production capacity of 1.62 million tons/year, Ultra-high Performance Concrete 400,000 tons/year, civil building curtain wall slab of 800,000 m²/year, industrial anti-corrosion tile production of 3 million m²/year, lime production of 820,000 tons/year, cement packaging bag production of 700 million bags/year and wastes disposal capacity of 16.87 million tons/year (including projects approved but yet to be operated).

As of 30 June 2024, revenue of cement business accounts for 53% of the Company's total revenue, which is the lead in all businesses of the Company. Non-cement business continues to grow gradually, and has become an important contributor to the Company's profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

II. COMPETITIVE STRENGTH DURING THE REPORTING PERIOD

Established in 1907, the Company has a long history and profound cultural heritage, and it is one of the top 100 large scale companies listed in “China’s 500 Most Valuable Brands”. The Company has always adhered to management and technological innovation, and scientific development, and has been one of the enterprises with significant influence in China’s building materials industry. It has strong comprehensive competitiveness in the industry.

During the Reporting Period, the Company further consolidated and enhanced its advantages in scale and complete industrial chain, green and low-carbon development, technological innovation, brand and trademark, product quality, strategic layout, leading intelligent management, and a professional, stable, and efficient management team, continuously strengthening the Company’s core competitiveness.

Please refer to the section headed “3. COMPETITIVE STRENGTH DURING THE REPORTING PERIOD of “Chapter III Company Business” in the 2023 Annual Report for details.

III. DISCUSSION AND ANALYSIS ON BUSINESS OPERATION

In the first half of 2024, the Chinese cement industry was affected by factors such as the year-on-year decrease in national real estate investment and the slowdown in infrastructure investment growth, which showed a trend of continuous decline in demand, low-price fluctuations, and an expanding loss in the industry.

During the Reporting Period, the Company adhered to the concept of green and low-carbon development of building materials throughout the entire lifecycle, insisting on green and low-carbon development. It fully leveraged the advantages of integrated development and overseas expansion, adhered to the business strategy of “tailored strategies for each plant based on local conditions” and broke through to rejuvenate and forge ahead with determination.

In the first half of 2024, the Company recorded the operating income of RMB16.237 billion, representing an increase of 2.56%. The EBITDA was RMB3.698 billion, representing a year-on-year decrease of 1.88%. Due to the period-to-period decrease in the selling price and sales volume of domestic cement and clinker, net profit attributable to shareholders of the Company was RMB0.731 billion, representing a decrease of 38.74% as compared with the same period of last year. The sales volume of cement and clinker was 28.4844 million tons, a decrease of 4.9% as compared with the same period of last year (specifically, the overseas sales volume of cement and clinker reached 7.5976 million tons, showing a 47.0% year-on-year growth). The sales volume of aggregate was 71.5261 million tons, representing an increase of 41.60% as compared with the same period of last year; and that of RMX was 14.7005 million m³, representing a period-to-period increase of 34.25%.

During the Reporting Period, the cement business achieved RMB8.666 billion operating revenue, a decrease of 11.25% compared with that of the same period last year, in which the operating revenue of domestic cement business was RMB5.106 billion, representing a decrease of 31.57% as compared with the same period of last year; the operating revenue of overseas cement business was RMB3.578 billion, representing an increase of 55.41%. The aggregate business achieved RMB2.962 billion operating revenue, an increase of 36.96% compared with the same period of last year. The RMX business achieved RMB3.943 billion operating revenue, an increase of 24.21% as compared with the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of profitability, during the Reporting Period, the selling price of cement products dropped by RMB21.76/ton to RMB304.24/ton compared with that of the same period last year, while the cost decreased by RMB10.39/ton to RMB241.24/ton. The average selling price of the aggregate business decreased by RMB1.40/ton to RMB41.41/ton, with cost dropping by RMB1.72/ton to RMB21.78/ton. For the concrete business, the selling price declined by RMB21.68/m³ to RMB268.20/m³, and the cost decreased by RMB15.09/m³ to RMB237.05/m³. The increase in sales volume of aggregate and overseas cement has played a crucial role in stabilizing the performance of the Company. The comprehensive gross profit decreased by 0.51% year-on-year during the Reporting Period, and the comprehensive gross profit margin decreased by 0.73 percentage points from 24.38% of the same period last year. The reduction in both comprehensive gross profit and gross profit margin are mainly due to the decrease in sales price and volume of the group's cement products as compared with the same period last year. During the Reporting Period, the gross profit margins for cement, aggregates, and RMX were 20.71%, 47.41% and 11.61% respectively, as compared with 22.81%, 45.12% and 13.02% for the same period last year.

During the Reporting Period, the Company continued to promote the development of its overseas business. In the first half of the year, the Company made progress on the planned construction of a 3,000 tons per day clinker production line in Mozambique in accordance with the construction plan, and commenced the construction of a new 2,000 tons per day clinker production line in Malawi, the upgrading and renovation of the primary production lines in Zambia and South Africa, and the construction of a 300,000 tons per year grinding station in Zimbabwe. Upon completion and operation of these projects, the total additional clinker capacity is expected to be around 3 million tons per annum, and the total additional cement grinding capacity is expected to be around 2.7 million tons per annum.

During the Reporting Period, the Company adhered to green and low carbon development, putting continuous efforts in saving energy, reducing emission, consumption and cost. In the first half of the year, the Company cumulatively used various alternative fuels totaling 2.2 million tons (internal statistics), with the Group's consolidated thermal substitution rate reaching 21.5%, saving about 430,000 tons of standard coal, corresponding to a reduction of 1.2 million tons of carbon dioxide emissions (calculated according to the "Supplementary Information Sheet for Report on Greenhouse Gas Emissions in the Cement Industry" by the Ministry of Ecology and Environment of People's Republic of China). The comprehensive utilization of various non-carbonate industrial residues amounted to 950,000 tons, directly reducing carbon dioxide emissions by 123,200 tons.

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD

1. Changes of Items in Income Statement and Cash Flow Statement

Unit: RMB

	Amount for January to June 2024	Amount for January to June 2023	Change (%)
Revenue	16,237,373,654	15,831,572,500	2.56
Cost of sales	12,396,833,893	11,971,182,161	3.56
Selling expenses	787,871,075	691,696,836	13.90
Administrative expenses	908,113,338	802,033,113	13.23
Finance costs	399,954,782	245,237,036	63.09
Research and development expenses	70,954,352	58,342,983	21.62
Net cash flows from operating activities	1,730,584,063	2,127,167,281	-18.64
Net cash flows from investing activities	-1,178,576,055	-2,221,519,537	46.95
Net cash flows from financing activities	-1,083,480,073	-2,054,800,997	47.27

MANAGEMENT DISCUSSION AND ANALYSIS

- (1) Reasons of financial costs change: Increase in foreign exchange losses.
- (2) Reasons for net cash flows from investment activities change: Decrease in expenditures on corporate mergers and project construction.
- (3) Reasons for net cash flows from financing activities change: Reduction in maturing debts.

2. Assets and Liabilities

Unit: RMB

Item	As at 30 June 2024	% in the total assets	As at 31 December 2023	% in the total assets	Change over the end of last period (%)	Remarks
Notes receivable	124,346,990	0.18	275,075,423	0.40	-54.80	Increase in transfer of notes
Accounts receivable	3,185,256,332	4.62	2,259,496,157	3.28	40.97	Scale of RMX business expanded
Receivables financing	445,611,239	0.65	746,018,692	1.08	-40.27	Increase in transfer of notes
Debt investments	0	—	7,500,000	0.01	-100.00	Recoup investment
Other non-current assets	393,596,951	0.57	632,656,064	0.92	-37.79	Decrease in advance payments for construction
Employee benefits payables	139,927,592	0.20	312,414,840	0.45	-55.21	Payment of performance salaries for the previous year
Taxes and surcharges payable	409,223,155	0.59	705,993,128	1.03	-42.04	Profit decline, decrease in income tax payable
Other payables	1,421,829,979	2.06	1,004,517,942	1.46	41.54	H share dividends to be distributed
Long-term payables	920,951,115	1.34	330,821,706	0.48	178.38	Increase in the transfer fee of mining rights

MANAGEMENT DISCUSSION AND ANALYSIS

3. Other explanations

(1) Capital structure, capital liquidity and financial resources

As at the end of the Reporting Period, the shareholders' equity amounted to RMB32.983 billion, and total equity attributable to shareholders of the Company was RMB28.688 billion.

As at the end of the Reporting Period, total liabilities were RMB35.993 billion, and liabilities with interests was RMB17.633 billion. Analysis on the bank loans as at the end of the Reporting Period are as follows:

Unit: RMB

	As at 30 June 2024	As at 31 December 2023
Within 1 year	3,592,702,902	3,006,336,175
1-2 years	3,256,340,280	3,403,929,002
2-5 years	4,663,064,870	4,497,586,168
Above 5 years	670,752,151	721,504,545
Total	<u>12,182,860,203</u>	<u>11,629,355,890</u>

Apart from the above loans, the Group has corporate bonds of RMB5.132 billion due in 1 to 5 years.

Asset liability ratio of the Company (total liabilities/total assets) decreased to 51.6% at the end of the Reporting Period from 52.2% at the beginning of the Reporting Period.

During the Reporting Period, there were no significant changes to the capital structure, capital liquidity and financial resources.

(2) Pledge of assets

Major restrictions on assets as at the end of the Reporting Period

Unit: RMB

	As at 30 June 2024
Cash and bank balances	433,058,191
Fixed assets	5,229,967
Intangible assets	5,649,494
Total	<u>443,937,652</u>

For details, please refer to Notes VII (1), VII (20) to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

(3) Risks of foreign exchange rate fluctuation

The foreign exchange rate risk mainly involves US dollar. Several of the Group's subsidiaries have purchases and sales denominated in USD dollars while the Group's other principal activities are denominated and settled in RMB. The balance of other foreign currencies is relatively small, including Hong Kong dollars, Euros and Rubles, and has no significant impact on the Group's foreign exchange risk.

The Finance Department of the Head Office of the Group is responsible for monitoring the Group's foreign currency transactions and the scale of foreign currency assets and liabilities, so as to minimize the foreign exchange risks it faces. The Group may avoid foreign exchange risks by signing forward foreign exchange contracts or currency swap contracts. During the Reporting Period, the Group entered into forward foreign exchange contracts to manage foreign exchange risk exposure.

For details, please refer to Note XI (2) Foreign exchange risk to the financial statements.

(4) Significant investment and capital expenditure

In the first half of 2024, the Group invested approximately RMB1.44 billion for new construction, renovation and expansion projects, mainly involving construction of overseas production lines and expenses for energy conservation and emission reduction upgrades. Based on the Group's current financial situation and profitability, it has sufficient self-funds and continuous operating cash inflows to meet the capital needs for the projects the Group. As at the end of the Reporting Period, the Group has not made any significant investments, acquisitions, or disposals of subsidiaries, associated companies, or joint ventures, and there are no plans for material investments or acquisitions of capital assets in the future.

(5) External equity investment

Unit: RMB

	As at 30 June 2024	As at 31 December 2023	Change (%)
Other equity instrument investment	992,586,305	964,633,899	2.9
Others	1,658,336	1,495,675	10.88
Long term equity investment	554,508,354	512,863,351	8.12

(6) Contingent liability

As at the end of the Reporting Period, the Group had no significant or contingent liability. For details, please refer to the Notes VII (34), XV(2) to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

V. OUTLOOK FOR THE SECOND HALF OF 2024

At present, the Chinese economy is still in a crucial period of economic recovery and transformation. The external environment is becoming increasingly complex, severe, and uncertain, while internal development faces prominent issues of imbalance and inadequacy, with factors restricting high-quality development still present to varying degrees. However, the favorable conditions for domestic development outweigh the unfavorable factors, maintaining a trend of stability and long-term improvement.

With the successful conclusion of the Third Plenary Session of the Twentieth Central Committee and the approval of the “Decision of the Central Committee of the Communist Party of China on Further Comprehensive Deepening Reform and Promoting China’s Modernization”, it is proposed to combine long-term growth momentum with short-term stable growth, make good use of the funds from the issuance of ultra-long-term special national debt, and strengthen the special construction of national major strategies and key area security capabilities. Economic policies and non-economic policies should be included in the consistent evaluation of macro policies to form a strong synergy to promote high-quality development. It is expected that in the second half of the year, with the issuance of ultra-long-term special national debt and the accelerated progress of the issuance of special bonds, banks will be driven to follow up with loans, providing sufficient sources of funds for maintaining a relatively fast growth of infrastructure investment. At the same time, with the “three major projects”, such as the construction of affordable housing, the construction of public infrastructure for “dual-use for emergencies” and urban villages transformation being actively promoted, along with the gradual release of a series of new real estate policies, the activity in the real estate market is expected to increase. In the second half of the year, cement demand may experience a seasonal rebound, but the annual demand is still declining. The pattern of severe cement overcapacity and intensified industry competition will not undergo major changes, and the recovery of industry profitability still requires exploration of new ideas for capacity reduction suitable for the high-quality development of the industry and enhancement of rational competitive awareness.

In this context, the Company has further refined its strategies and goals, aiming to become a leading global multinational building materials enterprise. The focus is on implementing new strategies such as “overseas diversified business development”, “domestic integrated synergy”, “carbon reduction and value-added innovation”, and “digital AI-driven”. In the second half of the year, the company will further enhance its operational thinking and accelerate the transformation towards green, intelligent, and international practices. In the domestic market, adhering to the concept of “profit is the goal, price (income) is the foundation”, the Company will intensify market development efforts, reduce costs, strive to achieve stable markets, operations and performance. In the overseas market, while enhancing our production and operation and striving to improve performance, the Company will actively seek to expand its business scale.

SIGNIFICANT MATTERS

1. CONNECTED TRANSACTION RELATED TO DAILY OPERATION

During the Reporting Period, the Company has no connected transactions related to daily operations.

2. MAJOR GUARANTEE PERFORMED OR YET TO BE PERFORMED DURING THE REPORTING PERIOD

As at the end of the Reporting Period, the guarantee balance for subsidiaries amounted to RMB10,533,738,439, accounting for 31.94% of the net assets of the Company.

3. OTHER SIGNIFICANT MATTERS

- (1) During the Reporting Period, the Company was not involved in any significant litigation or arbitration.
- (2) During the Reporting Period, the Company nor its subsidiaries had purchased, sold and redeemed listed securities of the Company.

CHANGES IN SHARES AND SHAREHOLDERS

1. STRUCTURE OF SHARES

During the Reporting Period, there were no changes in the total number of shares and the capital structure of the Company.

2. SHAREHOLDERS

(1) To the best knowledge of the Company, as at 30 June 2024, the total number of registered shareholders of the Company was 42,076, among which, the number of A Shares shareholders was 42,067, the number of H Shares shareholders was 9.

(2) Shareholding of the top 10 registered shareholders of the Company as at 30 June 2024

Unit: share

Full name of shareholders	Class of shares	Number of shares held	Proportion (%)
HKSCC Nominees Limited	H Shares	734,719,919	35.34
HOLCHIN B.V.	A Shares	451,333,201	21.71
Huaxin Group Co., Ltd.	A Shares	338,060,739	16.26
Hong Kong Securities Clearing Company Limited	A Shares	29,245,175	1.41
China Merchants Bank Co., Ltd. – Shanghai Dividend Trading Open-ended Index Securities Investment Fund	A Shares	19,596,892	0.94
The National Social Security Fund 413 Combination	A Shares	15,600,000	0.75
The National Social Security Fund 601 Combination	A Shares	13,527,856	0.65
The National Social Security Fund 107 Combination	A Shares	12,498,720	0.60
Agriculture Bank of China – ICBC Credit Suisse Innovation Drive Share Securities Investment Fund	A Shares	12,330,000	0.59
ICBC Credit Suisse Fund – Chinese Life Insurance Co., Ltd. – Participating Insurance – ICBC Credit Suisse Fund Chine Life Equity Balanced Equity Portfolio Single Asset Management Plan (available for sale)	A Shares	11,335,516	0.55

Notes: To the best knowledge of the Board, the Board is not aware of any connected relations or persons acting in concert among the top 10 registered shareholders of the Company.

CHANGES IN SHARES AND SHAREHOLDERS

(3) Substantial shareholders' and other persons' interests and short positions in the shares and underlying shares of the Company

As at 30 June 2024, the following persons (other than the Directors, supervisors or chief executives of the Company) had interests in 5% or more of the shares and underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which would fall to be disclosed to the Company and the SEHK under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Unit: share

Full name of shareholders	Nature of interest	Class of shares	Number of shares	Approximate %	Approximate %
				held in the relevant class	of shares held in the total amount of share capital
Holcim Ltd.	Interest of controlled corporation	A Shares	451,333,201	33.57	21.71
		H Shares	417,902,467	56.88	20.10
		Total	<u>869,235,668</u>		<u>41.81</u>
Holderfin B.V.	Interest of controlled corporation	A Shares	451,333,201	33.57	21.71
		H Shares	384,210,624	52.29	18.48
		Total	<u>835,543,825</u>		<u>40.19</u>
Holchin B.V.	Beneficial owner	A Shares	451,333,201	33.57	21.71
		H Shares	384,210,624	52.29	18.48
		Total	<u>835,543,825</u>		<u>40.19</u>
State-owned Assets Supervision and Administration Commission of Huangshi Municipal People's Government	Interest of controlled corporation	A Shares	338,060,739	25.15	16.26
Huangshi State-owned Assets Management Company Limited	Interest of controlled corporation	A Shares	338,060,739	25.15	16.26
Huaxin Group Co., Ltd	Beneficial owner	A Shares	338,060,739	25.15	16.26
China Conch Venture Holdings (HK) Limited	Interest of controlled corporation	H Shares	92,788,469	12.63	4.46
China Conch Venture Holdings International Limited	Interest of controlled corporation	H Shares	92,788,469	12.63	4.46
Conch International Holdings (HK) Limited	Beneficial owner	H Shares	92,788,469	12.63	4.46
China Conch Venture Holdings Limited	Interest of controlled corporation	H Shares	92,788,469	12.63	4.46

CHANGES IN SHARES AND SHAREHOLDERS

Full name of shareholders	Nature of interest	Class of shares	Number of shares	Approximate % of shares held in the relevant class	Approximate % of shares held in the total amount of share capital
Anhui Conch Venture New Energy-saving Construction Material Co., Ltd.	Interest of controlled corporation	H Shares	92,788,469	12.63	4.46
Anhui Conch Cement Company Limited	Interest of controlled corporation	H Shares	92,788,469	12.63	4.46
Anhui Conch Holdings Co., Ltd	Interest of controlled corporation	H Shares	92,788,469	12.63	4.46
Wuhu Conch Venture Property Co., Ltd.	Interest of controlled corporation	H Shares	92,788,469	12.63	4.46

Note: The percentage is calculated by the issued underlying shares or total shares of the Company as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, no other persons (other than the directors, supervisors and the chief executives of the Company) had interests in 5% or more of the shares and underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which would fall to be disclosed to the Company and the SEHK under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(4) Purchase, Sale or Redemption of listed securities of the Company

During the Reporting Period, save for the total of 3,933,216 A shares held by the relevant accounts of the Core Employees Stock Ownership Plans of the Company to be unlocked and vested, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including the sale of treasury shares).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. CHANGE ON THE PROFILE OF DIRECTOR, SUPERVISOR AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

The Company completed the election of the new board of directors and board of supervisors at the 2023 Annual General Meeting held on 21 May 2024.

The Eleventh Board of Directors of the Company comprises Mr. Li Yeqing and Mr. Liu Fengshan as executive Directors; Mr. Xu Yongmo, Mr. Martin Kriegner, Mr. Lo Chi Kong and Ms. Tan Then Hwee as non-executive Directors; Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong as independent non-executive Directors.

The Eleventh Board of Supervisors of the Company comprises Mr. Ming Jinhua, Mr. Zhang Lin, Mr. Liu Weisheng, Mr. Liu Sheng and Mr. Yang Xiaobing.

On the same day, Mr. Xu Yongmo was elected as Chairman of the Eleventh Board of Directors, Mr. Li Yeqing was appointed as the chief executive officer of the Company (the “**CEO**”), Mr. Liu Fengshan, Mr. Du Ping, Mr. Mei Xiangfu, Mr. Yang Hongbing, Mr. Xu Gang, Mr. Chen Qian, Mr. Ye Jiaying, Mr. Wang Jiajun, Mr. Lu Guobing and Mr. Tang Jun were appointed as vice president of the Company, at the First Meeting of the Eleventh Board of Directors of the Company.

On the same day, Mr. Ming Jinhua was elected as Chairman of the Eleventh Board of Supervisors of the Company at the First Meeting of the Eleventh Board of Supervisors of the Company.

From 21 May 2024, Mr. Zhu Yaping no longer served as a supervisor of the Company, Mr. Ke Youliang, Ms. Liu Yunxia and Mr. Yuan Dezu no longer held the positions of vice presidents of the Company.

The non-executive Director (Chairman), Mr. XU Yongmo, stepped down from his position as an independent director of Jiangsu Sobute New Materials Co., Ltd from May 2024.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the SEHK pursuant to the Model Code set out in Appendix C3 to the Hong Kong Listing Rules were as follows:

Unit: share

Name	Nature of interest	Class of shares	Number of shares	Approximate % of shares held in the relevant share class	Approximate % of shares held in the total amount of share capital
Mr. Li Yeqing	Beneficial owner	A shares	364,334	0.0271	0.0175
		H shares	794,296	0.1081	0.0382
Mr. Liu Fengshan	Beneficial owner	A shares	166,500	0.0124	0.0080
		H shares	282,800	0.0385	0.0136
Mr. Ming Jinhua	Beneficial owner	H shares	83,500	0.0114	0.0040
Mr. Zhang Lin	Beneficial owner	A shares	11,600	0.0009	0.0006
		H shares	188,400	0.0256	0.0091
Mr. Liu Weisheng	Beneficial Owner	H shares	13,700	0.0019	0.0007
	Interest of spouse		12,600	0.0017	0.0006
Mr. Liu Sheng	Interest of spouse	A shares	10,000	0.0007	0.0005
	Beneficial Owner	H shares	25,300	0.0034	0.0012
	Interest of spouse		27,900	0.0038	0.0013

Note: the percentage is calculated by the issued underlying shares or total shares of the Company as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors, supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

3. INTERESTS OF DIRECTORS AND SUPERVISORS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, none of the Directors and supervisors of the Company had material interest in any transactions, arrangements or contracts entered into by the Company or its subsidiaries.

4. COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code under the Hong Kong Listing Rules and the Policy on the holding and transfer of securities by the Directors, supervisors and senior management of the Company as the code and guideline for securities transactions of Directors and supervisors of the Company. The Company had made specific enquiries of all Directors and all Directors confirmed that they had complied with the required standards as set out in the Model Code and the Company's code of conduct in relation to securities transactions by Directors during the Reporting Period.

5. EMPLOYEE

As at 30 June 2024, the Company had 20,576 employees (including overseas employees).

The Company adopts a comprehensive compensation system to incentivize employees and achieve the development goals of the Company and the personal development of employees. With the evaluation of the total remuneration package, the Company sets reasonable key performance indicators for different businesses which organically integrated with employees' remuneration. Therefore, the remuneration increase brought by the improvement in financial performance can be felt by employees and stimulate the employees' work motivation and initiative.

During the Reporting Period, the Company launched diversified and differentiated offline and online training programs for different types of employees. The Company continued to organize mini-MBA, senior management, mid-level management, elementary management, project management and online management training programs to continuously enhance the leadership capability of our management personnel at all levels. The Company launched trainings in probity, safety, technology, finance, procurement, logistics and other professional functions to continuously improve the consciousness of probity and professional skills of our employees; The Company will continuously build a professional in-house trainer team, conduct diversified activities through the Trainer's Club, and foster a culture of teaching over learning. In supporting of the overseas expansion, the Company launched online English language training to create a new bilingual online learning platform.

6. EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES

(1) 2020–2022 Core Employee Stock Ownership Plan (2020–2022 ESOP)

The Company set up the 2020–2022 Core Employee Stock Ownership Plan ("2020–2022 ESOP"), which was reviewed and approved in the Company's second extraordinary general meeting in 2020 on 25 September 2020 in order to promote the Company's "milestone" development strategic plan for 2020–2025, establish and improve the benefit sharing mechanism between employees and shareholders.

The 2020–2022 ESOP includes Plan A and Plan B. Plan A is a long-term incentive plan related to the Company's annual performance assessment, and Plan B is a long-term incentive plan linked to the Company's milestone performance assessment. The total capital of the plan didn't exceed RMB610 million, of which the total capital of Plan A didn't exceed RMB210 million, and the total capital of Plan B didn't exceed RMB400 million. The stocks applicable to this plan are all from the A-shares of the Company repurchased with the Company's special securities account for repurchase.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 9 June 2023, the 25th Meeting of the Tenth Board of Directors approved Proposal on the Granting Result of 2020–2022 ESOP and Proposal on the Partial Repurchase and Cancellation of Shares in the 2020–2022 ESOP, specifying granting result and request the shareholders' general meeting to authorize the Board and authorized person to handle the repurchase and cancel unvested shares due to failure in achieving performance target and the capital reduction.

On 20 July 2023, the Third Extraordinary General Meeting in 2023, the First A Share Class Meeting in 2023 and the First H Share Class Meeting in 2023 were held respectively to approve the Proposal on the Partial Repurchase and Cancellation of Shares in the 2020–2022 ESOP and Proposal on Requesting the Shareholders' General Meeting to Authorize the Board and its Authorized Person to Handle Related Matters of the 2020–2022 ESOP.

On 28 August 2023, the Company finished cancelling the unvested shares due to failure in achieving performance target.

On 28 October 2023, the first lock-up period of the 2020–2022 ESOP expired.

On 26 May 2024, the second lock-up period of the 2020–2022 ESOP expired.

The details of the shares granted and to be granted according to the 2020–2022 ESOP are set out as followed:

Unit: share

Name of Participant	Position	As at 1 January 2024	Granted within the Reporting Period	Vested within the Reporting Period ¹	Invalid within the Reporting Period	Cancelled within the Reporting Period	As at 30 June 2024 ²	Grant date ³	Fair value as at the grant date (RMB)	Vesting period
Li Yeqing	Executive Director & CEO	97,669	0	0	0	0	30,535	2020.10.29	24.18	2023.10.29–2025.10.29
		40,000	0	0	0	0	0	2021.5.27	22.61	2023.10.29
Liu Fengshan	Executive Director	45,491	0	0	0	0	14,554	2020.10.29	24.18	2023.10.29–2025.10.29
		18,433	0	0	0	0	0	2021.5.27	22.61	2023.10.29
Ming Jinhua	Chairman of the Board of Supervisors	4,821	0	0	0	0	4,821	2022.5.31	19.83	2024.10.29–2025.05.31
		Zhang Lin	Supervisor	19,768	0	0	0	7,909	2020.10.29	24.18
7,066	0			0	0	0	0	2021.5.27	22.61	2023.10.29
Yang Xiaobing	Supervisor	3,681	0	0	0	0	1,206	2020.10.29	24.18	2023.10.29–2025.10.29
		1,474	0	0	0	0	0	2021.5.27	22.61	2023.10.29
Zhu Yaping	Supervisor	15,886	0	0	0	0	5,059	2020.10.29	24.18	2023.10.29–2025.10.29
		6,451	0	0	0	0	0	2021.5.27	22.61	2023.10.29
Liu Weisheng	Supervisor	5,849	0	0	0	0	2,150	2020.10.29	24.18	2023.10.29–2025.10.29
		2,647	0	0	0	0	0	2021.5.27	22.61	2023.10.29
Others	Other core employees	2,157,947	0	0	0	0	749,382	2020.10.29	24.18	2023.10.29–2025.10.29
		985,589	0	0	0	0	0	2021.5.27	22.61	2023.10.29
		22,383	0	22,360	0	0	23	2021.5.27	22.61	2024.5.27–2025.5.27

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Notes:

1. Vested within the Reporting Period refers to the number of shares unlockable after the expiration of the second lock-up period for 2020–2022 ESOP on 27 May 2024.
2. The change in the number of shares as at 30 June 2024 was due to the shares sold by the relevant Directors, Supervisors or employees after the expiration of the lock-up periods.
3. The date of grant is the announcement date of the non-trading transfer of the underlying shares from the special securities account for repurchase to the special securities account of 2020–2022 ESOP.
4. On the trading day immediately before 29 October 2020 (the grant date), the closing price of A share was RMB23.65; On the trading day immediately before 27 May 2021 (the grant date), the closing price of A share was RMB22.68; On the trading day immediately before 31 May 2022 (the grant date), the closing price of A share was RMB19.51.
5. During the Reporting Period, the weighted average closing price of A share on the trading day immediately before 27 May 2024 (the vest date) was RMB15.36.
6. The accounting standards and policies to estimate the fair value of the shares in the 2020–2022 ESOP are set out in Note XIV to the financial statements prepared in accordance with the PRC Accounting Standards.

The maximum number of shares can be granted for each of the executive directors and the supervisors listed in the table above under the 2020–2022 ESOP will not exceed the total number of shares he/she has already been granted; and the number of shares for any other core employee can be granted will not exceed 70,463. During the Reporting Period, the Company did not grant any shares.

The remaining validity period for the 2020–2022 ESOP

The 2020–2022 ESOP was approved in the 2nd Extraordinary Shareholders' General Meeting 2020 on 25 September 2020. The term of the 2020–2022 ESOP (including Plan A and Plan B) is 72 months commencing from the month when granted (i.e. from 29 October 2020 to 28 October 2026). The 2020–2022 ESOP terminates upon the expiration of the term or can be extended with the approval by the Board of Directors as proposed by the Administration Committee of the 2020–2022 ESOP. As at the date of this report, the remaining validity period of the 2020–2022 ESOP is approximately 2 years and 1 month.

(2) 2023–2025 Core Employee Stock Ownership Plan (2023–2025 ESOP)

On 30 June 2023, the 26th Meeting of the Tenth Board of Directors approved the Proposal on the 2023–2025 ESOP (draft) and its Summary and related proposals of the plan and submitted them to shareholders' general meeting for review.

On 20 July 2023, the 3rd Extraordinary Shareholders' General Meeting approved the Proposal on the 2023–2025 ESOP (draft), Proposal on the Administration Measures of 2023–2025 ESOP and Proposal to Shareholders' General Meeting to Authorize the Board of Directors to Handle Matters Related to the ESOP.

This 2023–2025 ESOP shall be implemented in three phases. During the 3 years from 2023 to 2025, an independent employee stock ownership sub-plan shall be developed for each year respectively. The total amount of funds used in 3 phases of this 2023–2025 ESOP will not exceed RMB223.5 million. The stocks under the 2023–2025 ESOP are sourced from the A shares of Huaxin Cement that have been repurchased by the Company through its special repurchase account and the stocks purchased (through, among others, block trading and centralized bidding) on the secondary market.

On the same day, the 27th Meeting of the Tenth Board of Directors approved Proposal on the Phase I (2023) ESOP Under 2023–2025 ESOP of the Company, specifying relevant contents of the first phase of the plan.

On 31 August 2023, non-trading transfer of shares of the first phase of the 2023 ESOP was completed.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 27 September 2023, share purchase of the first phase of the 2023 ESOP was completed.

On 28 December 2023, the First Holders' Meeting of the Phase I (2023) ESOP Under 2023–2025 ESOP of Huaxin Cement Co., Ltd approved Proposal on Setting up the Administration Committee of the Phase I (2023) ESOP Under 2023–2025 ESOP, Proposal on Electing the Members of the Administration Committee of the Phase I (2023) ESOP Under 2023–2025 ESOP, Proposal on Authorizing the Administration Committee to Handle Related Matters of the Phase I (2023) ESOP Under 2023–2025 ESOP.

On 21 May 2024, the 1st Meeting of the Eleventh Board of Directors approved the Proposal on the Granting Result of “Phase I (2023) ESOP Under 2023–2025 ESOP”, specifying granting result of the Phase I (2023) ESOP, the unvested shares due to failure in achieving performance target shall be withdrawn and disposed by the Administration Committee of the Phase I (2023) ESOP, and all proceeds from disposal of such shares shall be vested in the Company.

The details of the shares granted and to be granted according to the Phase I (2023) ESOP Under 2023–2025 ESOP are set out as followed:

Unit: share

Name of Participant	Position	As at 1 January 2024	Granted			Withdrawn within the Reporting Period ¹	As at 30 June 2024	Fair value as at the grant date (RMB)	
			within the Reporting Period	Vested within the Reporting Period	Invalid within the Reporting Period			Grant date ²	Vesting period
Li Yeqing	Executive Director & CEO	119,690	0	0	5,961	5,961	113,729		
Liu Fengshan	Executive Director	55,156	0	0	2,747	2,747	52,409		
Ming Jinhua	Chairman of the Board of Supervisors	51,479	0	0	2,564	2,564	48,915		
Zhang Lin	Supervisor	30,336	0	0	1,511	1,511	28,825	2023.9.28	14.97 2024.9.28–2026.9.28
Liu Weisheng	Supervisor	7,943	0	0	396	396	7,547		
Liu Sheng	Supervisor	6,542	0	0	326	326	6,216		
Yang Xiaobing	Supervisor	4,633	0	0	231	231	4,402		
Zhu Yaping	Supervisor	21,658	0	0	1,079	1,079	20,579		
Others	Other core employees	2,620,140	0	0	226,949	226,949	2,393,191		

Notes:

1. Withdrawn within the Reporting Period refers to the unvested shares due to failure in achieving performance target that had been withdrawn and disposed by the Administration Committee of the Phase I (2023) ESOP.
2. The grant date is the announcement date on completion of share purchase under this ESOP.
3. On the trading day immediately before 28 September 2023 (the grant date), the closing price of A share was RMB14.87.
4. The accounting standards and policies to estimate the fair value of the shares in the 2023–2025 ESOP are set out in the Note XIV to the financial statements prepared in accordance with the PRC Accounting Standards.

The maximum number of shares can be granted for each of the executive Directors and the supervisors listed in the table above under the Phase I (2023) ESOP will not exceed the total number of shares he/she has already been granted; and the number of shares for any other core employee can be granted will not exceed 55,903. During the Reporting Period, the Company did not grant any shares.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The remaining validity period for the Phase I (2023) ESOP

The Phase I (2023) ESOP shall be valid for up to 60 months from the day when the Company makes an announcement that the last portion of shares to be transferred to the Phase I (2023) ESOP are transferred (i.e. from 28 September 2023 to 27 September 2028). The Phase I (2023) ESOP shall be terminated automatically if it is not renewed upon expiry. The term of the Phase I (2023) ESOP may be extended upon approval of the Holders attending the Holders' Meeting and representing over two thirds of the underlying shares and the Board of Directors, provided, however, that the term of the Phase I (2023) ESOP shall be extended by 12 months each time. As at the date of this report, the remaining validity period of the Phase I (2023) ESOP is approximately 4 years.

On 21 May 2024, the 1st Meeting of the Eleventh Board of Directors approved the Proposal on the Phase II (2024) ESOP Under 2023–2025 ESOP of the Company, specifying relevant contents of the second phase of the plan.

As at the end of the Reporting Period, the Phase II (2024) ESOP Under 2023–2025 ESOP has not yet completed the purchase and grant of shares.

OTHER INFORMATION

1. REVIEW OF UNAUDITED INTERIM RESULT

The Company has set up an audit committee (“Audit Committee”) with terms of reference in compliance with all the applicable code provisions contained in Appendix C1 to the Hong Kong Listing Rules. The Audit Committee is responsible for reviewing and supervision of the financial reporting procedures, risk management and the internal controls of the Group as well as providing advice and suggestions to the Board. The Audit Committee has reviewed the interim results for the six months ended 30 June 2024 as disclosed in this report.

2. DIVIDEND

The Board did not recommend the payment of interim dividend nor capital reserve converted to equity capital for the Reporting Period.

3. CORPORATE GOVERNANCE CODE

The Company has complied with the principles and code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Hong Kong Listing Rules during the Reporting Period.

4. UTILIZATION OF CORPORATE BONDS

As of the end of the Reporting Period, the proceeds had been fully utilized in accordance with the designed purpose of the bonds.

5. SIGNIFICANT SUBSEQUENT EVENTS

- (1) On 14 August 2024, the Company successfully completed the issuance of the Technology Innovation Corporate Bonds (first tranche) (“the Bonds”) to professional investors. The total issuance amount of the bonds is RMB1.1 billion, with a maturity of 5 years and a coupon rate of 2.49%. The funds raised will be used to repay maturing bonds. For details, please refer to the Overseas Regulatory Announcement of the Company on 14 August 2024.
- (2) After the Reporting Period and up to the date of this report, save for the events disclosed in this report, the Group did not have any material subsequent events.

FINANCIAL STATEMENTS (UNAUDITED)

I. AUDITOR'S REPORT

The financial statements have not been audited.

II. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

30 June 2024

Unit: RMB

Items	NOTE VII	Closing balance	Opening balance
Current assets:			
Cash and bank balances	1	5,257,108,621	5,849,465,351
Held-for-trading financial assets	2	1,658,336	1,495,675
Notes receivable	3	124,346,990	275,075,423
Accounts receivable	4	3,185,256,332	2,259,496,157
Receivables financing	5	445,611,239	746,018,692
Prepayments	6	464,469,106	417,878,731
Other receivables	7	825,309,053	747,268,432
Including: Interest receivable		21,311,645	5,401,108
Dividend receivable		1,426,876	1,426,876
Inventories	8	3,487,183,563	3,462,938,165
Other current assets	9	1,101,117,469	1,459,951,396
Total current assets		14,892,060,709	15,219,588,022
Non-current assets:			
Debt investments		—	7,500,000
Long-term receivables	10	86,729,930	80,976,447
Long-term equity investments	11	554,508,354	512,863,351
Other equity investments	12	992,586,305	964,633,899
Other non-current financial assets		33,035,373	26,807,920
Fixed assets	13	27,748,507,412	27,752,373,906
Construction in progress	14	3,821,813,817	3,614,814,430
Right-of-use assets	15	1,628,720,829	1,680,707,457
Intangible assets	16	16,377,416,433	15,957,837,101
Development expenditures		69,732,540	69,333,195
Goodwill	17	794,289,719	769,271,896
Long-term prepaid expenses	18	954,158,415	956,770,986
Deferred tax assets	19	628,291,565	554,133,589
Other non-current assets		393,596,951	632,656,064
Total non-current assets		54,083,387,643	53,580,680,241
Total assets		68,975,448,352	68,800,268,263

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET — *continued*

30 June 2024

Unit: RMB

Items	NOTE VII	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	21	662,659,956	644,333,928
Notes payable	22	764,470,918	935,465,582
Accounts payable	23	7,596,250,432	7,827,004,238
Contract liabilities	24	706,835,535	717,019,466
Employee benefits payable	25	139,927,592	312,414,840
Taxes and surcharges payable	26	409,223,155	705,993,128
Other payables	27	1,421,829,979	1,004,517,942
Including: Interest payable		71,387,770	49,499,727
Dividend payable		421,266,452	33,527,121
Current portion of non-current liabilities	28	7,132,375,956	6,720,902,895
Other current liabilities		66,805,984	66,563,047
Total current liabilities		18,900,379,507	18,934,215,066
Non-current liabilities:			
Long-term borrowings	29	8,590,157,301	8,623,019,715
Bonds payable	30	3,980,612,938	3,964,479,030
Including: Preference shares		148,539,253	147,690,327
Lease liabilities	31	1,238,600,650	1,348,727,671
Long-term payables	32	920,951,115	330,821,706
Long-term employee benefits payable	33	60,771,182	58,844,121
Provisions	34	746,606,710	757,554,644
Deferred income	35	262,474,395	264,404,822
Deferred tax liabilities	19	1,192,456,180	1,123,626,046
Other non-current liabilities	36	99,693,000	99,693,000
Total non-current liabilities		17,092,323,471	16,571,170,755
Total liabilities		35,992,702,978	35,505,385,821

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET – *continued*

30 June 2024

Unit: RMB

Items	NOTE VII	Closing balance	Opening balance
Equity:			
Share capital	37	2,078,995,649	2,078,995,649
Capital reserves	38	1,595,414,187	1,586,014,852
Less: Treasury shares	39	64,271,962	62,203,991
Accumulated other comprehensive income	40	-430,194,011	-548,746,925
Specialized reserves	41	63,717,385	63,717,385
Surplus reserves	42	1,111,880,257	1,111,880,257
Retained profit	43	24,331,978,299	24,703,292,620
Total equity attributable to owners of the parent		28,687,519,804	28,932,949,847
Non-controlling interests		4,295,225,570	4,361,932,595
Total equity		32,982,745,374	33,294,882,442
Total liabilities and equity		68,975,448,352	68,800,268,263

Legal representative:
Li Yeqing

Financial controller:
Chen Qian

Accounting supervisor:
Wu Xin

FINANCIAL STATEMENTS (UNAUDITED)

BALANCE SHEET OF THE COMPANY

30 June 2024

Unit: RMB

Items	Note XVII	Closing balance	Opening balance
Current assets:			
Cash and bank balances		2,072,578,567	2,708,096,309
Notes receivable		—	17,456,489
Accounts receivable	1	611,223,336	760,371,988
Receivables financing		10,971,705	65,624,483
Prepayments		124,402,303	91,622,165
Other receivables	2	8,536,850,440	6,961,764,759
Inventories		149,540,494	167,720,629
Other current assets		93,250,866	84,902,758
Total current assets		11,598,817,711	10,857,559,580
Non-current assets:			
Long-term receivables		52,189,347	52,109,087
Long-term equity investments	3	16,059,490,462	15,631,938,449
Other equity investments		992,586,305	964,633,899
Other non-current financial assets		33,035,373	26,807,920
Fixed assets		493,565,161	525,463,095
Construction in progress		33,568,167	28,249,066
Right-of-use assets		38,984,557	44,680,313
Intangible assets		106,503,934	107,962,995
Development expenditures		36,856,342	36,856,342
Long-term prepaid expenses		7,619,075	8,657,217
Deferred tax assets		77,373,902	72,250,575
Total non-current assets		17,931,772,625	17,499,608,958
Total assets		29,530,590,336	28,357,168,538

FINANCIAL STATEMENTS (UNAUDITED)

BALANCE SHEET OF THE COMPANY – *continued*

30 June 2024

Unit: RMB

Items	Note XVII	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		100,000,000	30,000,000
Notes payable		399,500,000	473,500,000
Accounts payable		178,814,653	222,374,822
Contract liabilities		25,403,270	16,589,691
Employee benefits payable		15,133,915	28,545,054
Taxes payable		7,292,051	30,039,009
Other payables		7,694,566,691	7,092,303,257
Non-current liabilities due within one year		<u>1,750,090,966</u>	<u>1,738,370,539</u>
Total current liabilities		<u>10,170,801,546</u>	<u>9,631,722,372</u>
Non-current liabilities:			
Long-term borrowings		2,693,750,000	2,062,280,000
Bonds payable		1,698,431,416	1,697,904,908
Lease liabilities		29,837,736	29,640,599
Long-term employee benefits payable		12,882,384	12,882,384
Provisions		6,864,253	6,864,253
Deferred income		<u>4,562,500</u>	<u>5,333,333</u>
Total non-current liabilities		<u>4,446,328,289</u>	<u>3,814,905,477</u>
Total liabilities		<u>14,617,129,835</u>	<u>13,446,627,849</u>

FINANCIAL STATEMENTS (UNAUDITED)

BALANCE SHEET OF THE COMPANY – *continued*

30 June 2024

Unit: RMB

Items	Note XVII	Closing balance	Opening balance
Shareholders' Equity:			
Share capital		2,078,995,649	2,078,995,649
Capital reserves		1,897,532,596	1,898,196,045
Less: Treasury shares		64,271,962	62,203,991
Other comprehensive income		-17,129,372	-38,093,676
Surplus reserves		1,111,880,257	1,111,880,257
Retained profit		<u>9,906,453,333</u>	<u>9,921,766,405</u>
Total Shareholders' Equity		<u>14,913,460,501</u>	<u>14,910,540,689</u>
Total liabilities and equity		<u>29,530,590,336</u>	<u>28,357,168,538</u>

Legal representative:
Li Yeqing

Financial controller:
Chen Qian

Accounting supervisor:
Wu Xin

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

Unit: RMB

Items	Note VII	Amount for the current period	Amount for the prior period
I. Revenue	44	16,237,373,654	15,831,572,500
II. Total operating costs		14,939,003,710	14,091,669,921
Less: Cost of sales	44	12,396,833,893	11,971,182,161
Taxes and surcharges	45	375,276,270	323,177,792
Selling expenses	46	787,871,075	691,696,836
Administrative expenses	47	908,113,338	802,033,113
Research and development expenses		70,954,352	58,342,983
Finance costs	48	399,954,782	245,237,036
Including: Interest expenses	48	367,989,624	315,768,191
Interest income	48	95,827,125	58,883,536
Add: Other income	49	82,438,706	78,804,926
Investment income	50	4,616,793	34,284,849
Including: Income (losses) from investments in associates and joint ventures	50	1,580,722	348,987
(Losses) gains from changes in fair value	51	6,227,453	-38,519,804
Credit impairment losses	52	-31,626,854	-51,365,463
Impairment losses of assets	53	-6,776,662	-7,975,582
Gains (Losses) on disposal of non-current assets	54	6,163,152	5,309,799
III. Operating profit		1,359,412,532	1,760,441,304
Add: Non-operating income	55	7,762,966	6,448,493
Less: Non-operating expenses	56	23,888,187	28,622,956
IV. Profit before taxes		1,343,287,311	1,738,266,841
Less: Income tax expenses	57	321,600,930	388,324,122
V. Profit		1,021,686,381	1,349,942,719
(i) Classified by continuity of operation			
1. Profit from continuing operations		1,021,686,381	1,349,942,719
(ii) Classified by attribution of ownership			
1. Profit attributable to owners of the parent		730,553,374	1,192,560,395
2. Profit attributable to non-controlling interests		291,133,007	157,382,324

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT — *continued*

For the six months ended 30 June 2024

Unit: RMB

Items	Note VII	Amount for the current period	Amount for the prior period
VI. Other comprehensive income, net of tax		166,082,105	106,086,375
(i) Other comprehensive income, net of tax, attributable to owners of the parent		118,552,914	43,492,412
1. Other comprehensive income that cannot be reclassified to profit or loss		20,964,304	-38,128,688
(1) Changes in fair value of other equity investment instruments		20,964,304	-38,128,688
2. Other comprehensive income to be reclassified into profit or loss		97,588,610	81,621,100
(1) Exchange differences on translation of foreign currency financial statements		97,588,610	81,621,100
(ii) Other comprehensive income, net of tax, attributable to non-controlling interests		47,529,191	62,593,963
VII. Other comprehensive income, net of tax		1,187,768,486	1,456,029,094
(i) Other comprehensive income, net of tax, attributable to owners of the parent		849,106,288	1,236,052,807
(ii) Other comprehensive income that cannot be reclassified to profit or loss		338,662,198	219,976,287
VIII. Earnings per share:			
Basic earnings per share	58	0.35	0.58
Diluted earnings per share	58	0.35	0.57

During the Reporting Period, net income realized by the combining parties prior to a business combination under the same control was 0 yuan, Net income realized by the consolidated party in the previous period was 0 yuan.

Legal representative:
Li Yeqing

Financial controller:
Chen Qian

Accounting supervisor:
Wu Xin

FINANCIAL STATEMENTS (UNAUDITED)

INCOME STATEMENT OF THE COMPANY

For the six months ended 30 June 2024

Unit: RMB

Items	Note XVII	Amount for the current period	Amount for the prior period
I. Revenue	4	1,203,431,544	1,727,451,377
Less: Cost of sales	4	1,083,419,867	1,608,422,922
Taxes and surcharges		9,146,061	10,668,994
Selling expenses		8,559,169	8,441,019
Administrative expenses		127,852,630	118,243,855
Research and development expenses		23,381,443	20,580,616
Finance costs		9,769,526	-16,297,375
Including: Interest expenses		92,625,832	99,262,871
Interest income		91,699,932	80,216,296
Add: Other income		772,367	1,070,833
Investment income	5	1,122,846,395	825,941,415
Including: (Losses) Income from investments in associates and joint ventures		71,253	-1,713,962
(Losses) gains from changes in fair value		6,227,453	-38,519,804
Credit impairment losses		16,198	-7,997,477
Impairment losses of assets		-61,204	154,334
Gains (Losses) on disposal of non-current assets		3,446,977	—
II. Operating profit		1,074,551,034	758,040,647
Add: Non-operating income		944,552	282,910
Less: Non-operating expenses		903,805	924,483
III. Profit before tax		1,074,591,781	757,399,074
Less: Income tax expenses		-11,962,842	-11,526,318
IV. Profit		1,086,554,623	768,925,392
Including: Profit from continuing operations		1,086,554,623	768,925,392
V. Other comprehensive income, net of tax		20,964,304	-38,128,688
(i) Other comprehensive income that will not be reclassified to profit or loss		20,964,304	-38,128,688
(1) Changes in the fair value of other equity investments		20,964,304	-38,128,688
VI. Total comprehensive income		1,107,518,927	730,796,704

Legal representative:
Li Yeqing

Financial controller:
Chen Qian

Accounting supervisor:
Wu Xin

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024

Unit: RMB

Items	Note VII	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		14,432,640,465	14,420,847,563
Receipts of tax refunds		36,457,201	25,993,271
Other cash receipts relating to operating activities		370,601,693	327,124,718
Sub-total of cash inflows from operating activities	59	14,839,699,359	14,773,965,552
Cash payments for goods purchased and services received		9,016,646,703	8,992,651,327
Cash payments to and on behalf of employees		1,600,949,998	1,351,385,852
Payments of various types of taxes		1,769,625,712	1,641,378,037
Other cash payments relating to operating activities	59	721,892,883	661,383,055
Sub-total of cash outflows from operating activities		13,109,115,296	12,646,798,271
Net Cash Flow from Operating Activities	60	1,730,584,063	2,127,167,281
II. Cash Flows from Investing Activities:			
Cash receipts from disposal and recovery of investments		1,442,656,854	2,231,088,671
Cash receipts from investment income		24,097,572	36,890,482
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		9,457,780	15,611,513
Net cash receipts from disposal of subsidiaries and other business units		—	—
Other cash receipts relating to investing activities	59	37,601,193	145,236,441
Sub-total of cash inflows from investing activities		1,513,813,399	2,428,827,107
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,444,409,433	1,818,834,799
Net cash receipts from disposal of subsidiaries and other business units		1,128,252,660	2,200,000,000
Net cash payments for acquisition of subsidiaries and other business units	60	109,727,361	595,877,042
Other cash payments relating to investing activities	59	10,000,000	35,634,803
Sub-total of cash outflows from investing activities		2,692,389,454	4,650,346,644
Net Cash Flow from Investing Activities		-1,178,576,055	-2,221,519,537

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED CASH FLOW STATEMENT — *continued*

For the six months ended 30 June 2024

Unit: RMB

	Note VII	Amount for the current period	Amount for the prior period
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		—	20,655,906
Cash receipts from borrowings		1,908,060,000	1,867,518,405
Other cash receipts relating to financing activities	59	124,039,019	12,872,717
		<u>2,032,099,019</u>	<u>1,901,047,028</u>
Sub-total of cash inflows from financing activities		2,032,099,019	1,901,047,028
Cash repayments of borrowings		1,462,785,762	2,621,362,885
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,428,296,072	1,103,916,346
Other cash payments relating to financing activities		224,497,258	230,568,794
		<u>3,115,579,092</u>	<u>3,955,848,025</u>
Sub-total of cash outflows from financing activities		3,115,579,092	3,955,848,025
Net cash flows generated from financing activities		-1,083,480,073	-2,054,800,997
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		-14,593,489	76,006,894
V. Net Increase in Cash and Cash Equivalents			
Add: Opening balance of cash and cash equivalents		5,370,115,985	6,616,021,778
VI. Closing Balance of Cash and Cash Equivalents			
		4,824,050,431	4,542,875,419

Legal representative:
Li Yeqing

Financial controller:
Chen Qian

Accounting supervisor:
Wu Xin

FINANCIAL STATEMENTS (UNAUDITED)

CASH FLOW STATEMENT OF THE COMPANY

For the six months ended 30 June 2024

Unit: RMB

Items	Note	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		1,668,846,129	2,201,164,010
Receipts of tax refunds		8,356,058	1,373,748
Other cash receipts relating to operating activities		<u>194,018,832</u>	<u>171,574,254</u>
Sub-total of cash inflows from operating activities		<u>1,871,221,019</u>	<u>2,374,112,012</u>
Cash payments for goods purchased and services received		1,207,253,068	1,414,936,795
Cash payments to and on behalf of employees		153,249,196	151,334,946
Payments of various types of taxes		34,175,331	55,434,244
Other cash payments relating to operating activities		<u>364,192,951</u>	<u>342,098,522</u>
Sub-total of cash outflows from operating activities		<u>1,758,870,546</u>	<u>1,963,804,507</u>
Net Cash Flow from Operating Activities		<u>112,350,473</u>	<u>410,307,505</u>
II. Cash Flows from Investing Activities:			
Cash receipts from disposal and recovery of investments		1,030,000,000	2,200,000,000
Cash receipts from investment income		847,775,142	753,391,812
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		135,895	3,983,404
Other cash receipts relating to investing activities		<u>851,088,000</u>	<u>1,739,850,000</u>
Sub-total of cash inflows from investing activities		<u>2,728,999,037</u>	<u>4,697,225,216</u>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		19,414,862	26,673,592
Cash payments to acquire investments		403,000,000	320,000,000
Net cash payments for acquisition of subsidiaries and other business units		1,030,000,000	2,200,000,000
Other cash payments relating to investing activities		<u>1,262,913,000</u>	<u>2,002,472,140</u>
Sub-total of cash outflows from investing activities		<u>2,715,327,862</u>	<u>4,549,145,732</u>
Net Cash Flow from Investing Activities		<u>13,671,175</u>	<u>148,079,484</u>

FINANCIAL STATEMENTS (UNAUDITED)

CASH FLOW STATEMENT OF THE COMPANY — *continued*

For the six months ended 30 June 2024

Unit: RMB

Items	Note	Amount for the current period	Amount for the prior period
III. Cash Flows from Financing Activities:			
Cash received from absorbing investments		—	—
Cash receipts from borrowings		1,000,000,000	600,000,000
Other cash receipts relating to financing activities		4,106,813,917	1,608,356,331
Sub-total of cash inflows from financing activities		5,106,813,917	2,208,356,331
Cash repayments of borrowings		282,030,000	1,097,930,000
Cash payments for distribution of dividends or profits or settlement of interest expenses		754,773,958	684,065,682
Other cash payments relating to financing activities		4,844,111,043	1,829,169,739
Sub-total of cash outflows from financing activities		5,880,915,001	3,611,165,421
Net Cash Flow from Financing Activities		-774,101,084	-1,402,809,090
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		161,693	-1,239,232
V. Net Increase in Cash and Cash Equivalents		-647,917,743	-845,661,333
Add: Opening balance of cash and cash equivalents		2,706,295,387	3,365,759,061
VI. Closing Balance of Cash and Cash Equivalents		2,058,377,644	2,520,097,728

Legal representative:
Li Yeqing

Financial controller:
Chen Qian

Accounting supervisor:
Wu Xin

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2024

Unit: RMB

Items	For the six months ended 30 June 2024									
	Attributable to owners of the Company								Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Specialized reserves	Surplus reserve	Retained profits	Sub-total		
I. Balance at the end of the prior period	2,078,995,649	1,586,014,852	62,203,991	-548,746,925	63,717,385	1,111,880,257	24,703,292,620	28,932,949,847	4,361,932,595	33,294,882,442
II. Balance at the beginning of the year	2,078,995,649	1,586,014,852	62,203,991	-548,746,925	63,717,385	1,111,880,257	24,703,292,620	28,932,949,847	4,361,932,595	33,294,882,442
III. Movements during the year	-	9,399,335	2,067,971	118,552,914	-	-	-371,314,321	-245,430,043	-66,707,025	-312,137,068
(1) Total comprehensive income	-	-	-	118,552,914	-	-	730,553,374	849,106,288	338,662,198	1,187,768,486
(2) Capital contribution and reduction from shareholders	-	9,399,335	2,067,971	-	-	-	-	7,331,364	12,602,688	19,934,052
1. Capital contributions by owners	-	-	-	-	-	-	-	-	16,900,000	16,900,000
2. Capital contributions by other equity instrument owners	-	-	-	-	-	-	-	-	-	-
3. Share-based payments recognized in owners' equity	-	10,388,478	2,067,971	-	-	-	-	8,320,507	-	8,320,507
4. Others	-	-989,143	-	-	-	-	-	-989,143	-4,297,312	-5,286,455
(3) Profit distribution	-	-	-	-	-	-	-1,101,867,695	-1,101,867,695	-417,971,911	-1,519,839,606
1. Appropriated Surplus reserve	-	-	-	-	-	-	-	-	-	-
2. Appropriated general risk reserves	-	-	-	-	-	-	-	-	-	-
3. Dividend to shareholders	-	-	-	-	-	-	-1,101,867,695	-1,101,867,695	-417,971,911	-1,519,839,606
4. Others	-	-	-	-	-	-	-	-	-	-
(4) Internal transfer of owner's equity	-	-	-	-	-	-	-	-	-	-
(5) Specific reserve	-	-	-	-	-	-	-	-	-	-
1. Appropriated during the year	-	-	-	-	134,599,417	-	-	134,599,417	-	134,599,417
2. Using during the year	-	-	-	-	134,599,417	-	-	134,599,417	-	134,599,417
IV. Balance at the end of the year	2,078,995,649	1,595,414,187	64,271,962	-430,194,011	63,717,385	1,111,880,257	24,331,978,299	28,687,519,804	4,295,225,570	32,982,745,374

Items	For the six months ended 30 June 2023									
	Attributable to owners of the Company								Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Specialized reserves	Surplus reserve	Retained profits	Sub-total		
I. Balance at the end of the prior period	2,096,599,855	1,975,889,177	610,051,971	-175,257,484	37,644,851	1,111,880,257	23,009,600,343	27,446,305,028	3,391,875,433	30,838,180,461
II. Balance at the beginning of the year	2,096,599,855	1,975,889,177	610,051,971	-175,257,484	37,644,851	1,111,880,257	23,009,600,343	27,446,305,028	3,391,875,433	30,838,180,461
III. Movements during the year	-	104,842,360	-	43,492,412	-	-	124,135,957	272,470,729	951,617,718	1,224,088,447
(1) Total comprehensive income	-	-	-	43,492,412	-	-	1,192,560,395	1,236,052,807	219,976,287	1,456,029,094
(2) Capital contribution and reduction from shareholders	-	104,842,360	-	-	-	-	-	104,842,360	816,587,940	921,430,300
1. Capital contributions by owners	-	-	-	-	-	-	-	-	936,819,474	936,819,474
2. Capital contributions by other equity instrument owners	-	-	-	-	-	-	-	-	-	-
3. Share-based payments recognized in owners' equity	-	12,703,595	-	-	-	-	-	12,703,595	-	12,703,595
4. Others	-	92,138,765	-	-	-	-	-	92,138,765	-120,231,534	-28,092,769
(3) Profit distribution	-	-	-	-	-	-	-1,068,424,438	-1,068,424,438	-84,946,509	-1,153,370,947
1. Appropriated Surplus reserve	-	-	-	-	-	-	-	-	-	-
2. Appropriated general risk reserves	-	-	-	-	-	-	-	-	-	-
3. Dividend to shareholders	-	-	-	-	-	-	-1,068,424,438	-1,068,424,438	-84,946,509	-1,153,370,947
4. Others	-	-	-	-	-	-	-	-	-	-
(4) Internal transfer of owner's equity	-	-	-	-	-	-	-	-	-	-
1. Others	-	-	-	-	-	-	-	-	-	-
(5) Specific reserve	-	-	-	-	-	-	-	-	-	-
1. Appropriated during the year	-	-	-	-	137,938,809	-	-	137,938,809	-	137,938,809
2. Using during the year	-	-	-	-	137,938,809	-	-	137,938,809	-	137,938,809
IV. Balance at the end of the year	2,096,599,855	2,080,731,537	610,051,971	-131,765,072	37,644,851	1,111,880,257	23,133,736,300	27,718,775,757	4,343,493,151	32,062,268,908

Legal representative:
Li Yeqing

Financial controller:
Chen Qian

Accounting supervisor:
Wu Xin

FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the six months ended 30 June 2024

Unit: RMB

Items	For the six months ended 30 June 2024						Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income		Retained profits	
				Surplus reserve	income		
I. Balance at the end of the prior period	2,078,995,649	1,898,196,045	62,203,991	-38,093,676	1,111,880,257	9,921,766,405	14,910,540,689
II. Balance at the beginning of the year	2,078,995,649	1,898,196,045	62,203,991	-38,093,676	1,111,880,257	9,921,766,405	14,910,540,689
III. Movements during the year	-	-663,449	2,067,971	20,964,304	-	-15,313,072	2,919,812
(1) Total comprehensive income	-	-	-	20,964,304	-	1,086,554,623	1,107,518,927
(2) Capital contribution and reduction from shareholders	-	-663,449	2,067,971	-	-	-	-2,731,420
1. Capital contributions by owners	-	-	-	-	-	-	-
2. Capital contributions by other equity instrument owners	-	-	-	-	-	-	-
3. Share-based payments recognized in owners' equity	-	-601,197	2,067,971	-	-	-	-2,669,168
4. Others	-	-62,252	-	-	-	-	-62,252
(3) Profit distribution	-	-	-	-	-	-1,101,867,695	-1,101,867,695
1. Appropriated surplus reserve	-	-	-	-	-	-	-
2. Dividend to shareholders	-	-	-	-	-	-1,101,867,695	-1,101,867,695
3. Others	-	-	-	-	-	-	-
(4) Internal transfer of owner's equity	-	-	-	-	-	-	-
(5) Specific reserve	-	-	-	-	-	-	-
1. Appropriated during the year	-	-	-	-	-	-	-
2. Using during the year	-	-	-	-	-	-	-
IV. Balance at the end of the year	<u>2,078,995,649</u>	<u>1,897,532,596</u>	<u>64,271,962</u>	<u>-17,129,372</u>	<u>1,111,880,257</u>	<u>9,906,453,333</u>	<u>14,913,460,501</u>

FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY – *continued*

For the six months ended 30 June 2024

Unit: RMB

Items	For the six months ended 30 June 2023						Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained profits	
I. Balance at the end of the prior period	2,096,599,855	2,381,459,845	610,051,971	-1,931,357	1,111,880,257	8,507,891,676	13,485,848,305
II. Balance at the beginning of the year	2,096,599,855	2,381,459,845	610,051,971	-1,931,357	1,111,880,257	8,507,891,676	13,485,848,305
III. Movements during the year	–	12,541,806	–	-38,128,688	–	-299,499,046	-325,085,928
(1) Total comprehensive income	–	–	–	-38,128,688	–	768,925,392	730,796,704
(2) Capital contribution and reduction from shareholders	–	12,541,806	–	–	–	–	12,541,806
1. Capital contributions by owners	–	–	–	–	–	–	–
2. Capital contributions by other equity instrument owners	–	–	–	–	–	–	–
3. Share-based payments recognized in owners' equity	–	12,703,595	–	–	–	–	12,703,595
4. Others	–	-161,789	–	–	–	–	-161,789
(3) Profit distribution	–	–	–	–	–	-1,068,424,438	-1,068,424,438
1. Appropriated surplus reserve	–	–	–	–	–	–	–
2. Dividend to shareholders	–	–	–	–	–	-1,068,424,438	-1,068,424,438
3. Others	–	–	–	–	–	–	–
(4) Internal transfer of owner's equity	–	–	–	–	–	–	–
(5) Specific reserve	–	–	–	–	–	–	–
1. Appropriated during the year	–	–	–	–	–	–	–
2. Using during the year	–	–	–	–	–	–	–
IV. Balance at the end of the year	<u>2,096,599,855</u>	<u>2,394,001,651</u>	<u>610,051,971</u>	<u>-40,060,045</u>	<u>1,111,880,257</u>	<u>8,208,392,630</u>	<u>13,160,762,377</u>

Legal representative:
Li Yeqing

Financial controller:
Chen Qian

Accounting supervisor:
Wu Xin

NOTES TO FINANCIAL STATEMENTS

III. BASIC INFORMATION OF THE COMPANY

1. Summary of the company

Huaxin Cement Co., Ltd. (hereinafter referred to as the “Company” or “Huaxin Cement”) is a joint stock company with limited liability incorporated in Hubei, the People’s Republic of China and was established on 30 November 1993. The A shares and H shares of the Company are listed on the Shanghai Stock Exchange (“Shanghai Stock Exchange”) and The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”), respectively. The Company’s headquarters is located at No. 426 Gaoxin Avenue, Donghu New Technology Development District, Wuhan, Hubei.

The principle business activities of the Company and its subsidiaries (collectively, the “Group”) includes: manufacture and sale of cement, concrete, clinker, aggregate and other building materials.

These financial statements were approved by a resolution of the board of directors of the Company on 30 August 2024.

The consolidation scope of consolidated financial statements was determined on the basis of control. Please refer to Note. IX for changes of the Reporting Period.

IV. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

1. Basic of the financial statement

The financial statements are prepared in accordance with Accounting Standards for Business Enterprises — Basic Standards issued by the Ministry of Finance as well as specific accounting standards, the implementation guidance, interpretations and other relevant provisions issued and revised subsequently (collectively referred to as “Accounting Standards for Business Enterprises”). In addition, the financial statements also include the relevant disclosures required by the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

2. Going concern

As at 30 June 2024, the Group’s current assets were RMB14,892,060,709 and current liabilities were RMB18,900,379,507, the amount of current assets was less than the amount of current liabilities. When evaluating whether the Group has sufficient financial resources to continue its operations, the management of the Group has taken its liquid working capital position in the future and financial resources into consideration, mainly including the net cash flows generated by operating activities and the availability of sufficient bank line of credit.

Accordingly, the management of the Group considers that the Group will have sufficient working capital to cover operating use and make repayment on matured debts, thus it is appropriate to prepare the Group’s financial statements on a going concern basis.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The specific accounting policies and accounting estimation has been prepared by the Group based on actual production and operation characteristics, as mainly embodied in the provision for bad debt of accounts receivable, the depreciation of fixed assets, the amortization of intangible assets, revenue recognition and measurement.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 30 June 2024 and their financial performance and cash flows for the half year.

2. Accounting period

The accounting year for the Group is from 1 January to 31 December of each calendar year.

3. Functional currency

The Company's reporting and presentation currency is Renminbi ("RMB"). Unless otherwise stated, the unit of the currency is RMB yuan.

The subsidiaries, joint ventures and associates of the Group may determine their own functional currencies based on the specific economic environments in their place of business. In the preparation of financial statements, their functional currencies shall be translated into RMB.

4. Determination method and selection criteria for importance standards

Items	Importance criteria
Accounts receivable with significant single provision for bad debt reserves	The amount of bad debt provision for a single customer is greater than RMB1,000 million yuan
Significant accounts receivable with reversed bad debt provisions this year	The reversal amount of bad debt provision for a single customer is greater than RMB1,000 million yuan
Significant accounts receivable written off	The amount of bad debt provision written off by a single customer is greater than RMB1,000 million yuan
Prepaid accounts with an aging of over 1 year and significant amounts	Prepaid account amount for a single supplier with an aging of over 1 year is greater than RMB1,000 million yuan
Important ongoing construction projects	The company will exceed the budget of RMB for a single ongoing construction project 5 Billion recognized as important
Overdue and significant accounts payable/contractual liabilities/other payables	Single supplier/customer balance exceeding RMB1,000 million yuan
Important cash flows from investment activities	Cash flow amount exceeding RMB100 million yuan is considered significant
Important non wholly owned subsidiaries	Non-wholly owned subsidiaries' revenue exceeds 3% of the group's total revenue, and the amount of minority shareholders' equity exceeds RMB300 million
Important joint ventures or associates	Book value of long-term equity investment in joint ventures or associated enterprises exceeds 5% of the group's net assets

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

5. Business combinations

The Group only has business combinations not under common control.

Business combinations not under common control

A business combination not under common control is a business combination in which the combining.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired in a business combination not under common control are measured at their fair values on the acquisition date. Where the aggregate of the fair value of the consideration paid and any fair value of the acquirer's previously held equity interest exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, the difference shall be recognised as goodwill. Goodwill is subsequently measured at cost less any accumulated impairment losses. Where the aggregate of the fair value of the consideration paid and any fair value of the acquirer's previously held equity interest is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, reassessment of the measurement of these items is conducted, if the sum of the fair value of this consideration and other items mentioned above is still lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, the difference is recognised in profit or loss for the current period.

6. Consolidated financial statement

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all of its subsidiaries. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural entity controlled by the Company, etc.) that is controlled by the Company.

In preparing consolidated financial statements, subsidiaries adopt the same accounting period and accounting policies as those of the Company. All assets, liabilities, interests, income, fees and cash flows resulting from intra-group transactions are eliminated on consolidation in full.

Where the amount of losses for the current period attributed to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount is allocated against non-controlling interests.

For subsidiaries acquired through a business combination not under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the date on which the Group obtains control and will continue to be consolidated until the date that such control ceases. In preparing consolidated financial statements, adjustments shall be made to the subsidiaries' financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

The Group reassesses whether or not it controls an investee if any change in facts and circumstances indicates that there are changes to one or more of the three elements of control.

A change in the non-controlling interests, without a loss of control, is accounted for as an equity transaction.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand for payment purposes. Cash equivalents are short-term, highly liquid investments held by the Group that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign currency transactions and translation of financial statements prepared in foreign currencies

The Group translates foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded, on initial recognition in the functional currency using the spot exchange rates prevailing at the dates of transactions. Monetary items denominated in foreign currencies are translated at the spot exchange rates ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognised in profit or loss, with the exception of those relating to foreign currency borrowings specifically for the construction and acquisition of qualifying assets, which are capitalised in accordance with the guidance for capitalisation of borrowing costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate on initial recognition, and the amount denominated in the functional currency is not changed. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The resulting exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

For foreign operations, the Group translates their functional currency amounts into RMB when preparing the financial statements as follows: as at the balance sheet date, the assets and liabilities are translated using the spot exchange rate at the balance sheet date, and equity items other than “unappropriated profit” are translated at the spot exchange rates at the dates of transactions; revenue and expense items in profit or loss are translated using the weighted average exchange rates for the period during which the transactions occur (unless this is inappropriate due to exchange rate fluctuations, in which case the spot exchange rates prevailing on the dates of the transactions are used). The resulting exchange differences are recognised in other comprehensive income.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the weighted average exchange rates for the period during which the cash flows occur (unless this is inappropriate due to exchange rate fluctuations, in which case the spot exchange rates prevailing on the dates of cash flows are used). The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

The Group derecognises and writes off a financial asset (or part of a financial asset, or part of a group of similar financial assets) from its account and balance sheet when the following conditions are met:

- (1) the rights to receive cash flows from the asset have expired;
- (2) the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognised. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognised in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognised and derecognised on the trade date. Regular way purchases or sales of financial assets mean that the financial assets are received or delivered under the terms of a contract within a period established by regulations or conventions in the marketplace. Trade date is the date that the Group commits to purchase or sell the asset.

Classification and measurement of financial assets

The financial assets of the Group are classified in the initial recognition based on the business model of the Group’s financial asset management and the characteristics of the financial assets’ contractual cash flows: financial assets carried at amortised cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss.

Financial assets are measured at fair value on initial recognition. However, if the accounts receivable or notes receivable arising from sales of goods or provision of services do not include significant financing components or does not consider financing components not exceeding one year, they shall be initially recognised at the transaction price.

In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit and loss for the current period; transaction costs relating to financial assets of other categories are included in the amounts initially recognised.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

9. Financial instruments – *continued*

Classification and measurement of financial assets – continued

The subsequent measurement of financial assets depends on their classification as follows:

Debt instrument investment measured at amortised cost

Financial assets are classified as financial assets measured at amortised cost if the financial assets meet the following conditions: the objective of the Group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets requires that the cash flows giving rise on specified dates represent payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Debt instruments investment at fair value through other comprehensive income

Financial assets are classified as financial assets at fair value through other comprehensive income if the financial assets meet the following conditions: the financial assets are held within a business model whose the objective is achieved by collect contractual cash flows and selling; the contractual terms of the financial assets requires that the cash flows giving rise on specified dates represent payments of principal and interest on the principal amount outstanding. For such financial assets, the effective interest method is used for recognizing interest income. Changes in fair value are included in other comprehensive income except for interest income, impairment loss, and exchange differences which are be recognised as profit or loss for the current period. On derecognition of financial assets, gains and losses accumulated in other comprehensive income are reclassified to profit or loss for the current period.

Equity instruments investment at fair value through other comprehensive income

The Group irrevocably elects to designate its certain equity instrument investments not held for trading as financial assets at fair value through other comprehensive income, and only recognise dividends (except for dividend income clearly recovered as part of the investment cost) in profit or loss for the current period. Subsequent changes in fair values are included in other comprehensive income, and no provision for impairment is required. On derecognition of financial assets, gains and losses previously accumulated in other comprehensive income are reclassified to retained earnings.

Financial assets at fair value through profit or loss

Except for the above-mentioned financial assets at amortised cost and financial assets at fair value through other comprehensive income, the Group has classified the remaining financial assets as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value, where all changes in fair value are recognised in profit or loss for the current period.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

9. Financial instruments – *continued*

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, financial liabilities carried at amortised cost. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly charged to profit or loss for the current period, and transaction costs relating to financial liabilities carried at amortised cost are included in the initial amounts recognised.

The subsequent measurement of financial liabilities depends on its classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives that are financial liabilities) and those designated upon initial recognition at fair value through profit or loss. Financial liability held for trading (including derivatives that are financial liabilities) are subsequently measured at fair value, except for hedge accounting, where all changes in fair value are recognised in profit or loss for the current period. For financial liabilities designated as measured at fair value through profit or loss, subsequent measurements are made at fair value. Changes in fair value caused by changes in the Group's own credit risk are recognised in other comprehensive income, while other changes in fair value are recognised in profit or loss for the current period. Unless changes in fair value caused by changes in the Group's own credit risk recognised in other comprehensive income may result in or expand accounting mismatches in profit or loss, the Group shall recognise all changes in fair value (including the amount of impact of changes in its own credit risk) in profit or loss for the current period.

Financial liabilities carried at amortised cost

Such kinds of financial liabilities are subsequently measured at amortised cost by using the effective interest rate method.

Impairment of financial instruments

On the basis of expected credit losses, the Group performs the impairment treatment on financial assets measured at amortised cost and debt instruments investments at fair value through other comprehensive income and recognizes the loss provision.

For amount receivables and contract assets excluding the major financing portion, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses equivalent to the entire duration of the life.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

9. Financial instruments – *continued*

Impairment of financial instruments – continued

In addition to the financial assets mentioned above that use the simplified measurement method, the Group assesses whether its credit risk has increased significantly since the initial recognition on each balance sheet date. If the credit risk has not increased significantly since the initial recognition, it is at the first stage, and the Group measures the loss provision based on the amount of expected credit loss equivalent to the next 12 months and calculates interest income based on book balance and effective interest rate; if the credit risk has increased significantly since the initial recognition but credit loss has not occurred, it is at the second stage, and the Group measures loss provision based on the amount of expected credit losses equivalent to the entire duration of the life and calculates interest income based on book balance and effective interest rate; if credit loss has occurred since initial recognition, it is at the third stage, and the Group measures loss provision based on the amount of expected credit losses equivalent to the entire duration of the life and calculates interest income based on amortized cost and effective interest rate. For financial instruments that only have low credit risk at the balance sheet date, the Group assumes that their credit risks have not increased significantly since initial recognition.

The Group assesses expected credit loss of financial instruments individually and in group. After considering the credit risk characteristics of difference customers, the Group assesses the expected credit loss of financial assets measured at amortized cost based on age combinations.

Please refer to Note XI.2 for the Group's criteria for determining significant increase in credit risk and definition of financial assets that have been credit-impaired.

The Group measures expected credit losses on a financial instrument in a way that reflects: (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the balance sheet date about past events, current conditions and forecasts of future economic conditions.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group directly writes down the carrying amount of the financial assets.

Derivative financial instruments

The Group uses derivative financial instruments, such as interest rate swap, to hedge interest rate risk. Derivative financial instruments are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently measured at their fair values. Derivative financial instruments with a positive fair value are recognised as an asset, and that with a negative fair value is recognised as a liability.

Other than hedge accounting, gains or losses arising from changes in the fair value of derivatives are directly recognised in profit or loss for the current period.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

9. Financial instruments – *continued*

Transfers of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognises the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transactions as follows: if the Group has not retained control, it derecognises the financial asset and recognises any resulting assets or liabilities; if the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability.

Continuing involvement that takes the form of a financial guarantee over the transferred financial asset is recognised at the lower of the carrying amount of the financial asset and the amount of financial guarantee. The amount of financial guarantee refers to the maximum amount of consideration that the Group could be required to repay.

10. Inventories

Inventories include raw materials, work in progress, finished goods, spare parts and auxiliary materials, etc.

Inventories are initially carried at cost. Cost of inventories comprises costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined by using the weighted average method. Spare parts and auxiliary materials include low value consumables and packing materials. Low value consumables and packing materials are amortised by using the immediate write-off method.

The Group adopts a perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories is recognised in profit or loss for the current period. If factors that previously resulted in the provision for decline in value of inventories no longer exist and result in the net realisable value being higher than their carrying amount, the amount of the write-down is reversed to the extent of the amount of the previous provision for the inventories and is recognised in profit or loss for the current period.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated expenses and the related taxes necessary to make the sale. The provision for decline in value is made on an individual basis, provided that for inventories with large quantity and lower unit cost, the provision for decline in value is made on a category basis. For inventories related to a series of products manufactured and sold in the same area, and of which the final use or purpose is identical or similar, and if it is difficult to measure them by separating them from other items, the provision for decline in value of inventories are made on a combination basis.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

11. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

A long-term equity investment is initially measured at its initial investment on acquisition. For a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the combination cost (for a business combination not under common control achieved in stages, the initial investment cost is measured at the carrying amount of the equity investments in the acquiree before the acquisition date plus the additional investment cost incurred on the acquisition date). For a long-term equity investment acquired other than through a business combination, the initial investment cost is determined as follows: if acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; if acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued.

For a long-term equity investment where the Company can exercise control over the investee, the long-term investment is accounted for using the cost method in the Company's individual financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. When additional investment is made or the investment is recouped, the cost of long-term equity investment is adjusted accordingly. Cash dividends or profit distributions declared by the investee are recognised as investment income in profit or loss.

The equity method is adopted when the Group has joint control, or exercises significant influence over the investee. 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control with other parties over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss, and the cost of the long-term equity investment is adjusted accordingly.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

11. Long-term equity investments – *continued*

Under the equity method, after it has acquired a long-term equity investment, the Group recognises its share of the investee's profit or loss, as well as its share of the investee's other comprehensive income, as investment income or loss and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's profit or loss after making appropriate adjustments to the investee's profit or loss based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods. Unrealised profits and losses from transactions with its joint ventures and associates are eliminated to the extent of the Group's investments in the associates or joint ventures (However, any loss arising from such transactions which are attributable to an impairment loss shall be recognised at its entirety). The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of losses of the investee is recognised to the extent that the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has the obligations to assume further losses. The Group's share of the investee's equity changes, other than those arising from the investee's profit or loss, other comprehensive income or profit distribution, is recognised in the Group's equity, and the carrying amount of the long-term equity investment is adjusted accordingly.

12. Fixed assets

(1) *Confirmation conditions*

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meet the recognition criteria shall be included in its cost, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures shall be recognised in profit or loss for the period during which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the assets is considered. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable costs for bringing the asset to working condition for its intended use.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

12. Fixed assets – *continued*

(2) *Depreciation method*

Depreciation of fixed assets is calculated using the straight-line method. The useful lives, estimated net residual values and annual depreciation rates of fixed assets are as follows:

	Depreciation method	Useful life	Estimated net residual value	Annual depreciation rate
Buildings	straight-line method	25–40 years	4%	2.4%–3.8%
Machinery and equipment	straight-line method	5–18 years	4%	5.3%–19.2%
Office and other equipment	straight-line method	5–10 years	4%	9.6%–19.2%
Transportation equipment	straight-line method	4–12 years	4%	8.0%–24.0%

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each year end, and makes adjustments if necessary.

13. Construction in progress

The cost of construction in progress is determined according to the actual expenditures incurred for the construction, including all necessary construction expenditures incurred during the construction period, and other relevant expenditures.

An item of construction in progress is transferred to fixed assets when the asset is ready for its intended use. The standards are set as below:

Standards for transferring to fixed assets

Buildings	Start to use
Machinery and equipment	Achieve the design requirement and complete the trial production

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

14. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred.

The capitalisation of borrowing costs commences only when the expenditures for the asset and the borrowing costs have been incurred, and the activities that are necessary to acquire, construct or produce the asset for its intended use or sale have been undertaken.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced gets ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised in profit or loss.

During the capitalisation period, the amount of interest eligible for capitalisation for each accounting period shall be determined as follows: where funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalisation is the actual interest costs incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds; where funds are borrowed generally for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalisation is determined by applying a weighted average interest rate on the general borrowings to the weighted average of the excess of the cumulative expenditures on the asset over the expenditures on the asset funded by the specific borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally by activities other than those necessary to get the asset ready for its intended use or sale, when the suspension is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognised as an expense in profit or loss until the acquisition, construction or production is resumed.

15. Intangible assets

(1) *Measurement, useful life, impairment*

The intangible assets are amortised using the straight-line method over their useful lives. The useful lives are as follows:

	Useful life
Land use rights	40–50years
Mining rights	Amortisation on the basis of production
Mine restoration fees	Amortisation on the basis of production
Concession right	10–20 years
Software use rights and others	5–10years

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

15. Intangible assets – *continued*

(2) *The Accounting Management of Research and Developing Expenditure*

The Group classifies expenditure for an internal research and development project into expenditure in the research phase and expenditure in the development phase. Expenditure in the research phase is recognised in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalised when the Group can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits, for which, among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure in the development phase that does not meet the above criteria is recognised in profit or loss for the period in which it is incurred.

16. Impairment of assets

Impairment of assets other than the impairment of inventories, deferred tax assets and financial assets, is determined in the following way: the Group assesses at the balance sheet date whether there is any indication that an asset may be impaired; if any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing; goodwill arising from a business combination, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis unless it is not possible to estimate the recoverable amount of the individual asset, in which case the recoverable amount is determined for the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Group. The reduction in the carrying amount is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of impairment testing, the carrying amount of goodwill is allocated from the acquisition date on a reasonable basis, to each of the related asset groups or the related sets of asset groups. Each of the related asset groups or sets of asset groups is an asset group or a set of asset groups that is expected to benefit from the synergies of the business combination and shall not be larger than an operating segment as determined by the Group.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

16. Impairment of assets – *continued*

The carrying amount of the related asset group to which goodwill has been allocated for impairment is compared to its recoverable amount. If the carrying amount of the asset group is higher than its recoverable amount, the amount of the impairment loss is firstly used to reduce the carrying amount of the goodwill allocated to the asset group, and then used to reduce the carrying amount of other assets within the asset group, on a pro-rata basis of the carrying amount of each asset.

Once the above asset impairment loss.

17. Long-term deferred expenditures

Long-term deferred expenditures represent expenditures incurred but should be recognised as expenses over more than one year in the current year and subsequent periods, including mine development expenses and residents' relocation expenses. A long-term deferred expenditures is amortised using the straight-line method and production method according to the period over which it is estimated to generate economic benefits for the Group.

18. Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(1) *Short-term benefits*

In the accounting period in which services are rendered by employees, the actual amount of short-term benefits incurred is recognised as liabilities and charged to profit or loss for the current period or cost of underlying assets.

(2) *Post-employment benefits*

The employees of the Group participate in a pension scheme and unemployment insurance managed by the local government, and an enterprise pension fund, the corresponding expenses shall be included in the cost of related assets or profit or loss.

The Group's defined benefit plans are various supplementary benefit plans targeting those employees retiring before the designated dates and retired employees. These plans are impacted by interest rate risk and changes in the life expectancy of pension beneficiaries.

Remeasurements arising from the defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to equity through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of the date of the plan amendment and the date that the Group recognises restructuring-related costs or termination benefits.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

18. Employee benefits – *continued*

(2) *Post-employment benefits – continued*

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under cost of sales, administrative expenses, research and development expenses, selling expenses, and finance expenses in the income statement: service costs comprising current service costs, past service costs, gains and losses on settlements; net interest comprising interest income on plan assets, interest costs on the defined benefit obligation and interest on the effect of the asset ceiling.

19. Provisions

An obligation related to a contingency shall be recognised by the Group as a provision when the obligation is a present obligation of the Group and it is probable that an outflow of economic benefits from the Group will be required to settle the obligation, together with a reliable estimate can be made of the amount of the obligation, except for contingent considerations and contingent liabilities assumed in a business combination not involving entities under common control.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money as a whole. Provisions are reviewed and adjusted appropriately at each balance sheet date to reflect the current best estimate.

20. Share-based payments

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Group receives services and uses shares or other equity instruments as consideration for settlement.

An equity-settled share-based payment in exchange for services received from employees is measured at the fair value of the equity instruments granted to the employees. If such equity-settled share-based payment could vest immediately, related costs or expenses at an amount equal to the fair value on the grant date are recognised, with a corresponding increase in capital reserves; if such equity-settled share-based payment could not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group at each balance sheet date during the vesting period recognises the services received for the current period as related costs and expenses, with a corresponding increase in capital reserves, at an amount equal to the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments expected to vest. The fair value is determined using the market closing price at the granted date as described in Note XIV.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

21. Preference shares and other financial instruments

Other financial instruments including preference shares issued by the Group are measured as equity instruments when they satisfy all the following criteria:

- (1) The financial instruments do not include cash or other financial assets delivered to other parties, or contractual obligations to exchange financial assets or liabilities with other parties under potential disadvantages;
- (2) When the Group's own equity instrument is required to or available to be used for settlement of the financial instrument, it does not include the contractual obligations to settle the Group's own variable equity instruments if it is a non-derivative instrument; if it is a derivative instrument, the Group can only settle the instrument by exchanging certain amount of its own equity instruments with fixed amount of cash or other financial assets.

Other preference shares issued by the Group that do not satisfy the above criteria are classified as financial liabilities.

For preference shares classified as financial liabilities, any gains or losses arising from changes in fair value and the dividends or interest expenses related to such financial liabilities, and any gains or losses arising from repurchase or redemption are recognized in profit or loss for the period.

22. Revenue

(1) *Accounting policies used for revenue recognition and measurement*

When the Group has fulfilled its performance obligations of the contract, the revenue is recognized when the customers take control of the relevant goods or services. Taking control of the relevant goods or services means being able to dominate the use of the goods or the provision of the services and obtain almost all of the economic benefits from them.

Sale of cement and other construction materials

The Group recognizes revenue from the sale of cement and other construction materials when the control of the goods has been transferred to the customer. According to the sales contract, the point of recognition of sales revenue is usually when the cement and other construction materials are shipped out of the Group's own warehouses or designated warehouses.

The Group uses the amount of consideration that it expects to be entitled to receive as a result of the transfer of merchandise to customers as the transaction price, which is determined in accordance with the terms of the contract, taking into account past business practices. Some of the Group's contracts provide for certain discounts when customers purchase merchandise over a certain quantity, which is directly offset against the amount payable by the customer for the merchandise purchased in the current period. The Group makes its best estimate of the discount in accordance with the expectation that the transaction price after the estimated discount will not exceed the amount by which it is highly probable that the cumulative recognized revenue will not be materially reversed by the time the related uncertainty is eliminated, and re-estimates the discount at each balance sheet date.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

22. Revenue – *continued*

(1) *Accounting policies used for revenue recognition and measurement – continued*

Contracts for the provision of services

The Group fulfills its performance obligations through the provision of services such as solid waste treatment and governmental household waste treatment to its customers. Since the economic benefits arising from the Group's performance are obtained and consumed by the customers at the same time as the Group's performance, the Group recognizes revenue in accordance with the progress of performance as performance obligations fulfilled in a certain period of time, unless the progress of performance is not reasonably determinable. The Group determines the progress of performance in the provision of services in accordance with the output method. When the progress of performance is not reasonably determinable, the Group recognizes revenue at the amount of costs incurred until the progress of performance is reasonably determinable, provided that the costs incurred by the Group are expected to be reimbursed.

23. Contract assets and contract liabilities

The Group presents contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and the customer's payment in the balance sheet. The Group offsets the contract assets and contract liabilities under the same contract and presents the net amount.

Contract assets

A contract asset is the right to consideration in exchange for goods or services that the Group has transferred to a customer, and that right is conditioned on something other than the passage of time.

For details of how the Group measures and accounts for the ECLs of a contract asset, refer to Note V.9.

Contract liabilities

A contract liability is the 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, such as an amount of consideration that an entity has received before the transfer of the promised goods or services.

24. Contract cost assets

The Group's contract cost assets include the costs to obtain and fulfil a contract and are classified as inventories, other current assets and other non-current assets by liquidity.

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs, unless the amortisation period of the asset is one year or less.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

24. Contract cost assets – *continued*

Other than the costs which are capitalised as inventories, fixed assets and intangible assets, etc., costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (1) the costs relate directly to a contract or to an anticipated contract, including direct labour, direct materials, overheads (or similar expenses), costs that are explicitly chargeable to the customer and other costs that are incurred only because an entity entered into the contract;
- (2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future;
- (3) the costs are expected to be recovered.

The contract cost asset is amortised and charged to profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised.

The Group accrues provisions for impairment and recognises impairment losses to the extent that the carrying amount of a contract cost asset exceeds:

- (1) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
- (2) the costs that are expected to be incurred to transfer those related goods or services.

25. Government grants

Government grants are recognised when all attaching conditions can be complied with and the grant will be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value cannot be reliably determined, it is measured at a nominal amount.

Government grants shall be recognised as government grants related to assets where long-term assets are built or otherwise developed in accordance with the requirements of government documents. If there are no specific requirements of government documents, judgement shall be exercised based on the basic conditions required for the grants. Government grants shall be recognised as government grants related to assets where the building or otherwise development of long-term assets is considered as the basic condition; otherwise, they shall be recognised as government grants related to income.

A government grant related to income is accounted for as follows: if the grant is a compensation for related cost expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs expenses for losses are recognised; and if the grant is a compensation for related cost expenses or losses already incurred, it is immediately recognized in profit or loss for the current period.

A government grant relating to an asset shall be offset against the carrying amounts of relevant assets, or recognised as deferred income and amortised in profit or loss over the useful life of the related asset by annual instalments in a systematic and rational way (however, a government grant measured at a nominal amount is recognised directly in profit or loss). Where the assets are sold, transferred, retired or damaged before the end of their useful lives, the rest of the remaining deferred income is released to profit or loss for the period in which the relevant assets are disposed of.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

26. Deferred tax assets/deferred tax liabilities

Deferred tax is provided using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the tax bases and the carrying amounts of the items, which have a tax base according to related tax laws but are not recognised as assets and liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (1) when the taxable temporary difference arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax losses and any unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilised, except:

- (1) when the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

27. Leases

The Group assesses at contract inception whether a contract is, or contains, 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.

As a lessee

The Group recognises lease liabilities and right-of-use assets, except for short-term leases and leases of low-value assets.

Right-of-use assets

At the commencement date of the lease, the Group recognises a right-of-use asset. Right-of-use assets are initially measured at cost. The cost of the right-of-use asset comprises: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date of the lease less any lease incentives received; (iii) any initial direct cost incurred; and (iv) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, 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. The Group remeasures the lease liability for the revision to the lease payments and adjusts the carrying amount of the right-of-use assets accordingly. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. 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, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease.

In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognises such interest expenses in profit or loss, except those in the costs of the related asset as required. Variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss as incurred, except those in the costs of the related asset as required.

After the commencement date of the lease, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the Group remeasures the lease liability at the present value of revised lease payments upon a change in any of the following: in-substance fixed payments, the amounts expected to be payable under residual value guarantees, the index or rate used to determine lease payments, or the assessment or exercise of the purchase option, the renewal option or the option to terminate the lease.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

27. Leases – *continued*

As a lessee – continued

Short-term leases and low value asset leases

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease of the individual underlying asset with low value, when new, as a lease of low-value assets. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises lease payments on short-term leases and leases of low-value assets in the costs of the related asset or profit or loss on a straight-line basis.

As a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

As a lessor of an operating lease

Rental income under an operating lease is recognised through profit or loss using the straight-line method for each period of the lease term. Variable lease payments not included in the measurement of the net investment in the lease are recognised in profit or loss as incurred. Initial direct costs are capitalised and recognised over the lease term on the same basis as rental income, through profit or loss.

Sale and leaseback transactions

The Group applies the requirements in Note V.22 to assess and determine whether the transfer of an asset is accounted for as a sale of that asset.

As a lessee

If the transfer of an asset satisfies the requirements to be accounted for as a sale of the asset, the Group, as a lessee, measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group recognises only the amount of any gain or loss that relates to the rights transferred to the lessor; and if the transfer of an asset does not satisfy the requirements to be accounted for as a sale of the asset, the Group, as a lessee, continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The Group accounts for the financial liability applying Note V.9.

28. Share repurchases

Consideration and transaction costs paid for the repurchase of own equity instruments reduce shareholders' equity. Except for share-based payments, the issuance (including refinancing), repurchase, sale or cancellation of own equity instruments is treated as a change in equity.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

29. Production safety cost

Safety production funds and funds to maintain simple re-production provided according to the regulations are included in costs of related products or profit or loss, and credited to the specialised reserves. They are treated differently when being utilised: (i) the specialised reserves are offset against for those attributable to the expense nature; or (ii) the cumulative expenditures are recognised as a fixed asset for those attributable to the fixed asset nature when the working condition for the intended use is reached, and at the same time, specialised reserves are offset against with the full depreciation of the fixed asset, at the same amount.

30. Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at each balance sheet date. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1- based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2- based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; Level 3- based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at each balance sheet date.

31. Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have a significant effect on the amounts recognised in the financial statements:

Business models

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group considers the methods to include evaluation and reporting financial asset performance to key management, the risks affecting the performance of financial assets and the risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

31. Significant accounting judgements and estimates – *continued*

Judgements – continued

Characteristics of contractual cash flows

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and the judgements on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, including when assessing the modification of the time value of money, the judgement on whether there is any significant difference from the benchmark cash flow and whether the fair value of the prepayment features is insignificant for financial assets with prepayment features.

Lease term – A lease contract that do not contains an option to extend the lease

The Group determines the lease term as the non-cancellable period of a lease, not together with the periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option. In assessing whether it is reasonably certain to exercise an option to extend the lease, the Group considers all relevant facts and circumstances that create an economic incentive for it to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date of the lease until the exercise date of the option. At the commencement date of the lease, considering that the exit cost is insignificant, and the Group will consider all the relevant facts to determine whether to exercise the option or not. Thus, the lease period do not contains the periods covered by an option to extend the lease.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Group infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. The different estimates may impact the impairment assessment, and the provision for impairment may also not be representative of the actual impairment loss in the future.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

31. Significant accounting judgements and estimates – *continued*

Estimation uncertainty – continued

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in Notes VII.13, VII.14, VII.15, VII.16 and VII.18.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future cash flows expected to be derived from the asset groups (sets of asset groups) to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from the asset groups (sets of asset groups) and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in Note VII.17.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique. This valuation requires the Group to determine the comparable listed companies, select the price multiple, and make estimates about the discount for illiquidity, and hence they are subject to uncertainty.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

31. Significant accounting judgements and estimates – *continued*

Estimation uncertainty – continued

Lessee's incremental borrowing rate

If the interest rate implicit in the lease cannot be readily determined, the Group measures the lease liability at the present value of the lease payments discounted using the lessee's incremental borrowing rate. According to the economic environment, the Group takes the observable interest rate as the reference basis for determining the incremental borrowing rate, then adjusts the observable interest rate based on its own circumstances, underlying assets, lease terms and amounts of lease liabilities to determine the applicable incremental borrowing rate.

Provision for decline in value of inventories

The Group's inventories are measured at the lower of the costs and net realisable value. Net realisable value of inventories is the estimated selling price of inventories less the estimated costs upon completion of production, the estimated selling expenses and the related taxes and surcharges necessary to make the sale. Management's calculation of the net realisable value of inventories involves the estimation on the estimated selling price, the estimated costs upon completion, the estimated selling expenses and the related taxes and surcharges necessary to make the sale. Any changes in such estimates will affect the carrying amount of the inventories and profit or loss in the year of the future change.

NOTES TO FINANCIAL STATEMENTS

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – *continued*

31. Significant accounting judgements and estimates – *continued*

Estimation uncertainty – continued

Useful lives and residual values of fixed assets

Fixed assets are depreciated over their estimated useful lives by taking into account their residual values. The Group regularly reviews the estimated useful lives and residual values of relevant assets to determine the total amount of depreciation which will be included in each reporting period. Useful lives and residual values of assets are determined on the basis of the previous experience from assets of the same category and the expected change of technology. If the past estimates change significantly, the depreciation expense is adjusted in the future periods.

Provisions – Mine restoration obligations

The obligations of mine restoration and environmental clean-up are determined by the management based on the historical experience and best estimate of future expenditure after taking into account the existing laws and regulations with expected expenditure discounted to its net present value. With the progress of the current mining activities and the revision and improvement of relevant laws and regulations, the estimation for the related cost may be revised constantly when the restoration plan becomes evident.

32. Changes in accounting policies and significant accounting estimates

(1) Changes of accounting policies

NOTES TO FINANCIAL STATEMENTS

VI. TAXATION

1. Major categories of taxes and respective tax rates

	Tax basis	Tax rate
Value-added tax (VAT)	Except for the local tax rate applicable to the overseas companies in accordance with the tax law, output tax shall be calculated according to the corresponding tax rate for the taxable income of the general taxpayers of the Group, and VAT shall be calculated and paid according to the difference after deducting the allowable deduction of input tax for the current period. Among them, the sand, soil and stone used in the sales of construction materials and the production of construction materials of the Group are simply taxed according to the sales revenue, with a levy rate of 3%. Sales of concrete are simply taxed according to the sales revenue, with a levy rate of 3%. Sales of other commodities are calculated as output tax at a rate of 13%. Small scale taxpayers according to the sales revenue are subject to levy at a rate of 3%. The VAT rate for transportation services and professional and technical services is 6%.	General taxation: 13%, 6% Simplified taxation: 3% Overseas companies: 18%, 17%, 16%, 15%, 12% and, 5%
Excise duty	The Group pays excise duty on cement sold in Maweni, Tanzania — at the rate of TZS 2000/T as prescribed by the Tanzanian tax law.	—
Urban maintenance and construction tax	It is levied at 7%, 5% and 1% of actual VAT paid.	7%, 5%, 1%
Education surcharge	It is levied at 3% of actual VAT paid.	3%

NOTES TO FINANCIAL STATEMENTS

VI. TAXATION – *continued*

1. Major categories of taxes and respective tax rates – *continued*

	Tax basis	Tax rate
Property tax	It is levied based on the values of properties owned or used by the Group at the percentages prescribed by the tax laws. The tax of self-occupied properties is levied according to the values of the properties at an annual tax rate of 1.2%, which is calculated and paid based on the original value of the property less 10%–30% of that value; the tax for leased out properties is levied according to the rent at an annual tax rate of 12%, which is calculated and paid based on the rental income.	Self use property: 1.2% Rental properties: 12%
Land use tax	It is levied based on the land areas occupied by the Group for production and operations, at the annual tax amount per sq.m. for the respective land use tax levels prescribed by local government.	—
Individual income tax	Individual income tax is withheld and paid under the tax laws based on salaries and other personal incomes paid to employees of the Group.	—
Land appreciation tax	It is levied at four-level excess progressive tax rates ranging from –30% to 60% on the appreciation of land value for any land use right and buildings on the ground or other structures annexed thereto from which VAT arises as a result of the transfer of ownership by the Group at a consideration.	—
Corporate income tax	Except for the overseas subsidiaries adopting the local corporate income tax and the income tax concessions entitled by some of the enterprises comprising the Group as below, the Group's corporate income tax is levied at the tax rate of 25% based on the taxable profit.	Overseas companies: 30%, 28%, 20%, 18%, 15%, 13%, 12.5%, 10% Other companies: 25%, 16.5%, 15%, 12.5%, 9%, 0%

NOTES TO FINANCIAL STATEMENTS

VI. TAXATION – *continued*

2. Tax concessions

2.1 *Corporate income tax*

The Group's subsidiary Huaxin Environmental Engineering Co., Ltd. was granted the Certificate of High and New Technological Enterprise by Hubei Provincial Science & Technology Department in 2022. Pursuant to the Enterprise Income Tax Law of the PRC, the above company is entitled to a reduced tax rate of 15% for the year (2022: 15%).

The Group's subsidiary Huaxin Cement (Henan Xinyang) Co., Ltd. was granted the Certificate of High and New Technological Enterprise by Henan Provincial Science & Technology Department in 2022. Pursuant to the Enterprise Income Tax Law of the PRC, the above company is entitled to a reduced tax rate of 15% for the year (2022: 15%).

The Group's subsidiary Huaxin Super-kolon New Building Materials Technology (Huangshi) Co., Ltd. was granted the Certificate of High and New Technological Enterprise by Hubei Provincial Science & Technology Department in 2022. Pursuant to the Enterprise Income Tax Law of the PRC, the above company is entitled to a reduced tax rate of 15% for the year (2022: 15%).

The Group's subsidiary Huaxin Cement Technology Management (Wuhan) Co., Ltd. was granted Certificate of High and New Technological Enterprise by Hubei Provincial Science & Technology Department in 2020. Pursuant to the Enterprise Income Tax Law of the PRC, the above company is entitled to a reduced tax rate of 15% for the year (2022: 15%).

The Group's subsidiaries Huaxin Cement Chongqing Fuling Co., Ltd., Huaxin Cement (Enshi) Co., Ltd., Huaxin Cement (Quxian) Co., Ltd., Huaxin Cement (Wanyuan) Co., Ltd., Huaxin Cement (Lijiang) Co., Ltd., Yunnan Huaxin Dongjun Cement Co., Ltd., Huaxin Guizhou Dingxiao Special Cement Co., Ltd., Huaxin Cement (Zhaotong) Co., Ltd., Huaxin Hongta Cement (Jinghong) Co., Ltd., Huaxin Cement (Jianchuan) Co., Ltd., Huaxin Cement (Kunming Dongchuan) Co., Ltd., Huaxin Cement (Lincang) Co., Ltd., Huaxin Cement (Honghe) Co., Ltd., Chongqing Huaxin Diwei Cement Co., Ltd., Chongqing Huaxin Cantian Cement Co., Ltd. and Guizhou Shuicheng Rui An Cement Co., Ltd., Huaxin Cement (Fumin) Co., Ltd., Kunming Chongde Cement Co., Ltd. and Huaxin Cement (Tibet) Co., Ltd. Huaxin Cement (Diqing) Co. Ltd, Tibet Huaxin Building Materials Co., Ltd, Huaxin Cement (Yunlong) Co., Ltd, Panzhuhua Huaxin Cement Co., Ltd, Chongqing Huaxin Yanjing Cement Co., Ltd, Chongqing Huaxin Phoenix Lake Concrete Co., Ltd and Yunwei Baoshan Organic Chemical Co., Ltd. are manufacturing enterprises established in the western development zone of the PRC. Pursuant to Cai Shui [2020] No. 23 Announcement on the Continuation of the Enterprise Income Tax Policy for Western China Development, the applicable enterprise income tax rate of these subsidiaries for the years from 2021 to 2030 is reduced to 15%.

NOTES TO FINANCIAL STATEMENTS

VI. TAXATION – *continued*

2. Tax concessions – *continued*

2.1 *Corporate income tax – continued*

The Group's subsidiaries Huaxin (Hainan) Investment Co., Ltd., Hainan Xinhongda Building Materials Co., Ltd., Hainan Baihuitong Supply Chain Technology Co., Ltd., and Hainan Huaxin Ronghui Concrete Co., Ltd, are enterprises established in Hainan Province. Pursuant to Cai Shui [2020] No.31 Announcement of Corporate Income Tax Relief Policy in the Hainan Free Trade Port, the applicable enterprise income tax rate of these subsidiaries for the years from 2020 to 2024 is reduced to 15%.

For the Group's subsidiaries engaged in the business of environmental engineering, their profits generated from the business of environmental protection and energy and water conservation are exempt from enterprise income tax in the first three years starting from the first year generating revenue and followed by a 50% reduction from the fourth year to the sixth year.

Huaxin Cement (Tibet) Co., Ltd. and Tibet Huaxin Building Materials Co., Ltd. subsidiaries of the Group are among the key enterprises supporting and encouraging the development in the Tibet Autonomous Region. Pursuant to the “Measures for the Implementation of Enterprise Income Tax Policies in the Tibet Autonomous Region (Provisional)” issued by the Government of the People's Republic of China under No. 11 of the [2022], from 1 January, 2022 to 31 December, 2025, they will be exempted from the local portion of the enterprise income tax.

2.2 *VAT*

Based on the regulation in VAT Preference Items for Resource Comprehensively Utilised Products and Labor Services Involving the Comprehensive Utilisation of Resources (Cai Shui [2015] No. 78), certain subsidiaries of the Group are entitled to the preferential policy of VAT refund upon paying at a refund ratio of 70%.

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Items	Closing balance	Opening balance
Cash on hand	4,312,987	2,099,477
Bank deposits	4,819,737,443	5,319,976,718
Other cash and bank balances	433,058,191	527,389,156
Total	<u>5,257,108,621</u>	<u>5,849,465,351</u>
Among others: total deposits outside the country	978,243,294	1,216,250,877

2. Financial assets held for trading

Unit: RMB

Items	Closing balance	Opening balance
Equity investments	1,658,336	1,495,675
Total	<u>1,658,336</u>	<u>1,495,675</u>

3. Notes receivable

Unit: RMB

Items	Closing balance	Opening balance
Bank Acceptance Bill	124,346,990	275,075,423
Total	<u>124,346,990</u>	<u>275,075,423</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

3. Notes receivable – *continued*

Among them, pledged notes receivable are as follows:

Unit: RMB

Items	Pledged notes receivable at the end of the end period
Bank Acceptance Bill	—
Total	—

Notes receivable that have been endorsed or discounted but are not yet due at the balance sheet date are as follows:

Unit: RMB

Items	Derecognised	Not Derecognised
Bank Acceptance Bill	—	72,981,736
Total	—	72,981,736

4. Accounts receivable

The ageing analysis of accounts receivable is as follows:

Unit: RMB

	Closing balance	Opening balance
Within 6 months	2,460,858,911	1,774,340,469
6 to 12 months	558,446,265	327,137,999
Subtotal within 1 year	3,019,305,176	2,101,478,468
1 to 2 years	258,061,766	228,421,668
2 to 3 years	58,971,841	41,812,808
Over 3 years	111,583,040	123,484,774
Less: Impairment allowance	262,665,491	235,701,561
Total	3,185,256,332	2,259,496,157

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

4. Accounts receivable – *continued*

Disclosure by bad debt provision method

Unit: RMB

	Closing balance					Opening balance				
	Balance of carrying amount		Provision for bad debts		Carrying amount value	Balance of carrying amount		Provision for bad debts		Carrying amount value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Receivables for which bad debt provision is assessed on an individual basis	110,890,897	3	97,118,494	88	13,772,403	134,004,127	5	110,292,647	82	23,711,480
Receivables for which bad debt provision is assessed on a portfolio basis	3,337,030,926	97	165,546,997	5	3,171,483,929	2,361,193,591	95	125,408,914	5	2,235,784,677
Category of cement receivable	591,411,123	17	48,435,821	8	542,975,302	409,398,606	16	33,159,780	8	376,238,826
Category of concrete receivable	2,379,304,644	69	87,751,183	4	2,291,553,461	1,606,791,405	65	62,487,781	4	1,544,303,624
Category of other business receivables	366,315,159	11	29,359,993	8	336,955,166	345,003,580	14	29,761,353	9	315,242,227
Total	3,447,921,823	/	262,665,491	/	3,185,256,332	2,495,197,718	/	235,701,561	/	2,259,496,157

Receivables for which bad debt provision is assessed on an individual basis are as follows:

Unit: RMB

	Closing balance			
	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Client A	10,663,529	10,663,529	100	All uncollectible
Client B	11,392,832	11,165,832	98	Partly uncollectible
Other client	88,834,536	75,289,133	85	Partly uncollectible
Total	110,890,897	97,118,494	88	/

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

4. Accounts receivable – *continued*

Disclosure by bad debt provision method – continued

Receivables for which bad debt provision is assessed on a portfolio basis are as follows:

Category of cement receivable:

Unit: RMB

	Balance of carrying amount	Closing balance Provision for bad debts	Expected credit loss rate (%)
Within 6 months	530,783,075	25,333,591	5
6 to 12 months	25,935,812	2,353,329	9
1 to 2 years	30,301,552	16,577,751	55
2 to 3 years	–	–	–
Over 3 years	4,390,684	4,171,150	95
Total	<u>591,411,123</u>	<u>48,435,821</u>	

Category of concrete receivable:

Unit: RMB

	Balance of carrying amount	Closing balance Provision for bad debts	Expected credit loss rate (%)
Within 6 months	1,706,638,875	34,253,570	2
6 to 12 months	454,091,042	14,252,744	3
1 to 2 years	187,349,104	24,808,507	13
2 to 3 years	27,541,610	11,710,192	43
Over 3 years	3,684,013	2,726,170	74
Total	<u>2,379,304,644</u>	<u>87,751,183</u>	

Category of other business receivables:

Unit: RMB

	Balance of carrying amount	Closing balance Provision for bad debts	Expected credit loss rate (%)
Within 6 months	223,461,962	4,402,947	2
6 to 12 months	70,617,853	3,495,299	5
1 to 2 years	38,349,286	4,557,248	12
2 to 3 years	24,098,350	8,193,439	34
Over 3 years	9,787,708	8,711,060	89
Total	<u>366,315,159</u>	<u>29,359,993</u>	

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

4. Accounts receivable – *continued*

Movements in provision for bad debts of accounts receivable are as follows:

Unit: RMB

	Opening balance	Provision for the year	Amount of change for the period			Closing balance
			Recovered or reversal	Write-offs	Other movements	
Bad debts of accounts receivable	235,701,561	40,396,436	10,745,290	3,085,320	-398,104	262,665,491
Total	235,701,561	40,396,436	10,745,290	3,085,320	-398,104	262,665,491

Accounts receivable written off during the period:

Unit: RMB

Items	Amount of write-off
Accounts receivable actually written off	3,085,320

The top 5 of the balance of accounts receivable were as follows:

Unit: RMB

	Closing balance	Proportion in total accounts receivable (%)	Provision for bad debts	Net value
First	62,302,217	2	10,582,827	51,719,390
Second	18,725,871	1	397,149	18,328,722
Third	18,219,433	1	394,459	17,824,974
Fourth	17,689,277	1	429,667	17,259,610
Fifth	16,521,596	1	330,432	16,191,164
Total	133,458,394	/	12,134,534	121,323,860

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

5. Receivables financing

Unit: RMB

	Closing balance	Opening balance
Bank acceptance bills	445,611,239	746,018,692
Total	445,611,239	746,018,692

Bills endorsed or discounted but not yet due are as follows:

Unit: RMB

	Derecognized	Not Derecognized
Bank acceptance bills	1,587,878,294	—
Total	1,587,878,294	—

6. Prepayments

An aging analysis of prepayments is as follows:

Unit: RMB

	Closing balance		Opening balance	
	Balance of carrying amount	Proportion (%)	Balance of carrying amount	Proportion (%)
Within 1 year	418,440,848	90	382,702,940	92
1 to 2 years	28,417,470	6	24,587,858	6
2 to 3 years	7,747,773	2	3,910,239	1
Over 3 years	9,863,015	2	6,677,694	1
Total	464,469,106	100	417,878,731	100

As at 30 June 2024, there was no significant prepayments aging over 1 year. (31 December 2023 Nil).

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

6. Prepayments – *continued*

The top 5 of the balance of prepayment:

Unit: RMB

	Closing balance	Percentage of total amount (%)
First	46,227,906	10
Second	30,601,221	7
Third	20,441,400	4
Fourth	19,128,693	4
Fifth	10,170,300	2
Total	<u>126,569,520</u>	<u>27</u>

7. Other receivables

Unit: RMB

	Closing balance	Opening balance
Interests receivable	21,311,645	5,401,108
Dividends receivable	1,426,876	1,426,876
Other receivables	<u>802,570,532</u>	<u>740,440,448</u>
Total	<u>825,309,053</u>	<u>747,268,432</u>

Other receivables

An aging analysis of other receivables is as follows:

Unit: RMB

	Closing balance	Opening balance
Within 1 year	542,925,857	449,223,204
1 to 2 years	112,341,277	156,857,056
2 to 3 years	48,356,718	40,796,405
Over 3 years	198,642,502	197,910,488
Less: Provision for bad debts of other receivables	<u>99,695,822</u>	<u>104,346,705</u>
Total	<u>802,570,532</u>	<u>740,440,448</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

7. Other receivables – *continued*

Other receivables – continued

Other receivables are classified by nature as follows:

Unit: RMB

	Closing balance	Opening balance
Receivables from disposal of assets	272,542,989	272,542,989
Loans and out-of-pocket expenses	216,341,876	212,161,594
Margin and deposits	222,208,217	220,557,318
Petty cash	6,230,162	6,059,314
Other	184,943,110	133,465,938
Total	<u>902,266,354</u>	<u>844,787,153</u>

Movement in provision for bad debts:

Unit: RMB

	Opening balance	Amount of change during the period				Other	Closing balance
		Provision for the year	Reversal for the year	Write-off for the year			
Bad debt provision for other receivables	104,346,705	10,639,598	8,663,890	6,622,981	3,610	99,695,822	
Total	<u>104,346,705</u>	<u>10,639,598</u>	<u>8,663,890</u>	<u>6,622,981</u>	<u>3,610</u>	<u>99,695,822</u>	

Actually written off during the period

Unit: RMB

	Amount written off
Written off	<u>6,622,981</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

7. Other receivables – *continued*

Other receivables – continued

The top 5 of the balance of other receivables:

Unit: RMB

	Closing balance	Proportion in total balance of other receivables (%)	Nature	Aging	Closing balance of provision for bad debts
First	272,542,989	30	Receivables from disposal of assets	Within 1 year	—
Second	40,840,000	5	Margin and deposits	Within 1 year, 1 to 2 years, 2 to 3 years	—
Third	38,927,223	4	Loans and out-of-pocket expenses	Over 3 years	38,927,223
Fourth	29,719,830	3	Loans and out-of-pocket expenses	Over 3 years	22,349,477
Fifth	21,803,141	2	Loans and out-of-pocket expenses	Over 3 years	—
Total	<u>403,833,183</u>	<u>45</u>	/	/	<u>61,276,700</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

8. Inventories

Unit: RMB

	Closing balance			Opening balance		
	Balance of carrying amount	Provision for decline in value/impairment	Carrying value	Balance of carrying amount	Provision for decline in value/impairment	Carrying value
Raw materials	920,442,180	66,871	920,375,309	1,105,785,922	66,501	1,105,719,421
Work in progress	1,032,812,745	57,849,206	974,963,539	891,703,251	56,736,368	834,966,883
Finished goods	772,105,686	21,755,461	750,350,225	874,538,962	23,924,403	850,614,559
Spare parts	968,690,620	127,196,130	841,494,490	798,465,639	126,828,337	671,637,302
Total	3,694,051,231	206,867,668	3,487,183,563	3,670,493,774	207,555,609	3,462,938,165

The movements in provision for write-down of inventories are as follows:

Unit: RMB

	Opening balance	Increase during the year		Decrease during the year		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	66,501	—	370	—	—	66,871
Work in progress	56,736,368	3,274,290	—	2,161,452	—	57,849,206
Finished goods	23,924,403	5,593,323	462,988	8,073,708	151,545	21,755,461
Spare parts	126,828,337	1,307,954	1,458,181	2,355,587	42,755	127,196,130
Total	207,555,609	10,175,567	1,921,539	12,590,747	194,300	206,867,668

9. Other current assets

Unit: RMB

	Closing balance	Opening balance
Retained input VAT and prepaid income tax	794,109,122	719,948,991
Fixed deposit	282,782,530	681,571,424
Others	24,225,817	58,430,981
Total	1,101,117,469	1,459,951,396

Note: As at 30 June 2024, fixed deposits in local commercial banks with maturities term over three months but under a year are classified to other current assets and the annual interest rate is 6.25%.

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

10. Long-term receivables

Unit: RMB

	Closing balance			Opening balance		
	Balance of carrying amount	Provision for bad debts	Carrying value	Balance of carrying amount	Provision for bad debts	Carrying value
Loans	80,450,000	—	80,450,000	80,450,000	—	80,450,000
Others	6,279,930	—	6,279,930	526,447	—	526,447
Total	86,729,930	—	86,729,930	80,976,447	—	80,976,447

11. Long-term equity investments

Unit: RMB

	Opening balance	Changes for the period				Closing balance
		Increase in investment	Investment income or loss recognized under the equity method	Other equity changes	Cash dividends declared	
I. Joint venture						
Tibet Huaxin New Aggregate Co.	—	15,300,000	—	—	—	15,300,000
Subtotal	—	15,300,000	—	—	—	15,300,000
II. Associates						
Tibet High-tech Building Materials Group Co., Ltd	361,515,912	—	541,402	-62,252	—	361,995,062
Shanghai Wan'an Huaxin Cement Co., Ltd.	89,221,403	—	-470,149	—	—	88,751,254
Zhangjiajie Tianzi Concrete Co., Ltd.	3,132,008	—	434,497	—	—	3,566,505
Xinyang Xinxin Mining Co., Ltd	30,000,000	30,000,000	—	—	—	60,000,000
Mondi Oman LLC	28,994,028	—	1,074,972	—	-5,173,467	24,895,533
Subtotal	512,863,351	30,000,000	1,580,722	-62,252	-5,173,467	539,208,354
Total	512,863,351	45,300,000	1,580,722	-62,252	-5,173,467	554,508,354

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

12. Other equity investments

Unit: RMB

	Initial investment cost	Changes in fair value gains recognized in other comprehensive income for the year	Closing balance	Accumulated gains recognized in other comprehensive income	Accumulated Losses recognized in other comprehensive income
Equity investment in unlisted companies 1	41,113,278	741,762	41,855,040	29,944,934	–
Equity investment in unlisted companies 2	923,520,621	27,210,644	950,731,265	–	56,071,397
Total	964,633,899	27,952,406	992,586,305	29,944,934	56,071,397

The voting rights of the Group in equity investment projects 1 and 2 of unlisted companies are 1.4988% and 5.2173%, respectively, and the Group does not participate in or influence their financial and operational decisions in any way, so the Group does not have a significant influence on the above-mentioned companies, and it is accounted for other equity instruments for strategic investment considerations.

13. Fixed assets

Unit: RMB

	Closing balance	Opening balance
Fixed assets	27,735,959,700	27,740,383,101
Disposal of fixed assets	12,547,712	11,990,805
Total	27,748,507,412	27,752,373,906

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

13. Fixed assets – *continued*

Unit: RMB

	Buildings	Machinery	Office equipment	Transportation equipment	Total
I. Original price					
1. Opening balance	21,550,357,218	25,607,563,332	337,347,099	482,046,979	47,977,314,628
2. Addition	183,532,829	1,077,174,158	8,485,514	12,524,169	1,281,716,670
(1) Purchase	7,710	53,987,692	4,379,878	5,282,365	63,657,645
(2) Transfers from construction in progress	97,833,043	925,267,953	2,984,836	5,099,328	1,031,185,160
(3) Business combinations	16,356,285	8,709,155	212,324	41,040	25,318,804
(4) Exchange differences on foreign currency translation	69,335,791	89,209,358	908,476	2,101,436	161,555,061
3. Reduction	9,281,641	107,650,656	9,711,620	17,439,257	144,083,174
(1) Disposal or retirement	9,281,641	107,650,656	9,711,620	17,439,257	144,083,174
4. Closing balance	21,724,608,406	26,577,086,834	336,120,993	477,131,891	49,114,948,124
II. Accumulated depreciation					
1. Opening balance	5,902,807,902	13,365,453,094	238,640,170	362,447,136	19,869,348,302
2. Addition	429,373,837	765,072,529	13,805,153	30,592,982	1,238,844,501
(1) Provision	406,779,589	710,347,325	13,296,424	29,134,359	1,159,557,697
(2) Exchange differences on foreign currency translation	22,594,248	54,725,204	508,729	1,458,623	79,286,804
3. Reduction	17,076,113	48,136,781	10,542,267	18,837,161	94,592,322
(1) Disposal or retirement	17,076,113	48,136,781	10,542,267	18,837,161	94,592,322
4. Closing balance	6,315,105,626	14,082,388,842	241,903,056	374,202,957	21,013,600,481
III. Provision for impairment					
1. Opening balance	218,041,179	149,069,032	202,173	270,841	367,583,225
2. Addition	–	–	–	–	–
(1) Provision	–	–	–	–	–
3. Reduction	405,487	1,789,795	–	–	2,195,282
(1) Disposal or retirement	405,487	1,789,795	–	–	2,195,282
4. Closing balance	217,635,692	147,279,237	202,173	270,841	365,387,943
IV. Carrying value					
1. At the end of the year	15,191,867,088	12,347,418,755	94,015,764	102,658,093	27,735,959,700
2. At the beginning of the year	15,429,508,137	12,093,041,206	98,504,756	119,329,002	27,740,383,101

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

13. Fixed assets – *continued*

Fixed assets that are temporarily idle are as follows:

Unit: RMB

	Original price	Accumulated depreciation	Provision for impairment losses	Carrying value
Buildings	987,644,790	598,504,787	17,673,184	371,466,819
Machinery and equipment	1,568,036,112	1,241,786,534	11,733,883	314,515,695
Office equipment	12,266,232	10,378,421	—	1,887,811
Transportation equipment	38,486,721	35,704,874	42,529	2,739,318
Total	<u>2,606,433,855</u>	<u>1,886,374,616</u>	<u>29,449,596</u>	<u>690,609,643</u>

Fixed assets leased under operating leases are as follows:

Unit: RMB

	Buildings	Machinery	Office equipment	Transportation equipment	Carrying value at the end of the year
Original price	1,713,873	2,270,989	93,589	54,201	4,132,652
Lease back	—	—	—	—	—
Closing balance	<u>1,713,873</u>	<u>2,270,989</u>	<u>93,589</u>	<u>54,201</u>	<u>4,132,652</u>
Accumulated depreciation	—	—	—	—	—
Opening balance	930,624	2,180,149	89,845	52,033	3,252,651
Provision	44,682	—	—	—	44,682
Lease back	—	—	—	—	—
Closing balance	<u>975,306</u>	<u>2,180,149</u>	<u>89,845</u>	<u>52,033</u>	<u>3,297,333</u>
Carrying value at the end of the year	<u>738,567</u>	<u>90,840</u>	<u>3,744</u>	<u>2,168</u>	<u>835,319</u>
Carrying value at beginning of the year	<u>783,249</u>	<u>90,840</u>	<u>3,744</u>	<u>2,168</u>	<u>880,001</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

14. Construction in progress

Unit: RMB

	Closing balance	Opening balance
Construction in progress	3,700,527,363	3,509,006,781
Materials for construction of fixed assets	121,286,454	105,807,649
Total	<u>3,821,813,817</u>	<u>3,614,814,430</u>

Construction in progress

Unit: RMB

	Closing balance			Opening balance		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Huaxin Huangshi Green Building Materials Billion Tons Machine-made Sand Project	744,722,689	—	744,722,689	621,398,818	—	621,398,818
Huaxin Environmental Engineering Series Project Huangshi Cement Supporting Project	454,160,499	—	454,160,499	384,179,550	—	384,179,550
Huaxin Integrated Series Project Huangshi Cement Supporting Project	243,524,972	—	243,524,972	166,606,258	—	166,606,258
Huaxin Aggregate Series Project Mozambique New 2500t Cement Clinker Production Line Project	397,536,897	—	397,536,897	328,067,382	—	328,067,382
Huaxin Aggregate Series Project Maweni Clinker Phase II Project	100,823,894	—	100,823,894	5,382,182	—	5,382,182
Mozambique New 2500t Cement Clinker Production Line Project	234,381,939	—	234,381,939	41,341,006	—	41,341,006
Maweni Clinker Phase II Project	4,275,814	—	4,275,814	763,536,472	—	763,536,472
Others	1,532,492,238	11,391,579	1,521,100,659	1,208,768,559	10,273,446	1,198,495,113
Total	<u>3,711,918,942</u>	<u>11,391,579</u>	<u>3,700,527,363</u>	<u>3,519,280,227</u>	<u>10,273,446</u>	<u>3,509,006,781</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

14. Construction in progress – *continued*

Construction in progress – continued

Changes of major construction in progress are as below:

Unit: RMB

	Budget	Opening balance	Increase during the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Percentage of project investment in budget (%)	Progress of works	Accumulated amount of capitalized interest	Including: capitalized interest for the year	Capitalization rate of interest for the year (%)	Source of funding
Maweni Clinker Phase II Project	883,260,000	763,536,472	59,191,994	818,452,652	–	4,275,814	86	86	12,487,651	6,312,834	5	Self-owned funds and bank borrowings
Huaxin Huangshi Green Building Materials Billion Tons Machine-made Sand Project	9,957,000,000	621,398,818	123,323,871	–	–	744,722,689	91	91	72,106,668	–	3	Self-owned funds and bank borrowings
Huaxin Environmental Engineering Series Project Huangshi Cement Supporting Project	826,811,342	384,179,550	94,831,627	24,850,678	–	454,160,499	N/A	N/A	7,753,326	3,119,823	4	Self-owned funds and bank borrowings
Huaxin Integrated Series Project	1,500,341,300	166,606,258	80,885,493	–	3,966,779	243,524,972	N/A	N/A	–	–	–	Self-owned funds
Huangshi Cement Supporting Project	2,208,039,800	328,067,382	69,469,515	–	–	397,536,897	90	90	–	–	–	Self-owned funds
Mozambique New 2500t Cement Clinker Production Line Project	504,000,000	41,341,006	193,040,933	–	–	234,361,939	N/A	N/A	–	–	–	Self-owned funds and bank borrowings
Huaxin Aggregate Series Project	2,502,735,338	5,382,182	99,773,570	–	4,331,858	100,823,894	47%	47%	–	–	–	Self-owned funds
Others	N/A	1,198,495,113	586,681,241	187,881,830	76,193,865	1,521,100,659	N/A	N/A	14,356,434	–	4	Self-owned funds and bank borrowings
Total	18,382,187,780	3,509,006,781	1,307,198,244	1,031,185,160	84,492,502	3,700,527,363	/	/	106,704,079	9,432,657	/ /	

Provision for impairment of construction in progress:

Unit: RMB

	Opening balance	Increase during the year	Decrease during the year	Closing balance	Reason for the provision
Fangxian County Project of Huaxin Environmental Engineering	1,520,583	–	–	1,520,583	The project has been suspended because the relocation work cannot be carried out
Loudi Project of Huaxin Environmental Engineering	5,473,353	–	–	5,473,353	The project has been suspended due to invalidation of initial planning
Mining Rights Project of Enping Company	1,892,993	1,118,133	–	3,011,126	The project has been suspended due to invalidation of safe production permit of mining
Mining rights of Heshangbao, Zigui	485,436	–	–	485,436	The project has been suspended due to invalidation of initial planning
Hainan Xinhongda Project	901,081	–	–	901,081	Performance not meeting expectations
Total	10,273,446	1,118,133	–	11,391,579	/

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

14. Construction in progress – *continued*

Materials for construction of fixed assets

Unit: RMB

	Closing balance			Opening balance		
	Account balance	Impairment provision	Carrying value	Account balance	Impairment provision	Carrying value
Special equipment	121,286,454	—	121,286,454	105,807,649	—	105,807,649
Total	121,286,454	—	121,286,454	105,807,649	—	105,807,649

15. Right-of-use assets

Unit: RMB

	Land use right and mine use right	Buildings and Related facilities	Machinery and equipment	Automobiles and transportation vehicles	Total
I. Original price					
1. Opening balance	763,001,547	569,842,287	702,664,992	25,246,209	2,060,755,035
2. Addition	40,435,968	50,475,545	97,881,916	3,638	188,797,067
(1) New leased-in	40,275,928	50,162,141	97,739,677	—	188,177,746
(2) Exchange differences on foreign currency translation	160,040	313,404	142,239	3,638	619,321
3. Reduction	25,023,967	7,362,652	38,088,977	23,791,715	94,267,311
(1) Disposal or retirement	25,023,967	7,362,652	38,088,977	23,791,715	94,267,311
(2) Others	—	—	—	—	—
4. Closing balance	778,413,548	612,955,180	762,457,931	1,458,132	2,155,284,791
II. Accumulated depreciation					
1. Opening balance	158,729,330	118,647,788	102,373,985	296,475	380,047,578
2. Addition	50,647,183	45,936,707	50,412,368	248,915	147,245,173
(1) Provision	50,658,590	45,850,705	50,412,368	247,838	147,079,501
(2) Exchange differences on foreign currency translation	78,593	86,002	—	1,077	165,672
3. Reduction	710,879	17,910	—	—	728,789
(1) Disposal	710,879	17,910	—	—	728,789
(2) Others	—	—	—	—	—
4. Closing balance	208,665,634	164,566,585	152,786,353	545,390	526,563,962
III. Carrying value					
1. At the end of the year	569,747,914	448,388,595	609,671,578	912,742	1,628,720,829
2. At the beginning of the year	604,272,217	451,194,499	600,291,007	24,949,734	1,680,707,457

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

16. Intangible assets

Unit: RMB

	Land use rights	Mining rights	Mine restoration fees	Concession rights	Software and others	Total
I. Original price						
1. Opening balance	4,267,835,774	13,681,752,117	891,734,799	174,185,903	310,531,753	19,326,040,346
2. Addition	82,342,326	964,988,368	2,622,081	1,734,216	5,787,689	1,057,474,680
(1) Purchase	51,528,276	953,006,561	2,614,890	73,375	59,655	1,007,282,757
(2) Transfer from construction in progress	19,432,576	5,544,356	—	1,660,841	5,521,848	32,159,621
(3) Exchange differences on foreign currency translation	3,129,312	6,437,451	7,191	—	200,779	9,774,733
(4) Business combinations	8,252,162	—	—	—	5,405	8,257,567
3. Reduction	41,789,599	—	—	—	—	41,789,599
(1) Disposal	41,789,599	—	—	—	—	41,789,599
4. Closing balance	4,308,388,501	14,646,740,485	894,356,880	175,920,119	316,319,442	20,341,725,427
II. Accumulated amortization						
1. Opening balance	686,557,389	2,096,681,421	203,437,898	81,152,210	249,895,870	3,317,724,788
2. Addition	42,762,537	513,592,842	18,160,784	7,427,057	14,615,723	596,558,943
(1) Provision	42,445,265	512,020,197	18,160,784	7,427,057	14,586,286	594,639,589
(2) Exchange differences on foreign currency translation	299,449	1,572,645	—	—	29,437	1,901,531
(3) Business combinations	17,823	—	—	—	—	17,823
3. Reduction	453,196	—	—	—	—	453,196
(1) Disposal	453,196	—	—	—	—	453,196
4. Closing balance	728,866,730	2,610,274,263	221,598,682	88,579,267	264,511,593	3,913,830,535
III. Provision for impairment losses						
1. Opening balance	6,421,519	23,524,969	—	—	20,531,969	50,478,457
2. Addition	—	—	—	—	—	—
(1) Provision	—	—	—	—	—	—
3. Reduction	—	—	—	—	—	—
(1) Disposal	—	—	—	—	—	—
4. Closing balance	6,421,519	23,524,969	—	—	20,531,969	50,478,457
IV. Carrying value						
1. At the end of the year	<u>3,573,100,252</u>	<u>12,012,941,253</u>	<u>672,758,198</u>	<u>87,340,852</u>	<u>31,275,880</u>	<u>16,377,416,433</u>
2. At the beginning of the year	<u>3,574,856,866</u>	<u>11,561,545,727</u>	<u>688,296,901</u>	<u>93,033,693</u>	<u>40,103,914</u>	<u>15,957,837,101</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

17. Goodwill

Unit: RMB

	Opening balance	Increase business combinations	Decrease Disposals	Closing balance
Huaxin Cement (Daye) Co., Ltd	189,057,605	—	—	189,057,605
NatalPortland Cement Company (Pty) Ltd.	152,986,320	—	—	152,986,320
Cambodian Cement Chakrey Ting Factory Co., Ltd.	125,767,908	—	—	125,767,908
Huaxin Jinlong Cement (Yunxian) Co., Ltd.	101,685,698	—	—	101,685,698
CHILANGA Cement PLC	87,794,908	—	—	87,794,908
Hainan Xinhongda Building Materials Co., Ltd.	79,313,263	—	—	79,313,263
Success Eagle Cement (Hong Kong) Limited and its subsidiaries	69,557,768	—	—	69,557,768
NETNIX LIMITED	59,573,587	—	—	59,573,587
Hainan Huaxin Fuli Concrete Co.	21,944,066	—	—	21,944,066
Huaxin Cement (E'zhou) Co., Ltd.	21,492,135	—	—	21,492,135
Hainan Huaxin Dacheng Concrete Co.	16,533,093	—	—	16,533,093
Yueyang County Yonggu Concrete Co.	8,119,042	—	—	8,119,042
Hainan Huaxin Ronghui Concrete Co., Ltd	5,809,669	—	—	5,809,669
Huaxin Commercial Concrete (Ezhou Huarong) Co.	—	25,017,823	—	25,017,823
Total	939,635,062	25,017,823	—	964,652,885

Impairment losses of goodwill measured as follows:

Unit: RMB

	Opening balance	Increase Provision	Decrease Disposals	Closing balance
Success Eagle Cement (Hong Kong) Limited and its subsidiaries	69,557,768	—	—	69,557,768
Huaxin Cement (E'zhou) Co., Ltd.	21,492,135	—	—	21,492,135
Hainan Xinhongda Building Materials Co., Ltd.	79,313,263	—	—	79,313,263
Total	170,363,166	—	—	170,363,166

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

18. Long-term prepaid expenditures

Unit: RMB

	Opening balance	Addition	Amortization	Impairment	Closing balance
Mine development cost	165,082,386	1,781,338	10,561,223	–	156,302,501
Relocation expenses	552,629,829	5,903,449	31,028,536	–	527,504,742
Others	239,058,771	43,851,544	11,515,344	1,043,798	270,351,172
Total	<u>956,770,986</u>	<u>51,536,331</u>	<u>53,105,103</u>	<u>1,043,798</u>	<u>954,158,415</u>

19. Deferred tax assets/Deferred tax liabilities

Deferred income tax asset not eliminated:

Unit: RMB

	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	394,591,059	78,974,880	383,880,347	76,770,764
Unrealized profit arising from elimination of intra-group transactions	256,833,601	64,208,400	255,311,951	63,827,988
Deductible tax losses	920,094,722	267,992,396	627,902,488	151,997,263
Difference between the fair value and the tax cost of identifiable assets of business combination	964,654,693	218,287,760	1,011,320,512	228,817,495
Temporary differences arising from expense recognition	288,922,026	55,409,049	290,110,228	55,469,070
Changes in fair value of other equity instruments	45,086,014	11,271,503	46,125,064	11,531,266
Lease	1,534,067,055	377,506,303	1,726,168,267	421,050,980
Provision for staff welfare	86,070,039	17,076,601	86,626,752	17,453,761
Provisions for Mine restoration	697,644,885	138,307,549	715,339,143	141,857,637
Others	71,992,038	15,343,328	77,758,564	16,784,960
Total	<u>5,259,956,132</u>	<u>1,244,377,769</u>	<u>5,220,543,316</u>	<u>1,185,561,184</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

19. Deferred tax assets/Deferred tax liabilities – *continued*

Deferred income tax liabilities not eliminated:

Unit: RMB

	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Valuation appreciation on assets in business combination not involving enterprises under common control	2,310,281,480	598,007,092	2,362,534,710	610,403,499
Changes in fair value of other equity instrument investments	57,459,915	14,364,979	43,356,513	10,839,128
Capitalization of interest on general borrowings	117,207,253	29,301,814	121,169,086	30,292,272
Changes in fair value of other non-current assets	29,173,648	7,293,412	22,946,195	5,736,549
Depreciation difference of fixed assets between accounting and tax basis	1,981,243,866	394,620,110	1,920,460,896	376,136,308
Lease	1,628,720,829	400,100,649	1,680,164,719	420,041,180
Intangible assets for mine restoration	650,726,516	129,734,833	665,678,087	130,218,406
Others	841,650,712	235,119,495	580,425,069	171,386,299
Total	7,616,464,219	1,808,542,384	7,396,735,275	1,755,053,641

Deferred income tax assets and deferred income tax liabilities are presented at the net amount after eliminated:

Unit: RMB

	Amount of deferred income tax assets and liabilities offset at the end of the period	Closing balance of deferred income tax assets or liabilities after offset	Deferred income tax assets and liabilities offset at beginning of period	Opening balance of deferred tax assets or liabilities after offset
Deferred income tax assets	616,086,204	628,291,565	631,427,595	554,133,589
Deferred income tax liabilities	616,086,204	1,192,456,180	631,427,595	1,123,626,046

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

19. Deferred tax assets/Deferred tax liabilities – *continued*

Details of unrecognized deferred income tax assets

Unit: RMB

	Closing balance	Opening balance
Deductible temporary differences	2,054,003,741	2,164,272,028
Deductible losses	1,620,695,851	1,355,826,505
Total	3,674,699,592	3,520,098,533

The deductible losses that are not recognised as deferred income tax assets will expire in the following years:

Unit: RMB

	Closing balance	Opening balance
2024	68,842,865	76,671,934
2025	40,038,325	41,370,682
2026	78,084,324	81,192,190
2027	509,180,756	510,073,759
2028	614,576,920	618,094,607
2029	265,364,324	—
2030	—	—
2032	5,745,083	5,745,083
2033	22,678,250	22,678,250
2034	16,185,004	—
Total	1,620,695,851	1,355,826,505

The Group's subsidiaries with deductible losses prepare the profit forecasts for the next 5 years based on the approved budget to assess the taxable income before the expiration of the deductible loss, and to recognize the deferred income tax assets for the deductible loss based on the assessment result.

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

20. Assets with restricted ownership or usage rights

Unit: RMB

	Closing balance			Opening balance		
	Carrying Amount	Book Value	Restricted types	Carrying Amount	Book Value	Restricted types
Cash and bank balances (Note 1)	433,058,191	433,058,191	Others	479,349,366	479,349,366	Others
Fixed assets (Note 2)	5,229,967	5,229,967	Mortgaged	5,325,242	5,325,242	Mortgaged
Intangible assets (Note 3)	5,649,494	5,649,494	Mortgaged	5,735,966	5,735,966	Mortgaged
Total	<u>443,937,652</u>	<u>443,937,652</u>	/	<u>490,410,574</u>	<u>490,410,574</u>	/

Note 1: For restricted cash and bank balances, refer to Note VII.1.

Note 2: As at 30 June 2024, the Group obtained short-term borrowings by pledging buildings with a carrying value of RMB5,229,967 (31 December 2023: RMB5,325,242). For short-term borrowings, please refer to Note VII.21.

Note 3: As at 30 June 2024, the Group obtained short-term borrowings by pledging land use rights with a carrying value of RMB5,649,494 (31 December 2023: RMB5,735,966). For short-term borrowings, please refer to Note VII.21.

21. Short-term borrowings

Unit: RMB

	Closing balance	Opening balance
Mortgaged borrowings (Note 1)	13,000,000	13,000,000
Guaranteed Borrowings (Note 2)	460,869,956	191,021,027
Credit borrowings	188,790,000	440,312,901
Total	<u>662,659,956</u>	<u>644,333,928</u>

Note 1: As at 30 June 2024 and 31 December 2023, details and value of collaterals corresponding to mortgaged borrowings of the Group are set out in Note VII. 20.

Note 2: As at 30 June 2024 and 31 December 2023, the guaranteed borrowings were guaranteed by entities within the Group.

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

22. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
Commercial acceptance bills	—	—
Bank acceptance bills	<u>764,470,918</u>	<u>935,465,582</u>
Total	<u><u>764,470,918</u></u>	<u><u>935,465,582</u></u>

As at 30 June 2024, there were no outstanding notes payable (31 December 2023: Nil).

23. Accounts payable

Unit: RMB

	Closing balance	Opening balance
Within 1 year (inclusive of 1 year)	6,113,180,575	6,279,191,709
1 to 2 years (inclusive of 2 years)	553,118,085	747,849,708
2 to 3 years (inclusive of 3 years)	527,917,002	481,044,971
Over 3 years	<u>402,034,769</u>	<u>318,917,850</u>
Total	<u><u>7,596,250,432</u></u>	<u><u>7,827,004,238</u></u>

24. Contract liabilities

Unit: RMB

	Closing balance	Opening balance
Advance on sales of goods	<u>706,835,535</u>	<u>717,019,466</u>
Total	<u><u>706,835,535</u></u>	<u><u>717,019,466</u></u>

Generally, the Group will perform the obligations and recognize revenue within three months after receiving the advance on sales of goods will.

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

25. Employee benefits payable

Unit: RMB

	Opening balance	Increase	Decrease	Closing balance
Short-term remunerations	284,887,530	1,151,191,126	1,313,972,227	122,106,429
Post-employment benefits (defined contribution plan)	4,496,785	120,975,504	122,970,155	2,502,134
Other benefits due within 1 year	<u>23,030,525</u>	<u>2,133</u>	<u>7,713,629</u>	15,319,029
Total	<u>312,414,840</u>	<u>1,272,168,763</u>	<u>1,444,656,011</u>	<u>139,927,592</u>

Short-term remuneration is as follows:

Unit: RMB

	Opening balance	Increase	Decrease	Closing balance
Wages or salaries, bonuses, allowances and subsidies	243,596,166	875,237,114	1,029,615,378	89,217,902
Staff welfare	3,497,912	106,672,008	110,169,920	—
Social security contributions	10,278,199	76,167,685	84,706,769	1,739,115
Including: Medical insurance	9,804,213	68,744,484	77,240,538	1,308,159
Work injury insurance	324,930	7,084,680	7,179,096	230,514
Maternity insurance	149,056	338,521	287,135	200,442
Housing funds	540,876	73,815,059	73,144,486	1,211,449
Union running costs and employee education costs	<u>26,974,377</u>	<u>19,299,261</u>	<u>16,335,675</u>	29,937,963
Total	<u>284,887,530</u>	<u>1,151,191,126</u>	<u>1,313,972,227</u>	<u>122,106,429</u>

Defined contribution plan are as follows:

Unit: RMB

	Opening balance	Increase	Decrease	Closing balance
Basic pension	4,032,532	116,079,202	118,082,578	2,029,156
Unemployment insurance	<u>464,253</u>	<u>4,896,302</u>	<u>4,887,577</u>	472,978
Total	<u>4,496,785</u>	<u>120,975,504</u>	<u>122,970,155</u>	<u>2,502,134</u>

The Group participated in the pension insurance and unemployment insurance plan managed by local government. According to the plan, the Group made contributions based on 0.1%–20% and 0.5–1% of the basic wages of employees. In addition to the monthly deposit fees mentioned above, the Group has no further payment obligations. The corresponding expenses are included in the current profit or loss or the cost of related assets when incurred.

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

26. Taxes and surcharges payable

Unit: RMB

	Closing balance	Opening balance
VAT	138,510,691	171,866,451
Corporate income tax	142,012,112	383,439,328
Individual income tax	3,877,535	3,540,527
Resources tax	31,282,833	43,483,679
Environmental protection tax	18,165,351	22,234,348
Others	75,374,633	81,428,794
Total	<u>409,223,155</u>	<u>705,993,128</u>

27. Other payables

Unit: RMB

	Closing balance	Opening balance
Interests payable	71,387,770	49,499,727
Dividends payable	421,266,452	33,527,121
Other payables	929,175,757	921,491,094
Total	<u>1,421,829,979</u>	<u>1,004,517,942</u>

Interests payable

Unit: RMB

	Closing balance	Opening balance
Interests of corporate bonds	60,577,129	38,363,669
Interests on borrowings	10,810,641	11,136,058
Total	<u>71,387,770</u>	<u>49,499,727</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

27. Other payables – *continued*

Dividends payable

Unit: RMB

	Closing balance	Opening balance
Dividends on common stock	407,793,519	19,421,582
Dividends on non-controlling shareholders – CHILANGA Cement PLC non-controlling shareholders	13,472,933	14,105,539
Total	<u>421,266,452</u>	<u>33,527,121</u>

Other payables

Unit: RMB

	Closing balance	Opening balance
Deposits	417,339,098	426,704,051
Non-controlling shareholders' borrowings and other payables	189,786,488	189,981,444
Payables for equity acquisition and others	139,889,795	136,462,234
Amounts collected on behalf and temporary receipts	10,562,322	5,213,855
Government borrowings	3,818,082	5,000,000
Others	167,779,972	158,129,510
Total	<u>929,175,757</u>	<u>921,491,094</u>

As at 30 June 2024, significant other payables over one year of the Group are as follows:

Unit: RMB

	Closing balance	Reasons for un-repayment
Payables to non-controlling shareholders	188,073,956	Undue Payment
Payables for equity acquisition and others	118,151,695	Criteria is not met
Total	<u>306,225,651</u>	/

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

28. Current portion of non-current liabilities

Unit: RMB

	Closing balance	Opening balance
Long-term borrowings due within one year	2,930,042,943	2,362,002,247
Bonds payable due within one year	1,299,459,200	1,299,459,200
Long-term payables due within one year	2,607,307,326	2,805,780,537
Lease liabilities due within one year	295,566,487	253,660,911
Total	<u>7,132,375,956</u>	<u>6,720,902,895</u>

29. Long-term borrowings

Unit: RMB

	Closing balance	Opening balance
Pledged borrowings	10,280,000	20,560,000
Guaranteed borrowings	7,506,946,844	7,673,321,341
Credit borrowings	4,002,973,400	3,291,140,621
Long-term borrowings due within one year		
Guaranteed borrowings	-2,299,522,943	-1,837,541,747
Long-term borrowings due within one year		
Credit borrowings	-620,240,000	-514,180,500
Long-term borrowings due within one year		
Pledged borrowings	-10,280,000	-10,280,000
Total	<u>8,590,157,301</u>	<u>8,623,019,715</u>

As at 30 June 2024, the annual interest rates of the borrowings above were 1.8%–18.60% (31 December 2023: 1.65%–20.6%).

Note 1: As at 30 June 2024 and 31 December 2023, the guaranteed borrowings of the Group were guaranteed by entities within the Group.

Note 2: As at 30 June 2024 and 31 December 2023, details and value of collaterals corresponding to pledged borrowings of the Group are set out in Note VII. 20.

As at the balance sheet date, an analysis on maturity of long – term borrowings (including the portion due within one year) is as follows:

Unit: RMB

	Closing balance	Opening balance
Within 1 year	2,930,042,943	2,362,002,247
1–2 years	3,256,340,280	3,403,929,002
2–5 years	4,663,064,870	4,497,586,168
Over 5 years	670,752,151	721,504,545
Total	<u>11,520,200,244</u>	<u>10,985,021,962</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – continued

30. Bonds payable

(1) Bonds payable

Unit: RMB

	Closing balance	Opening balance
Overseas bond issued in 2020	2,133,642,269	2,118,883,795
Company bonds issued in 2022 (Low-carbon transition-linked bonds) (Phase I)	899,244,718	898,886,009
Preference shares of subsidiary	148,539,253	147,690,327
Bonds issued in 2023	799,186,698	799,018,899
Total	3,980,612,938	3,964,479,030

(2) Changes in bonds payable

Unit: RMB

Bond Name	Face value	Coupon rate (%)	Issue date	Term	Issue amount	Balance at the beginning of the year	Issued during the year	Amortization of premium or discount	Repayment	Exchange gain or loss	Closing balance	Balance of interest payable
Issuance of overseas bonds in 2020	100	2.25	2020/11/19	5 Years	1,973,460,000	2,118,883,795	–	1,548,911	–	13,209,563	2,133,642,269	5,592,655
2022 Issuance of Corporate Bonds (Low Carbon Transition Linked Bonds) in 2022 (Phase I) Variety I	100	2.99	2022/7/19	3 Years	500,000,000	499,381,116	–	–	–	199,283	499,580,398	14,212,740
2022 Issuance of Corporate Bonds (Low Carbon Transition Linked Bonds) in 2022 (Phase I) Variety II	100	3.39	2022/7/19	5 Years	400,000,000	399,504,893	–	–	–	159,426	399,664,320	12,891,288
Public Offering of "Belt and Road" Science and Technology Innovation Corporate Bonds for Professional Investors in 2023 (First Issue)	100	3.12	2023/12/5	3 Years	800,000,000	799,018,899	–	–	–	292,599	799,186,698	14,223,781
Total	/	/	/	/	3,673,460,000	3,816,788,703	–	1,548,911	–	13,860,871	3,832,073,685	46,920,464

(3) Notes to other financial instruments classified as financial liabilities

Movements in preference shares

Unit: RMB

Outstanding financial instruments	Opening balance		Addition		Closing balance	
	Shares	Carrying amount	Shares	Carrying amount	Shares	Carrying amount
Preference shares of the subsidiary	19,250,000	147,690,327	–	848,926	19,250,000	148,539,253
Total	19,250,000	147,690,327	–	848,926	19,250,000	148,539,253

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

30. Bonds payable – *continued*

(3) *Notes to other financial instruments classified as financial liabilities – continued*

Movements in preference shares – continued

Maturity analysis of bonds payable due over one year

	Closing balance	Opening balance
Within 1 year	–	–
1 to 2 years	2,633,222,668	2,618,264,911
2 to 5 years	1,347,390,270	1,198,523,792
Over 5 years	–	147,690,327
Total	<u>3,980,612,938</u>	<u>3,964,479,030</u>

31. Lease liabilities

Unit: RMB

	Closing balance	Opening balance
Lease liabilities	1,534,167,137	1,602,388,582
Less: lease liabilities due within one year	295,566,487	253,660,911
Total	<u>1,238,600,650</u>	<u>1,348,727,671</u>

32. Long-term payable

Unit: RMB

	Closing balance	Opening balance
Long-term accounts payable	920,951,115	330,821,706
Total	<u>920,951,115</u>	<u>330,821,706</u>

Unit: RMB

	Closing balance	Opening balance
Transaction fees of mining rights paid in installments	3,357,800,530	3,072,820,053
Finance lease back payable	170,457,911	63,782,190
Less: Transaction fees of mining rights paid by installments due within one year	-2,545,967,203	-2,784,520,323
Finance lease payable due within 1 year	-61,340,122	-21,260,214
Total	<u>920,951,115</u>	<u>330,821,706</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

32. Long-term payable – *continued*

Analysis of maturity of long-term payables:

Unit: RMB

	Closing balance	Opening balance
Within 1 year (inclusive of 1 year)	2,607,307,326	2,805,780,537
1 to 2 years (inclusive of 2 years)	440,157,306	74,405,687
2 to 5 years (over 2 years and inclusive of 5 years)	458,584,321	236,844,919
Over 5 years	22,209,488	19,571,100
Total	<u>3,528,258,441</u>	<u>3,136,602,243</u>

33. Long-term employee compensation payable

Unit: RMB

	Closing balance	Opening balance
Net liabilities of defined benefit plan	76,090,211	81,874,646
Less: To be paid within one year	<u>15,319,029</u>	<u>23,030,525</u>
Total	<u>60,771,182</u>	<u>58,844,121</u>

Note 1: The Group's defined benefit plans are various supplementary benefit plans targeting those employees retiring before the designated dates and retired employees. These plans are impacted by interest rate risk and changes in the life expectancy of pension beneficiaries.

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

34. Provisions

Unit: RMB

	Opening balance	Closing balance	Formation reasons
Mine restoration fees (Note 1)	756,554,644	744,119,497	The Group's cement companies recognize estimated restoration costs on the basis of mine restoration expenditures to be incurred in subsequent years.
Others (Note 2)	1,000,000	2,487,214	Others include expected compensation payments for pending litigations of the Group's subsidiaries, etc.
Total	<u>757,554,644</u>	<u>746,606,710</u>	/

Note 1: The estimated restoration costs will be incurred in the following years to restore the mine of subsidiaries within the Group.

Note 2: Provisions for Others include the expected compensation for contingency litigation by subsidiaries of the Group.

35. Deferred income

Unit: RMB

	Opening balance	Addition	Reduction	Closing balance	Underlying reason
Government grants	264,404,822	7,218,243	9,148,670	262,474,395	Government grants related to assets
Total	<u>264,404,822</u>	<u>7,218,243</u>	<u>9,148,670</u>	<u>262,474,395</u>	/

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

36. Other non-current liabilities

Unit: RMB

	Closing balance	Opening balance
Advance on sales of goods	99,693,000	99,693,000
Total	<u>99,693,000</u>	<u>99,693,000</u>

37. Share capital

Unit: RMB

	Opening balance	Closing balance
Listed shares without restriction of trading		
RMB ordinary shares	1,344,275,649	1,344,275,649
Overseas listed ordinary shares	734,720,000	734,720,000
Total	<u>2,078,995,649</u>	<u>2,078,995,649</u>

38. Capital reserve

Unit: RMB

	Opening balance	Addition	Reduction	Closing balance
Share premium	1,454,677,266	—	926,891	1,453,750,375
Other capital surplus	99,356,887	—	62,252	99,294,635
Equity incentive	31,980,699	10,388,478	—	42,369,177
Total	<u>1,586,014,852</u>	<u>10,388,478</u>	<u>989,143</u>	<u>1,595,414,187</u>

39. Treasury stock

Unit: RMB

Item	Opening balance	Addition	Reduction	Closing balance
Treasury share for equity incentive plan	62,203,991	5,954,200	3,886,229	64,271,962
Total	<u>62,203,991</u>	<u>5,954,200</u>	<u>3,886,229</u>	<u>64,271,962</u>

22,360 restricted shares granted to employees under the 2020–2022 Employee Stock Ownership Plan were unlocked during the current period; the Company purchased 441,764 A shares from the secondary market and incurred expenditures of RMB5,954,200 for the Phase II (2024) ESOP under 2023–2025 ESOP.

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

40. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount incurred before income tax for the period	Amount for the current period			Closing balance
			Less: Income	Attributable to owners of the company after tax	Attributable to the minority interest after tax	
Changes in fair value of investment in other equity instruments	-38,093,676	27,952,405	-6,988,101	20,964,304	—	-17,129,372
Exchange differences on foreign currency translation	-510,653,249	145,117,801	—	97,588,610	47,529,191	-413,064,639
Total	-548,746,925	173,070,206	-6,988,101	118,552,914	47,529,191	-430,194,011

41. Specific reserve

Unit: RMB

Item	Opening balance	Addition	Reduction	Closing balance
Production safety cost	63,717,385	134,599,417	134,599,417	63,717,385
Total	63,717,385	134,599,417	134,599,417	63,717,385

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

42. Surplus reserves

Unit: RMB

Item	Opening balance	Addition	Reduction	Closing balance
Statutory surplus reserve	1,048,299,928	—	—	1,048,299,928
Discretionary surplus reserve	<u>63,580,329</u>	<u>—</u>	<u>—</u>	63,580,329
Total	<u><u>1,111,880,257</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>1,111,880,257</u></u>

According to the requirements of the Company Law and the Articles of Association of the Company, the Company shall appropriate 10% of its net profit to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve of the Company has exceeded 50% of the registered capital of the Company, additional appropriation will not be needed. After the appropriation to statutory surplus reserve, the Company may make appropriation to the discretionary surplus reserve. Upon approval, the discretionary surplus reserve can be used to make up for losses from previous years or to increase the share capital.

The cumulative amount of the Company's statutory surplus reserve has exceeded 50% of the registered capital, and no statutory surplus reserve was withdrawn in January-June 2024 (2023: Nil).

43. Retained earnings

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Retained earnings as at the beginning of the year	24,703,292,620	23,009,600,343
Adjustment of total retained profits at the beginning of the current period (Add +, Less —)	—	—
Retained profits at the beginning of the current period (after adjustment)	24,703,292,620	23,009,600,343
Add: Net profit attributable to the owners of the parent Company in the current period	730,553,374	2,762,116,715
Less: Appropriation to statutory surplus reserve Ordinary share dividends payable	<u>1,101,867,695</u>	<u>1,068,424,438</u>
Retained earnings at the end of the year	<u><u>24,331,978,299</u></u>	<u>24,703,292,620</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

44. Operating revenue and cost

Unit: RMB

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost	Revenue	Cost
Principal operations	16,078,811,428	12,270,184,750	15,661,304,291	11,849,623,754
Other operations	158,562,226	126,649,143	170,268,209	121,558,407
Total	<u>16,237,373,654</u>	<u>12,396,833,893</u>	<u>15,831,572,500</u>	<u>11,971,182,161</u>

The operating revenue from contracts with customers is as follows:

Unit: RMB

	Amount for the current period		Amount for the prior period	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Analysis by product				
Sales of cement	8,367,925,294	6,600,511,569	9,191,200,494	7,033,152,677
Sales of concrete	3,942,691,547	3,484,753,219	3,174,092,206	2,760,806,841
Sales of clinker	298,126,527	271,007,070	572,905,535	503,365,060
Sales of aggregate	2,961,595,021	1,557,498,051	2,162,353,807	1,186,696,313
Others	667,035,265	483,063,984	731,020,458	487,161,270
Timing of revenue recognition				
At a point in time	15,916,631,348	12,245,596,306	15,521,203,095	11,842,005,771
Over time	315,632,119	148,980,410	302,168,828	127,207,611
Rental income-operating lease	5,110,187	2,257,177	8,200,577	1,968,779
Total	<u>16,237,373,654</u>	<u>12,396,833,893</u>	<u>15,831,572,500</u>	<u>11,971,182,161</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

44. Operating revenue and cost – *continued*

Other information:

The business activities of the Group include manufacturing and selling cement, clinker, aggregate, concrete, new building materials and waste disposal etc.

Selling cement and new building materials

Revenue is recognized at a point in time in accordance with the contractual performance obligations, using the transfer of control as the criterion for revenue recognition. The Group settles with its customers on a cash-on-delivery basis and on a cash-on-delivery basis, whereby cash-on-delivery is made on credit to customers in accordance with the customers' credit ratings and credit limits approved by the Group, and the customers make payments in accordance with the agreed-upon billing periods.

Rendering services

The performance obligation is satisfied over time as services are rendered and payment is generally settled on a timely basis. The Group recognize the revenue upon completion of disposal amount.

Information relating to the transaction price apportioned to the remaining performance obligation:

As at 30 June 2024, the amount of revenue corresponding to contracts entered into but not yet fulfilled or earlier performance obligations amounted to RMB706,835,535, which is recognized as revenue within the next 2 years (31 December 2023: RMB717,019,466).

45. Tax and surcharges

Unit: RMB

Item	Amount for the current period	Amount for the prior period
City maintenance and construction tax	25,464,460	27,064,666
Education surcharges	14,091,838	14,869,528
Resource tax	193,198,489	161,753,440
Property tax	27,971,465	27,521,766
Land-use tax	30,325,591	29,004,340
Environment protection tax	15,727,513	25,769,620
Others	68,496,913	37,194,431
Total	375,276,270	323,177,792

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

46. Selling expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Consumption of materials	233,980,373	225,787,834
Staff costs	259,303,219	229,603,500
Depreciation and amortization expenses	59,381,152	52,842,244
Electric charge	54,258,660	52,317,621
Repair expenses	24,053,223	17,179,969
Sales expenses	116,472,884	77,897,648
Others	40,421,564	36,068,019
Total	787,871,075	691,696,836

47. Administrative expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee compensation and labor costs	531,440,589	454,746,839
Depreciation and amortization expenses	95,636,772	113,936,522
Agency fees	37,543,881	36,222,433
Office expenses	123,856,972	102,581,646
Environmental protection and greening fees	28,512,331	21,415,462
Others	91,122,793	73,130,211
Total	908,113,338	802,033,113

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

48. Finance costs

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses	367,989,624	315,768,191
Less: Interest	-95,827,125	-58,883,536
Exchange gains	115,189,408	-22,690,761
Others	<u>12,602,876</u>	<u>11,043,142</u>
Total	<u><u>399,954,782</u></u>	<u><u>245,237,036</u></u>

49. Other gains

Unit: RMB

	Amount for the current period	Amount for the prior period
Tax refunds from comprehensive utilization of resources	18,337,079	21,891,302
Amortization of deferred income	9,148,670	11,854,081
Others	<u>54,952,957</u>	<u>45,059,543</u>
Total	<u><u>82,438,706</u></u>	<u><u>78,804,926</u></u>

50. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Gains from long-term equity investments under equity method	1,580,722	348,987
Income (losses) on disposal of long-term equity investments	—	1,104,878
Investment gains from held for trading financial assets during the holding period	<u>3,036,071</u>	<u>32,830,984</u>
Total	<u><u>4,616,793</u></u>	<u><u>34,284,849</u></u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

51. Gains (losses) from changes in fair value

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Held-for-trading financial assets	—	-41,711,538
Other non-current financial assets	<u>6,227,453</u>	<u>3,191,734</u>
Total	<u><u>6,227,453</u></u>	<u><u>-38,519,804</u></u>

52. Impairment losses on credit

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Losses on impairment of account receivables	29,651,146	51,810,778
Losses on impairment of other receivables	<u>1,975,708</u>	<u>-445,315</u>
Total	<u><u>31,626,854</u></u>	<u><u>51,365,463</u></u>

53. Impairment losses on assets

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Losses on decline in value of inventories	5,658,528	7,975,582
Losses on decline in value of construction in process	<u>1,118,133</u>	<u>—</u>
Total	<u><u>6,776,662</u></u>	<u><u>7,975,582</u></u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

54. Gains/(Losses) on disposal of assets

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Gains/(Losses) on disposal of long-term assets	6,163,152	5,309,799
Total	<u>6,163,152</u>	<u>5,309,799</u>

55. Non-operating income

Unit: RMB

Item	Amount for the current period	Amount for the prior period	Recognised in non-recurring profit and loss
Gains on disposal of fixed assets	669,781	319,309	669,781
Government grants	104,000	2,000	104,000
Others	6,989,186	6,127,184	6,989,186
Total	<u>7,762,966</u>	<u>6,448,493</u>	<u>7,762,966</u>

56. Non-operating expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Losses on retirement of fixed assets	3,173,489	6,549,553	3,173,489
Expenses on donation	7,102,026	8,982,796	7,102,026
Others	13,612,671	13,090,607	13,612,671
Total	<u>23,888,187</u>	<u>28,622,956</u>	<u>23,888,187</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

57. Income tax expense

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Current income tax expenses	396,233,620	428,804,368
Deferred income tax expense	-74,632,690	-40,480,246
Total	321,600,930	388,324,122

A reconciliation of income tax expense and total profit is set out as follows:

Unit: RMB

Item	Amount for the current period
Profit before tax	1,343,287,311
Income tax expense at the effective tax rate of the Group	335,821,828
Effect of different tax rates of some subsidiaries	-67,406,015
Effect of non-taxable income	—
Non-taxable income	-1,126,994
Expenses not deductible costs	7,156,407
Effect of deductible losses of deferred tax assets not recognized in the previous period	-20,186,170
Effect of deductible temporary differences or deductible losses for which deferred tax assets are not recognized for the current period	42,865,661
Withholding income tax on expected distribution of earnings of foreign subsidiaries	15,404,371
Others	9,071,842
Income tax expense	321,600,930

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

58. Earnings per share

Item	Amount for the current period RMB/share	Amount for the prior period RMB/share
Basic earnings per share		
Continuing operations	<u>0.35</u>	<u>0.58</u>
Diluted earnings per share		
Continuing operations	<u>0.35</u>	<u>0.57</u>

The calculation of the basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company (after deducting the cash dividends expected to be unlocked by holders of restricted stocks in the future) divided by the weighted average number of outstanding ordinary shares in issue.

The diluted element of earnings per share is determined by current net profit attributable to the Company's ordinary shareholders, after adjusted for dilutive potential ordinary share.

The denominator of diluted earnings per share is equal to the sum of: (1) the weighted average of the parent company's issued ordinary shares in basic earnings per share; and (2) the weighted average number of additional ordinary shares assuming conversion of dilutive potential common shares into common shares.

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

58. Earnings per share – *continued*

In calculating the weighted average number of the additional shares of ordinary stock resulting from conversion of dilutive potential ordinary stock into outstanding ordinary stock, dilutive potential ordinary stock issued in prior periods, assuming conversion at the beginning of the current period; Dilutive potential ordinary stock issued in the current period, assuming conversion on the issue date.

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	730,553,374	1,192,560,395
Less: Cash dividends expected to unlock future restricted shareholders	—	—
Subtotal	730,553,374	1,192,560,395
Add: Cash dividends expected to unlock future restricted shareholders	—	—
Less: The effect of subsidiaries dilutive potential ordinary share	5,684,034	15,014,634
Adjusted net profit for the period attributable to the Company's ordinary shareholders	724,869,340	1,177,545,761
Attributed to:		
Continuing operations	724,869,340	1,177,545,761

Unit: share

Item	Amount for the current period	Amount for the prior period
Shares		
Weighted average number of ordinary shares in issue of the Company	2,078,818,009	2,073,910,517
Dilution effect-the weighted average of common shares Restricted stocks	—	2,953,911
The adjusted weighted average of the Company's common shares outstanding	2,078,818,009	2,076,864,428

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

59. Notes to the statement of cash flows items

(1) *Cash related to operating activities*

Other cash receipts relating operating activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Receipt of security deposit, petty cash	205,070,657	213,948,407
Government subsidy	54,952,957	45,820,559
Interest income	95,827,125	58,883,536
Others	14,750,954	8,472,216
Total	<u>370,601,693</u>	<u>327,124,718</u>

Other cash payments relating to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Deposit and other amounts paid	248,008,751	208,355,283
Selling and administrative expenses etc. paid	160,876,972	165,603,486
Other current accounts	313,007,160	287,424,286
Total	<u>721,892,883</u>	<u>661,383,055</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

59. Notes to the statement of cash flows items – *continued*

(2) *Cash related to investing activities*

Other cash receipts relating to investing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Recovery of non-financial corporate transactions	25,600,000	—
Cash and cash equivalents held by subsidiaries on the date of purchase	12,001,193	—
Recovery of project deposit	—	95,736,441
Equity margin refund received	—	49,500,000
Total	37,601,193	145,236,441

Other cash payments relating to investing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Deposits for engineering	10,000,000	12,698,914
Payments to non-financial corporations	—	21,935,889
Intention money for equity mergers and acquisitions	—	1,000,000
Total	10,000,000	35,634,803

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

59. Notes to the statement of cash flows items – *continued*

(3) *Cash related to financing activities*

Other cash receipts relating to financing activities

	Unit: RMB	
Item	Amount for the current period	Amount for the prior period
Receive after sale finance lease payment and security deposit	118,000,000	—
Received from non-financial corporations	—	12,872,717
Others	6,039,019	—
Total	<u>124,039,019</u>	<u>12,872,717</u>

Other cash payment relating to financing activities

	Unit: RMB	
Item	Amount for the current period	Amount for the prior period
Lease payment	146,338,126	196,890,668
Payment for employee Stock Ownership Plan	39,180,300	—
Expenses related to issuance of bonds, acquisition of loans and acquisition of financial lease funds	35,978,831	8,420,991
Payment for non-controlling shares	3,000,000	12,000,000
Payments to non-financial corporations	—	13,257,135
Total	<u>224,497,258</u>	<u>230,568,794</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

60. Supplemental information to statement of cash flows

(1) *Supplemental information to statement of cash flows*

Unit: RMB

Supplementary information	Amount for the current period	Amount for the prior period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,021,686,381	1,349,942,719
Add: Impairment losses on assets	6,776,662	7,975,582
Credit impairment losses	31,626,854	51,365,463
Depreciation of fixed assets	1,159,557,697	1,035,901,127
Depreciation of right-of-use assets	147,079,501	111,604,117
Amortization of intangible assets	594,639,589	559,019,765
Amortization of long-term amortized expenses	53,105,103	57,697,128
(Gain)Loss on disposal of fixed assets, intangible assets and other long-term assets	-6,163,152	-5,309,799
Loss on retirement of fixed assets	2,503,709	6,230,245
Loss(gain) on change in fair value	-6,227,453	38,519,804
Financial cost	495,781,908	304,120,572
Investment losses	-4,616,793	-34,284,849
Increase in deferred income tax assets	-81,146,078	-61,380,498
Increase in deferred income tax liabilities	68,830,134	20,900,252
Decrease in inventory	-41,648,086	-304,988,308
Increase in operating receivables	-1,161,268,713	-823,218,235
Increase in operating payables	-540,784,530	-174,984,944
Amortization of deferred income	-9,148,670	-11,942,860
Net cash flows from operating activities	1,730,584,063	2,127,167,281
2. Net change in cash and cash equivalents:		
Balance of cash at the end of the year	4,824,050,431	4,542,875,419
Less: Balances of cash equivalents at the beginning of the year	5,370,115,985	6,616,021,778
Net decrease in cash and cash equivalents	<u>-546,065,554</u>	<u>-2,073,146,359</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

60. Supplemental information to statement of cash flows – *continued*

(2) *Information on purchasing subsidiaries and other business units*

	Unit: RMB
	Amount
Cash paid for acquisition of subsidiaries and other operating units	37,500,000
Huaxin Commercial Concrete (Ezhou Huarong) Co., LTD	37,500,000
Less: Cash and cash equivalents held by subsidiaries and other operating units at acquisition date	—
Add: Cash or cash equivalents paid in the current period for business mergers that occurred in previous periods	72,227,361
Hainan Huaxin Dacheng Concrete Co., LTD	2,000,000
Natal Portland Cement Company (Pty) LTD	70,227,361
Net cash paid (received) for acquisition of subsidiaries and other business units	109,727,361

(3) *Cash and cash equivalents*

		Unit: RMB
Item	Closing balance	Opening balance
Cash	4,824,050,431	5,370,115,985
Including: Cash on hand	4,312,987	2,099,477
Bank deposits	4,819,737,443	5,319,976,718
Other cash and cash equivalents	—	48,039,790
Balance of cash and cash equivalents at end of the year	4,824,050,431	5,370,115,985

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

61. Foreign currency monetary items

“Foreign currency” means a currency other than the basic accounting currency of each company within the Group.

Unit: RMB

Item	Original currency	Exchange rate	CNY balance
Cash and bank balances			
USD	147,601,549	7.1268	1,051,926,718
CNY	5,960,401	1.0000	5,960,401
EUR	9,182,321	7.6617	70,352,191
HKD	236,750	0.9127	216,082
ZAR	2,119,865	0.3869	820,197
ZMW	3,787	0.2833	1,073
KES	5,245	0.0564	296
TZS	69,300	0.0028	192
CHF	11	7.9471	87
RUB	182	0.0824	15
SGD	2	5.5000	11
MZN	4,770	0.1149	548
Accounts receivable			
USD	2,274,802	7.1268	16,212,056
Other receivables			
USD	80,197	7.1268	571,548
EUR	18,135	7.6617	138,945
Accounts payable			
USD	3,916,662	7.1268	27,913,268
EUR	264,439	7.6617	2,026,052
CNY	3,526,354	1.0000	3,526,354
CHF	82,849	7.9471	658,409
Other payables			
CNY	6,419,669	1.0000	6,419,669
USD	75,813	7.1268	540,306
HKD	14,030,340	0.9127	12,805,491
Interest payable			
USD	1,489,781	7.1268	10,617,371
Dividend payable			
HKD	427,575,447	0.9127	390,248,111
Bonds payable			
USD	19,250,000	7.1268	137,190,900
Non-current Liabilities due within			
One year			
USD	68,630,000	7.1268	489,112,284
Long-term borrowings			
USD	49,180,000	7.1268	350,496,024

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

62. Lease

(1) *As a lessee*

Unit: RMB

	Amount for the current period	Amount for the prior period
Interest expense on lease liabilities	31,267,691	29,675,845
Lease costs recognized in profit or loss using the simplified approach	15,230,480	8,921,786
Total cash outflows related to leases	<u>161,568,606</u>	<u>205,812,454</u>

The Group has lease contracts for various items of land, houses and buildings, machinery, vehicles, and other equipment used in its operations. Leases of houses and buildings and machinery generally have lease terms of 3–8 years, while those of vehicles and other equipment generally have lease terms of 3–8 years. Generally, the Group is restricted from assigning and subleasing the underlying assets and some contracts require the Group to maintain certain financial ratios.

Total lease-related cash outflows CNY 161,568,606.

(2) *As lessor*

The Group has entered into operating leases on underlying assets subject to operating leases, and the lease terms are between 2016 and 2025. Some leases include clauses for extension and termination options and variable lease payments. Residual value risk of the underlying assets is not significant.

Unit: RMB

Item	Rental income for the current period	Rental income for the prior period
Operating leases	<u>5,110,187</u>	<u>8,200,577</u>
Total	<u>5,110,187</u>	<u>8,200,577</u>

NOTES TO FINANCIAL STATEMENTS

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

62. Lease – *continued*

(2) *As lessor – continued*

The Group had total future minimum lease receivables (undiscounted) with its tenants falling due as follows:

Unit: RMB

Item	Annual undiscounted lease receipts	
	Closing balance	Opening balance
Within 1 year, inclusive	7,560,524	7,454,662
1 to 2 years inclusive	279,539	3,914,849
2 to 3 years inclusive	222,891	—
3 to 4 years inclusive	100,000	—
4 to 5 years inclusive	—	—
Total undiscounted lease receipts after five years	<u>8,162,954</u>	<u>11,369,511</u>

VIII. RESEARCH AND DEVELOPMENT EXPENDITURES

The Research and development expenditures by nature is as follows (excluding amortization of self-developed intangible assets):

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Material Consumption	1,645,152	31,326
Employee remuneration and labor costs	49,717,027	40,720,896
Depreciation and amortization expense	3,503,893	6,488,699
Others	<u>16,487,625</u>	<u>16,409,950</u>
Total	<u>71,353,697</u>	<u>63,650,871</u>
Including: Expensed research and development expenditure	70,954,352	58,342,983
Capitalized research and development expenditure	<u>399,345</u>	<u>5,307,888</u>

NOTES TO FINANCIAL STATEMENTS

VIII. RESEARCH AND DEVELOPMENT EXPENDITURES – *continued*

Development expenditures on R&D projects eligible for capitalization are listed below:

Unit: RMB

Item	Balance at beginning of year	Increase		Balance at end of year
		Internal development	Others	
Project 1	36,856,342	—	—	36,856,342
Project 2	32,368,390	—	—	32,368,390
Project 3	108,463	399,345	—	507,808
Total	69,333,195	399,345	—	69,732,540

IX. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business combination no involving entities under common control

(1) *Business combination not involving entities under common control occurred during the year are presented below:*

Unit: RMB

Name of acquiree	Point of equity acquired	Cost of equity acquired	Percentage of equity acquired (%)	Methods of equity acquisition	Acquisition date	Acquisition Date determining the acquisition date	Operating income of the subsidiary purchased from the acquisition date to the period end	Net profit of the subsidiary purchased from the acquisition date to the period end	Net cash flows of the subsidiary purchased from the acquisition date to the period end
Huaxin Commercial Concrete (Ezhou Huarong) Co., LTD	January 2024	50,000,000	100%	Purchase	17 January 2024	Transfer control	18,132,467	-269,347	-5,798,344
Huaxin Xijiesi Building Material Technology (Changsha) Co., LTD	11 May 2024	8,400,000	70%	Equity Replacement	11 May 2024	Transfer control	2,095,251	935,665	-722,073

NOTES TO FINANCIAL STATEMENTS

IX. CHANGES IN THE SCOPE OF CONSOLIDATION – *continued*

1. Business combination no involving entities under common control – *continued*

(2) *Acquisition consideration and goodwill*

Unit: RMB

Acquisition consideration	Huaxin Commercial Concrete (Ezhou Huarong) Co., LTD	Huaxin Xijiesi Building Material Technology (Changsha) Co., LTD
– Cash	50,000,000	–
– Fair value of non-cash assets	–	8,400,000
Total acquisition costs	<u>50,000,000</u>	<u>8,400,000</u>
Less: Fair value of identifiable net assets acquired	<u>24,982,177</u>	<u>8,400,000</u>
Goodwill	<u><u>25,017,823</u></u>	<u><u>–</u></u>

(3) *Identifiable assets and liabilities of acquiree at the acquisition date*

Unit: RMB

	Huaxin Commercial Concrete (Ezhou Huarong) Co., LTD		Huaxin Xijiesi Building Material Technology (Changsha) Co., LTD	
	Fair value	Carrying amount	Fair value	Carrying amount
Assets:	24,982,177	24,982,177	24,005,261	24,005,261
Cash and bank balances	–	–	12,000,000	12,000,000
Other current assets	2,286,623	2,286,623	1,142,267	1,142,267
Fixed assets	14,461,215	14,461,215	10,857,589	10,857,589
Intangible assets	8,234,339	8,234,339	5,405	5,405
Liabilities:	–	–	12,005,261	12,005,261
Accounts payable	–	–	12,005,261	12,005,261
Net Assets	24,982,177	24,982,177	12,000,000	12,000,000
Less: Minority interest	–	–	3,600,000	3,600,000
Net assets acquired	<u><u>24,982,177</u></u>	<u><u>24,982,177</u></u>	<u><u>8,400,000</u></u>	<u><u>8,400,000</u></u>

NOTES TO FINANCIAL STATEMENTS

IX. CHANGES IN THE SCOPE OF CONSOLIDATION – *continued*

2. Changes in the scope of consolidation due to other reasons

Deregistration of subsidiaries

The Group deregistered 1 subsidiaries during the year. Information of these subsidiaries is as follows:

	Proportion of shareholding of before deregistration	Reason for not being subsidiary
Yancheng Huaxin Concrete Co., LTD	100%	Deregistration

Establishment of new subsidiaries

Zhenjiang Huaxin Mingxing Concrete Co., LTD		Establishment
Huaxin Xijiesi Building Material Technology (Huangshi) Co., LTD		Establishment
Huaxin New Building Materials (Chibi) Co., LTD		Establishment
Huaxin Tianbang Concrete (Wuhan Hanyang) Co., LTD Qiaokou Branch		Establishment
Huaxin Commercial Concrete (Ezhou Huarong) Co., LTD		Mergers and acquisitions
Changshu Huaxin Changling Concrete Co., LTD		Establishment
Yangxin Tainao Yicheng Building Material Co., LTD		Mergers and acquisitions
Huangshi Huaxin Guanggu East New Building Material Co., LTD		Mergers and acquisitions
Jiangsu Huaxin Supply Chain Co., LTD		Establishment
Xinyang Xinxing green Building Material Co., LTD		Establishment
Xianning Huaxin Tuoxin Concrete Co., LTD		Establishment
Suzhou Liangxing Concrete Co., LTD Gaoxin Branch		Establishment
Nantong Huaxin Xincheng Concrete Co., LTD		Establishment
Huaxin Xijiesi Building Material Technology (Changsha) Co., LTD		Mergers and acquisitions
YellowStone Engineering Construction SPC		Establishment
Wuhan Baihuitong Supply Chain Technology Co., LTD		Establishment
Suzhou Huaxin Kanghong Concrete Co., LTD		Mergers and acquisitions

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

Information of the Company's major subsidiaries is as follows:

Unit: RMB

Name of significant subsidiaries	Place of business	Registered RMB0'000	Place of registration	Nature of business	Percentage of shareholding		Acquired method
					(%)		
					Direct	Indirect	
Huaxin Cement (Yangxin) Co., Ltd	Yangxin	50,000	Yangxin	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement (Wuxue) Co., Ltd	Wuxue	30,000	Wuxue	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement (Chibi) Co., Ltd	Chibi	14,000	Chibi	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement (Yichang) Co., Ltd	Yichang	15,000	Yichang	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement (Xiangyang) Co., Ltd	Xiangyang	14,000	Xiangyang	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement (Enshi) Co., Ltd	Enshi	6,000	Enshi	Manufacture and sale of building materials	67	33	Establishment
Huaxin Cement (Zhaotong) Co., LTD	Zhaotong	10,000	Zhaotong	Manufacture and sale of building materials	60	40	Establishment
Huaxin Cement (Tibet) Co., LTD	Tibet	5,000	Tibet	Manufacture and sale of building materials	79	—	Establishment
Huaxin Cement (Wuhan) Co., LTD	Wuhan	6,000	Wuhan	Manufacture and sale of building materials	70	30	Establishment
Wuhan Ganghua Cement Co., LTD	Wuhan	4,000	Wuhan	Manufacture and sale of building materials	50	—	Establishment
Huaxin Cement (Xiantao) Co., LTD	Xiantao	2,390	Xiantao	Manufacture and sale of building materials	80	—	Establishment
Huaxin Cement (Yueyang) Co., LTD	Yueyang	5,000	Yueyang	Manufacture and sale of building materials	45	55	Establishment
Huaxin Concrete (Wuhan) Co., LTD	Wuhan	19,830	Wuhan	Production and sale of concrete	100	—	Establishment
Huaxin Concrete (Huangshi) Co., LTD	Huangshi	2,500	Huangshi	Production and sale of concrete	—	100	Establishment
Huaxin Cement (Henan Xinyang) Co., LTD	Xinyang	20,000	Xinyang	Manufacture and sale of building materials	100	—	Establishment
Huangshi Huaxin Cement Research and Design Co., LTD	Huangshi	100	Huangshi	Engineering and design of building materials	99	—	Establishment
Hubei Dailing Future Environmental Protection Packaging Technology Co., LTD	Huangshi	6,000	Huangshi	Manufacture and sale of cement bags	100	—	Establishment
Huaxin Cement (Zigui) Co., LTD	Zigui	24,000	Zigui	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement (Zhuzhou) Co., LTD	Zhuzhou	34,000	Zhuzhou	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement (Chenzhou) Co., LTD	Chenzhou	22,000	Chenzhou	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement (Macheng) Co., LTD	Macheng	6,500	Macheng	Manufacture and sale of building materials	100	—	Establishment
Huaxin Environmental Engineering (Wuxue) Co., LTD	Wuxue	6,000	Wuxue	Environmental design, construction, and waste disposal	—	100	Establishment
Huaxin Chibi Packaging Co., LTD	Chibi	320	Chibi	Manufacture and sale of cement bags	—	100	Establishment
Huaxin Cement Technology Management (Wuhan) Co., LTD	Wuhan	2,000	Wuhan	Technology development and consulting services	100	—	Establishment
Huaxin Ezhou Packaging Co., LTD	Ezhou	3,400	Ezhou	Manufacture and sale of cement bags	—	100	Establishment
Huaxin Cement (Huangshi) Bulk Storage & Transportation Co., LTD	Huangshi	2,000	Huangshi	Loading and unloading, warehousing and other services	100	—	Establishment
Huaxin Cement Xiangyang Xiangcheng Co., LTD	Xiangyang	4,000	Xiangyang	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement (Quxian) Co., LTD	Quxian	24,000	Quxian	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement (Wanyuan) Co., LTD	Wanyuan	20,200	Wanyuan	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement Chongqing Fuling Co., LTD	Fuling	20,000	Fuling	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement (Daoxian) Co., LTD	Daoxian	18,000	Daoxian	Manufacture and sale of building materials	100	—	Establishment
Huaxin Cement (Kunming Dongchuan) Co., LTD	Kunming	14,000	Kunming	Manufacture and sale of building materials	100	—	Establishment

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Name of significant subsidiaries	Place of business	Registered RMB'000	Place of registration	Nature of business	Percentage of shareholding (%)		Acquired method
					Direct	Indirect	
Huaxin Cement (Lengshuijiang) Co., LTD	Lengshuijiang	20,000	Lengshuijiang	Manufacture and sale of building materials	90	–	Establishment
Huaxin Environmental Engineering Co., LTD	Wuhan	100,000	Wuhan	Environmental design, construction and waste disposal	100	–	Establishment
Huaxin Aggregate (Yangxin) Co., LTD	Yangxin	14,000	Yangxin	Production and sale of construction aggregates	–	100	Establishment
Huaxin Central Asia Investment (Wuhan) Co., LTD	Wuhan	40,000	Wuhan	Investment	100	–	Establishment
Xinyang Huaxin Concrete Co., LTD	Xinyang	2,500	Xinyang	Production and sale of concrete	–	100	Establishment
Huaxin Cement (Huangshi) Equipment Manufacturing Co., LTD	Huangshi	13,000	Huangshi	Manufacture, repair and installation of Electromechanical equipment	–	100	Establishment
Huaxin Zhuzhou Packaging Co., LTD	Zhuzhou	500	Zhuzhou	Manufacture and sale of cement bags	–	100	Establishment
Nanzhang Huaxin Xinrui Hotel Management Co., LTD	Nanzhang	50	Nanzhang	Accommodation services	–	99	Establishment
Huaxin Environmental Engineering (Huangshi) Co., LTD	Huangshi	720	Huangshi	Environmental design, construction and waste disposal	–	100	Establishment
Tibet Huaxin Building Materials Co., LTD	Tibet	3,500	Tibet	Production and sale of concrete	–	56	Establishment
Huaxin Quxian Packaging Co., LTD	Quxian	500	Quxian	Manufacture and sale of cement bags	–	100	Establishment
Huaxin Cement (Sangzhi) Co, LTD	Sangzhi	15,000	Sangzhi	Manufacture and sale of building materials	80	–	Establishment
Huaxin Concrete (Wuhan Caidian) Co., LTD	Wuhan	2,500	Wuhan	Production and sale of concrete	–	100	Establishment
Nantong Huaxin Shengyuan Concrete Co., LTD	Nantong	3,000	Nantong	Production and sale of concrete	–	100	Establishment
Changsha Huaxin Mixed New Material Co., LTD	Changsha	3,500	Changsha	Production and sale of concrete	–	100	Establishment
Zhangjiagang Huaxin Southeast Concrete Co., LTD	Zhangjiagang	3,000	Zhangjiagang	Production and sale of concrete	–	100	Establishment
Changshu Huaxin Jinlong Concrete Co., LTD	Changshu	3,000	Changshu	Production and sale of concrete	–	100	Establishment
Zhangjiagang Huaxin Xinggang Concrete Co., LTD	Zhangjiagang	3,000	Zhangjiagang	Production and sale of concrete	–	100	Establishment
Taicang Huaxin Longhe Concrete Co., LTD	Taicang	3,000	Taicang	Production and sale of concrete	–	100	Establishment
Changzhou Huaxin Tongjin Concrete Co., LTD	Changzhou	3,000	Changzhou	Production and sale of concrete	–	100	Establishment
Changzhou Huaxin Tongxin Concrete Co., LTD	Changzhou	3,000	Changzhou	Production and sale of concrete	–	100	Establishment
Nantong Huaxin Jinlong Concrete Co., LTD	Nantong	3,000	Nantong	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Wuhan Jiangxia) Co., LTD	Wuhan	2,500	Wuhan	Production and sale of concrete	–	100	Establishment
Changzhou Huaxin Boai Concrete Co., LTD	Changzhou	3,000	Changzhou	Production and sale of concrete	–	100	Establishment
Jiujiang Huaxin Concrete Co., LTD	Jiujiang	3,000	Jiujiang	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Xiaogan) Co., LTD	Xiaogan	2,500	Xiaogan	Production and sale of concrete	–	100	Establishment

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Name of significant subsidiaries	Place of business	Registered RMB0'000	Place of registration	Nature of business	Percentage of shareholding (%)		Acquired method
					Direct	Indirect	
Huaxin Concrete Co., LTD	Wuhan	13,500	Wuhan	Investment	100	–	Establishment
Huaxin Concrete Xiangyang Fancheng District Co., LTD	Xiangyang	2,550	Xiangyang	Production and sale of concrete	–	100	Establishment
Huaxin Building Materials Xiangyang Xiangcheng District Co., LTD	Xiangyang	1,410	Xiangyang	Production and sale of concrete	–	100	Establishment
Nanchong Huaxin New Building Materials Co., LTD	Nanchong	1,000	Nanchong	Manufacture and sale of building materials	–	100	Establishment
Huaxin New Building Materials (Wuding) Co., LTD	Wuding	2,500	Wuding	Manufacture and sale of building materials	–	100	Establishment
Changshu Huaxin Shunfeng Concrete Co., LTD	Changshu	3,000	Changshu	Production and sale of concrete	–	100	Establishment
Huaxin Logistics (Changyang) Co., LTD	Changyang	500	Changyang	Logistics services	–	100	Establishment
Abra Holdings Ltd	Mauritius	USD40 million	Mauritius	Investment	–	100	Establishment
Shanghai Huaxin Runshen Concrete Co., LTD	Shanghai	3,000	Shanghai	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Ezhou Gedian Economic and Technological Development) Co., LTD	Wuhan	2,500	Wuhan	Production and sale of concrete	–	100	Establishment
Huaxin Wuhan Building Materials Trading Co., LTD	Wuhan	1,000	Wuhan	Manufacture and sale of building materials	–	100	Establishment
Chenzhou Huaxin New Building Materials Co., LTD	Chenzhou	300	Chenzhou	Manufacture and sale of building materials	–	100	Establishment
Tianjin Baihitong Supply Chain Technology Co., LTD	Tianjin	1,000	Tianjin	Logistics services	–	100	Establishment
Quxian Huaxin New Building Material Co., LTD	Quxian	500	Quxian	Manufacture and sale of building materials	–	100	Establishment
Taizhou Huaxin Tianhou Concrete Co., LTD	Taizhou	3,000	Taizhou	Production and sale of concrete	–	100	Establishment
Huaxin Aggregate Co., LTD	Wuhan	5,000	Wuhan	Investment	100	–	Establishment
wHuaxin New Building Materials Co., LTD	Wuhan	9,000	Wuhan	Manufacture and sale of new materials	100	–	Establishment
Huaxin Environmental Engineering (Zhuzhou) Co., LTD	Zhuzhou	2,400	Zhuzhou	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Xinyang) Co., LTD	Xinyang	5,000	Xinyang	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Equipment Engineering Co., LTD	Huangshi	19,000	Huangshi	Manufacture and repair of electromechanical equipment	100	–	Establishment
Huaxin Environmental Engineering Fengjie County Co., LTD	Fengjie	2,000	Fengjie	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin (Hong Kong) International Holdings Ltd	Hong Kong	USD 200 million	Hong Kong	Investment	100	–	Establishment
Huaxin Environmental Engineering Nanzhang Co., LTD	Nanzhang	1,500	Nanzhang	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Zhuhai) Co., LTD	Zhuhai	6,000	Zhuhai	Environmental design, construction and waste disposal	–	80	Establishment
Huaxin Concrete (Zhuzhou) Co., LTD	Zhuzhou	2,500	Zhuzhou	Production and sale of concrete	–	100	Establishment
Huaxin Environmental Engineering (Fangxian) Co., LTD	Fangxian	1,000	Fangxian	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Concrete (Enshi) Co., LTD	Enshi	1,200	Enshi	Production and sale of concrete	–	100	Establishment

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Name of significant subsidiaries	Place of business	Registered RMB'000	Place of registration	Nature of business	Percentage of shareholding (%)		Acquired method
					Direct	Indirect	
Huaxin Environmental Engineering (Ezhou) Co., LTD	Ezhou	2,000	Ezhou	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Yingcheng) Co., LTD	Yingcheng	2,500	Yingcheng	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Concrete (Ezhou) Co., LTD	Ezhou	2,500	Ezhou	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Jianli) Co., LTD	Jianli	2,500	Jianli	Production and sale of concrete	–	100	Establishment
Enping Huaxin Environmental Engineering Co., LTD	Enping	500	Enping	Environmental design, construction and waste disposal	–	80	Establishment
Huaxin Concrete (Yichang) Co., LTD	Yichang	2,500	Yichang	Production and sale of concrete	–	100	Establishment
Huaxin Environmental Engineering (Zigui) Co., LTD	Zigui	2,100	Zigui	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Youxian) Co., LTD	Youxian	2,900	Youxian	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Hong Kong (Cambodia) Investment Co., LTD	Hong Kong	HKD10 thousand	Hong Kong	Investment	–	100	Establishment
Xiangyang Huaxin Logistics Co., LTD	Xiangyang	100	Xiangyang	Loading and unloading, storage and other services	–	100	Establishment
Huaxin Hong Kong (Central Asia) Investment Co., LTD	Hong Kong	HKD10 thousand	Hong Kong	Investment	–	51	Establishment
Huaxin Environmental Engineering (Wanyuan) Co., LTD	Wanyuan	1,000	Wanyuan	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Zhaotong) Co., LTD	Zhaotong	2,000	Zhaotong	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Daye) Co., LTD	Daye	60	Daye	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Loudi) Co., LTD	Loudi	4,000	Loudi	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering Yunyang County Co., LTD	Yunyang	2,000	Yunyang	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Narayani Investment (Shanghai) Co., LTD	Shanghai	100	Shanghai	Investment	100	–	Establishment
Wuhan Longwangzui Huaxin Environmental Engineering Co., LTD	Wuhan	1,200	Wuhan	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Yidu City) Co., LTD	Yidu	3,000	Yidu	Environmental design, construction and waste disposal	–	100	Establishment
Wuhan South Prince Lake Huaxin Environmental Engineering Co., LTD	Wuhan	1,000	Wuhan	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin (Zigui) Logistics Co., LTD	Zigui	500	Zigui	Loading and unloading, storage and other services	–	100	Establishment
Chongqing Fuling Huaxin Environmental Engineering Co., LTD	Chongqing	100	Chongqing	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin (Jianchuan) Environmental Engineering Co., LTD	Jianchuan	1,500	Jianchuan	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin (Lijiang) Environmental Engineering Co., LTD	Lijiang	1,500	Lijiang	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Yichang) Co., LTD	Yichang	2,000	Yichang	Environmental design, construction and waste disposal	100	–	Establishment

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Name of significant subsidiaries	Place of business	Registered RMB'0'000	Place of registration	Nature of business	Percentage of shareholding		Acquired method
					(%)		
					Direct	Indirect	
Chongqing Huaxin New Building Materials Co., LTD	Chongqing	500	Chongqing	Production and sale of new materials	–	100	Establishment
Huaxin Environmental (Shiyan) Renewable Resources Utilization Co., LTD	Shiyan	2,000	Shiyan	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin New Material (Changyang) Co., LTD	Changyang	39,300	Changyang	Production and sale of new materials	–	100	Establishment
Huaxin Cement (Huangshi) Co., LTD	Huangshi	111,600	Huangshi	Manufacture and sale of building materials	80	14	Establishment
Huaxin New Building Materials (Fumin) Co., LTD	Fumin	3,000	Fumin	Production and sale of new materials	–	65	Establishment
Zhuzhou Huaxin Logistics Co., LTD	Zhuzhou	200	Zhuzhou	Loading and unloading, storage and other services	–	100	Establishment
Zhuzhou Huaxin Environmental Hazardous Waste Disposal Co., LTD	Zhuzhou	1,300	Zhuzhou	Environmental design, construction and waste disposal	–	80	Establishment
Huaxin (Nanzhang) Renewable Resources Utilization Co., LTD	Nanzhang	2,000	Nanzhang	Industrial Solid Waste, Hazardous	–	100	Establishment
Huaxin Environment (Yangxin) Renewable Resources Utilization Co., LTD	Yangxin	1,500	Yangxin	Environmental design, construction and waste disposal	–	100	Establishment
Wuhan Huaxin Changshankou Logistics Co., LTD	Wuhan	1,000	Wuhan	Loading and unloading, storage and other services	–	100	Establishment
Huaxin Concrete (Yangxin) New Material Co., LTD	Yangxin	2,500	Yangxin	Production and sale of concrete	–	100	Establishment
Huaxin Environmental Engineering (Badong) Co., LTD	Badong	2,000	Badong	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin New Building Materials Xiangyang Co., LTD	Xiangyang	3,000	Xiangyang	Manufacture and sale of new materials	–	100	Establishment
Huaxin Anti-seepage and Energy-saving Special New Material (Fumin) Co., LTD	Fumin	500	Fumin	Manufacture and sale of new materials	–	86	Establishment
Huaxin Aggregate (Zhuzhou) Co., LTD	Zhuzhou	10,000	Zhuzhou	Manufacture and sale of new materials	–	70	Establishment
Huaxin (Huangshi) Logistics Co., LTD	Huangshi	2,000	Huangshi	Loading and unloading, storage and other services	100	–	Establishment
Huaxin (Lijiang) Environmental Protection New Material Co., LTD	Lijiang	6,000	Lijiang	Manufacture and sale of new materials	–	70	Establishment
Shannan Huaxin Environmental Engineering Co., LTD	Shannan	3,000	Shannan	Environmental design, construction and waste disposal	–	79	Establishment
Wuhan Changshankou Huaxin Environmental Engineering Co., LTD	Wuhan	10,000	Wuhan	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Hong Kong (Tanzania) Investment Co., LTD	Hong Kong	HKD30250 thousand	Hong Kong	Investment	–	100	Establishment
Hubei Huaxin Environmental Logistics Co., LTD	Huangshi	1,000	Huangshi	Loading and unloading, warehousing, transportation, etc.	–	100	Establishment
Huaxin Jiaotou (Chibi) New Building Materials Co., LTD	Chibi	10,000	Chibi	Manufacture and sale of new materials	–	51	Establishment
Huaxin Environmental Engineering (Yunnan) Co., LTD	Kunming	3,000	Kunming	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Chaolong New Building Material Technology (Huangshi) Co., LTD	Huangshi	5,000	Huangshi	Manufacture and sale of new materials	–	100	Establishment
HX International (Tanzania) Limited.	Tanzania	TSZ 10 million	Tanzania	Investment	–	100	Establishment
Huaxin Commercial Concrete Xianning Co., LTD	Xianning	2,500	Xianning	Production and sale of concrete	–	100	Establishment
NETNIX LTD c Investment Entity	Cyprus	10 thousand EUR	Cyprus	Investment	–	100	Mergers and acquisitions

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Name of significant subsidiaries	Place of business	Registered RMB'000	Place of registration	Nature of business	Percentage of shareholding (%)		Acquired method
					Direct	Indirect	
Huaxin Cement (Songming) Co., LTD	Kunming	30,000	Kunming	Manufacture and sale of building materials	–	100	Establishment
Huaxin Environmental Engineering (Changyang) Co., LTD	Changyang	3,000	Changyang	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin (Changyang) Renewable Resources Utilization Co., LTD	Changyang	3,000	Changyang	Environmental design, construction and waste disposal	–	100	Establishment
Huangshi Huaxin Green Building Material Industry Co., LTD	Huangshi	430,000	Huangshi	Production and sale of construction aggregates	58	–	Establishment
Huaxin Concrete (Huanggang) Co., LTD	Huanggang	2,500	Huanggang	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Macheng) Co., LTD	Macheng	2,500	Macheng	Production and sale of concrete	–	100	Establishment
Chongqing Huaxin Renewable Resources Utilization Co., LTD	Chongqing	1,000	Chongqing	Industrial Solid Waste	–	100	Establishment
Huaxin Environmental Engineering (Hefeng) Co., LTD	Hefeng	1,000	Hefeng	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin New Building Materials (Luonan) Co., LTD	Luonan	5,000	Luonan	Manufacture and sale of new materials	–	55	Establishment
Changzhou Huaxin Concrete Co., LTD	Changzhou	21,000	Changzhou	Production and sale of concrete	–	100	Establishment
Huaxin Lightweight Building Aggregate (Changyang) Co., LTD	Changyan	1,600	Changyan	Production and sale of construction aggregates	–	100	Establishment
Huaxin Cement International Finance Company Limited	Hong Kong	USD10 thousand	Hong Kong	Investment	–	100	Establishment
Huaxin New Building Materials (Kunming) Co., LTD	Kunming	5,000	Kunming	Manufacture and sale of new materials	–	100	Establishment
Huaxin (Hainan) Investment Co., LTD	Haikou	USD405 million	Haikou	Investment	60	40	Establishment
Yangxin Fuhua Handling Co., LTD	Yangxin	30,000	Yangxin	Loading and unloading, warehousing and other services	–	58	Establishment
Huaxin Concrete (Shishou) Co., LTD	Shishou	2,500	Shishou	Production and sale of concrete	–	100	Establishment
Huaxin Concrete Suizhou Co., LTD	Suizhou	2,500	Suizhou	Production and sale of concrete	–	100	Establishment
Huaxin Gangcheng Building Materials (Huangshi) Co., LTD	Huangshi	20,000	Huangshi	Production and sale of construction aggregates	–	51	Establishment
Huaxin Property Management Huangshi Co., LTD	Huangshi	300	Huangshi	Property management services	100	–	Establishment
Huaxin Environmental Engineering (Guangdong) Co., LTD	Guangzhou	1,000	Guangzhou	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Phosphogypsum (Wuxue) Co., LTD	Wuxue	2,000	Wuxue	Manufacture and sale of new materials	–	100	Establishment
Huaxin Chunjin Building Materials (Wuxue) Co., LTD (Note 1)	Wuxue	5,000	Wuxue	Manufacture and sale of building materials	–	32	Establishment
Huaxin New Building Materials (Wuxue) Co., LTD	Wuxue	3,000	Wuxue	Manufacture and sale of new materials	–	100	Establishment
Huaxin New Material (Yidu) Co., LTD	Yidu	2,500	Yidu	Manufacture and sale of new materials	–	100	Establishment
Huaxin Fine Calcium (Xiangyang) Co., LTD	Xiangyang	2,700	Xiangyang	Manufacture and sale of building materials	–	100	Establishment
Hainan Baihitong Supply Chain Technology Co., LTD	Haikou	10,000	Haikou	Logistics services	–	100	Establishment

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Name of significant subsidiaries	Place of business	Registered RMB0'000	Place of registration	Nature of business	Percentage of shareholding (%)		Acquired method
					Direct	Indirect	
Fumin Park New Building Materials Co., LTD	Fumin	10,000	Fumin	Manufacture and sale of new materials	–	100	Establishment
Huaxin Concrete (c) Co., LTD	zigui	2,500	zigui	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Qianjiang) Co., LTD	Qianjiang	2,500	Qianjiang	Production and sale of concrete	–	100	Establishment
Nanjing Huaxin Concrete Co., LTD	Nanjing	5,000	Nanjing	Production and sale of concrete	–	100	Establishment
Huaxin Concrete Xiangyang Co., LTD	Xiangyang	2,500	Xiangyang	Production and sale of concrete	–	100	Establishment
Huaxin Zhongnan (Wuhan) Environmental Technology Co., LTD	Wuhan	500	Wuhan	Environmental design, construction and waste disposal	–	55	Establishment
Huaxin Environmental Engineering (Chongqing) Co., LTD	Chongqing	4,100	Chongqing	Environmental design, construction and waste disposal	–	100	Establishment
Jingjiang Huaxin Concrete Co., LTD	Jingjiang	2,500	Jingjiang	Production and sale of concrete	–	100	Establishment
Huaxin Fortress New Building Materials (Daye) Co., LTD	Daye	3,000	Daye	Manufacture and sale of new materials	–	100	Establishment
Huaxin Concrete (Yangxin) Co., LTD	Yangxin	2,500	Yangxin	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Daye) Co., LTD	Daye	2,500	Daye	Production and sale of concrete	–	100	Establishment
Changzhou Huaxin Concrete Co., LTD	Changzhou	3,000	Changzhou	Production and sale of concrete	–	100	Establishment
Huaxin (Zhuzhou) New Material Technology Co., LTD	Zhuzhou	3,500	Zhuzhou	Manufacture and sale of new materials	–	100	Establishment
Huaxin Concrete (Tianmen) Co., LTD	Tianmen	2,500	Tianmen	Production and sale of concrete	–	100	Establishment
Huaxin New Material (Zigui) Co., LTD	Zigui	10,000	Zigui	Manufacture and sale of new materials	–	100	Establishment
Zhenjiang Huaxin Jingfa Concrete Co., LTD	Zhenjiang	3,000	Zhenjiang	Production and sale of concrete	–	100	Establishment
Changzhou Huaxin tong he Concrete Co., LTD	Changzhou	3,000	Changzhou	Production and sale of concrete	–	100	Establishment
Changzhou Huaxintong li Concrete Co., LTD	Changzhou	3,000	Changzhou	Production and sale of concrete	–	100	Establishment
Huaxin Green Building Materials (Wuxue) Co., LTD	Wuxue	50,000	Wuxue	Manufacture and sale of building materials	–	59	Establishment
Huaxin Environmental Engineering (Hunan) Co., LTD	Changsha	1,000	Changsha	Environmental design, construction and waste disposal	–	100	Establishment
Huaxin Concrete Xiangyang Xiangcheng District Co., LTD	Xiangyang	2,500	Xiangyang	Production and sale of concrete	–	100	Establishment
Huaxin New Building Materials (Huangshi) Co., LTD	Huangshi	5,000	Huangshi	Manufacture and sale of new materials	100	–	Establishment
Huaxin New Building Materials (Honghe) Co., LTD	Honghe	2,500	Honghe	Manufacture and sale of new materials	–	100	Establishment
Nantong Huaxin Chunfa Concrete Co., LTD	Nantong	3,000	Nantong	Production and sale of concrete	–	100	Establishment
Taicang Huaxin Xinyang Concrete Co., LTD	Taicang	2,500	Taicang	Production and sale of concrete	–	100	Establishment
Nantong Taisheng Huaxin Concrete Co., LTD	Nantong	3,000	Nantong	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Hanchuan) Co., LTD	Hanchuan	2,500	Hanchuan	Production and sale of concrete	–	100	Establishment
Huaxin Yawan Cement Co., LTD (Note 2)	Tajikistan	USD20 million	Tajikistan	Manufacture and sale of building materials	–	38	Establishment

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Name of significant subsidiaries	Place of business	Registered RMB'000	Place of registration	Nature of business	Percentage of shareholding (%)		Acquired method
					Direct	Indirect	
Huaxin Kayul (Soght) Cement Co., LTD (Note 3)	Tajikistan	TJS 223.04 million	Tajikistan	Manufacture and sale of building materials	–	36	Establishment
Huaxin Cement Narayani Co., LTD	Nepali	USD28 million	Nepali	Manufacture and sale of building materials	–	100	Establishment
Cambodian Chakrey Ting packaging Co., Ltd.	Cambodian	USD5 million	Cambodian	Manufacture and sale of cement bags	–	68	Establishment
Huaxin Cement Jizak Co., LTD	Uzbekistan	USD30 million	Uzbekistan	Manufacture and sale of building materials	–	100	Establishment
Cambodia Concrete Chakrey Ting Co., Ltd.	Cambodian	USD0.6 million	Cambodian	Production and sale of concrete	–	68	Establishment
Huaxin Cambodia Trading Co., LTD	Cambodian	USD0.6 million	Cambodian	Import and export trade of cement	–	100	Establishment
Huaxin Kayul New Building Materials Co., LTD (Note 3)	Tajikistan	TJS28 million	Tajikistan	Manufacture and sale of new materials	–	32	Establishment
Huaxin Cement (Hefeng) National Building Materials Co., LTD	Hefeng	4,764	Hefeng	Manufacture and sale of building materials	51	–	Mergers and acquisitions
Huaxin Hongta Cement (Jinghong) Co., LTD	Jinghong	17,961	Jinghong	Manufacture and sale of building materials	51	–	Mergers and acquisitions
Huaxin Cement (Changyang) Co., LTD	Changyang	24,900	Changyang	Manufacture and sale of building materials	100	–	Mergers and acquisitions
Huaxin Cement (Jingzhou) Co., LTD	Jingzhou	8,080	Jingzhou	Manufacture and sale of building materials	88	12	Mergers and acquisitions
Huaxin Cement (Fangxian) Co., LTD	Fangxian	8,000	Fangxian	Manufacture and sale of building materials	70	–	Mergers and acquisitions
Huaxin Cement (Danjiangkou) Co., LTD	Danjiangkou	2,450	Danjiangkou	Manufacture and sale of building materials	–	70	Mergers and acquisitions
Huaxin Cement (Diqing) Co., LTD	Diqing	9,500	Diqing	Manufacture and sale of building materials	69	–	Mergers and acquisitions
Huaxin Jinlong Cement (Yunxian) Co., LTD	Yunxian	8,000	Yunxian	Manufacture and sale of building materials	80	–	Mergers and acquisitions
Huaxin Cement Suizhou Co., LTD	Suizhou	4,100	Suizhou	Manufacture and sale of building materials	60	–	Mergers and acquisitions
Huaxin Concrete Jingmen Co., LTD	Jingmen	2,500	Jingmen	Production and sale of concrete	–	100	Mergers and acquisitions
Hainan Huaxin Dacheng Concrete Co., LTD	Haikou	3,000	Haikou	Production and sale of concrete	–	70	Mergers and acquisitions
Hainan Huaxin Fuli Concrete Co., LTD	Haikou	2,800	Haikou	Production and sale of concrete	–	70	Mergers and acquisitions
Nanjing Huaxin Pingda Building Material Technology Co., LTD	Nanjing	3,000	Nanjing	Production and sale of concrete	–	100	Mergers and acquisitions
Huanggang Jiamei New Material Technology Co., LTD	Huanggang	2,500	Huanggang	Production and sale of concrete	–	100	Mergers and acquisitions
Yangzhou Huaxin Jiangyang Concrete Co., LTD	Yangzhou	3,000	Yangzhou	Production and sale of concrete	–	100	Mergers and acquisitions
Huaxin Tianbang Concrete (Wuhan Hanyang) Co., LTD	Wuhan	2,500	Wuhan	Production and sale of concrete	–	100	Mergers and acquisitions
Xishui County Concrete Sheng Building Material Co., LTD	Xishui	2,500	Xishui	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Suzhou Liangxing Concrete Co., LTD	Suzhou	3,000	Suzhou	Production and sale of concrete	–	100	Mergers and acquisitions
Huaxin Concrete Xianning Co., LTD	Xianning	4,200	Xianning	Production and sale of concrete	–	100	Mergers and acquisitions
Zaoyang Huaxin Concrete Co., LTD	Zaoyang	2,500	Zaoyang	Production and sale of concrete	–	84	Mergers and acquisitions
Huaxin Cement (Daye) Co., LTD	Daye	32,700	Daye	Manufacture and sale of building materials	70	–	Mergers and acquisitions

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Name of significant subsidiaries	Place of business	Registered RMB0'000	Place of registration	Nature of business	Percentage of shareholding (%)		Acquired method
					Direct	Indirect	
Huaxin Cement (Ezhou) Co., LTD	Ezhou	5,000	Ezhou	Manufacture and sale of building materials	70	–	Mergers and acquisitions
Hubei Zhushen Building Materials Co., LTD	Wuhan	2,500	Wuhan	Production and sale of concrete	–	84	Mergers and acquisitions
Huaxin Concrete (Chongyang) Co., LTD	Xianning	2,588	Xianning	Production and sale of concrete	–	51	Mergers and acquisitions
Saltec Golden Eagle Cement (Hong Kong) Limited	Hong Kong	HKD10 thousand	Hong Kong	Investment	–	65	Mergers and acquisitions
Huaxin Cement (Enping) Co., LTD	Enping	HKD280 million	Enping	Manufacture and sale of building materials	–	65	Mergers and acquisitions
Huaxin Concrete Xiangyang Co., LTD	Xiangyang	2,500	Xiangyang	Production and sale of concrete	–	84	Mergers and acquisitions
Huaxin Environmental Engineering (Shiyan) Co., LTD	Shiyan	5,000	Shiyan	Environmental design, construction and waste disposal	–	100	Mergers and acquisitions
Huaxin Cement (Fumin) Co., LTD	Fumin	39,000	Fumin	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Yunnan Huaxin Dongjun Cement Co., LTD	Kunming	26,000	Kunming	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Cement (Lijiang) Co., LTD	Lijiang	10,000	Lijiang	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Cement (Honghe) Co., LTD	Honghe	50,000	Honghe	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Cement (Chuxiong) Co., LTD	Chuxiong	3,260	Chuxiong	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Yanshan Yuanda Red River Cement Co., LTD	Honghe	300	Honghe	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Cement (Jianchuan) Co., LTD	Jianchuan	27,000	Jianchuan	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Cement (Yunlong) Co., LTD	Yunlong	30,000	Yunlong	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Cement (Lincang) Co., LTD	Lincang	36,090	Lincang	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Panzhuhua Huaxin New Materials Co., LTD	Panzhuhua	1,000	Panzhuhua	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Kunming Chongde Cement Co., LTD	Kunming	38,200	Kunming	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Yunnan Huaxin Building Materials Investment Co., LTD	Kunming	305,883	Kunming	Investment	100	–	Mergers and acquisitions
Kunming Huaxin Logistics Co., LTD	Kunming	1,000	Kunming	Loading and unloading, warehousing and other services	–	100	Mergers and acquisitions
Yunnan State Capital Cement Kunming Co., LTD	Kunming	13,038	Kunming	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Chongqing Huaxin Yanjing Cement Co., LTD	Chongqing	21,000	Chongqing	Manufacture and sale of building materials	100	–	Mergers and acquisitions
Chongqing Huaxin Diwei Cement Co., LTD	Chongqing	45,268	Chongqing	Manufacture and sale of building materials	97	–	Mergers and acquisitions
Chongqing Huaxin Sentian Cement Co., LTD	Chongqing	27,000	Chongqing	Manufacture and sale of building materials	100	–	Mergers and acquisitions
Huaxin Guizhou Dingxiu Special Cement Co., LTD	Guizhou	23,107	Guizhou	Manufacture and sale of building materials	–	100	Mergers and acquisitions

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Name of significant subsidiaries	Place of business	Registered RMB0'000	Place of registration	Nature of business	Percentage of shareholding (%)		Acquired method
					Direct	Indirect	
Guizhou Shucheng Rui'an Cement Co., LTD	Guizhou	20,000	Guizhou	Manufacture and sale of building materials	–	70	Mergers and acquisitions
Chongqing Huaxin Logistics Co., LTD	Chongqing	50	Chongqing	Loading and unloading, warehousing and other services	–	98	Mergers and acquisitions
Chongqing Huaxin Phoenix Lake Concrete Co., LTD	Chongqing	5,107	Chongqing	Production and sale of concrete	100	–	Mergers and acquisitions
Chongqing Huaxin Tiancheng Concrete Co., LTD	Chongqing	3,250	Chongqing	Production and sale of concrete	100	–	Mergers and acquisitions
Mauritius SOMMERSET INVESTMENTS LIMITED	Mauritius	177 million USD	Mauritius	Investment	100	–	Mergers and acquisitions
Yunwei Baoshan Organic Chemical Co., LTD	Baoshan	10,000	Baoshan	Manufacture and sale of building materials	–	80	Mergers and acquisitions
Hainan Xinhongda Building Materials Co., LTD	Haikou	1,500	Haikou	Manufacture and sale of new materials	–	100	Mergers and acquisitions
Yidu Honghua Xintong Logistics Co., LTD	Yidu	4,500	Yidu	Loading and unloading, warehousing and other services	–	100	Mergers and acquisitions
Huaxin Concrete (Huangmei) Co., LTD	Huangmei	2,600	Huangmei	Production and sale of concrete	–	100	Mergers and acquisitions
Hainan Huaxin Ronghui Concrete Co., LTD	Haikou	3,000	Haikou	Production and sale of concrete	–	70	Mergers and acquisitions
Nantong Tongchang Building Material Co., LTD	Nantong	3,000	Nantong	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Yueyang County Yonggu Concrete Co., LTD	Yueyang	3,350	Yueyang	Production and sale of concrete	–	100	Mergers and acquisitions
Yangzhou Huaxin Dingli Concrete Co., LTD	Yangzhou	2,500	Yangzhou	Production and sale of concrete	–	100	Mergers and acquisitions
Oman Cement Company SAOG	Oman	OMR33 million	Oman	Manufacture and sale of building materials	–	65	Mergers and acquisitions
Cement Chakrey Ting Factory Co., Ltd.	Cambodia	USD60 million	Cambodia	Manufacture and sale of building materials	–	68	Mergers and acquisitions
Yuzhno-Kyrgyzskiy Cement CJSC	Kyrgyzstan	KGS528 million	Kyrgyzstan	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Stone Group LLL	Kyrgyzstan	KGS1,000	Kyrgyzstan	Management and staffing services	–	100	Mergers and acquisitions
Power Assets LLL	Kyrgyzstan	KGS1,000	Kyrgyzstan	Land and Building Rental Services	–	100	Mergers and acquisitions
Maweni limestone limited	Tanzania	TZS1 million	Tanzania	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Chilanga Cement PLC	Zambia	ZMW10,001,995	Zambia	Manufacture and sale of building materials	–	80	Mergers and acquisitions
Portland Cement (Malawi) Limited	Malawi	MWK15,786,274	Malawi	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Natal Portland Cement Company (Pty) Ltd.	South Africa	644 million ZAR	South Africa	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Zhenjiang Huaxin Mingxing Concrete Co., LTD	Zhenjiang	3,000	Zhenjiang	Production and sale of concrete	–	100	Mergers and acquisitions
Huaxin Xijiesi Building Material Technology (Huangshi) Co., LTD	Huangshi	2,800	Huangshi	Manufacture and sale of building materials	–	70	Mergers and acquisitions
Huaxin New Building Materials (Chibi) Co., LTD	Chibi	3,000	Chibi	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Commercial Concrete (Ezhou Huarong) Co., LTD	Ezhou	2,500	Ezhou	Production and sale of concrete	–	100	Mergers and acquisitions
Changshu Huaxin Changling Concrete Co., LTD	Changshu	3,000	Changshu	Production and sale of concrete	–	100	Mergers and acquisitions

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Name of significant subsidiaries	Place of business	Registered RMB0'000	Place of registration	Nature of business	Percentage of shareholding (%)		Acquired method
					Direct	Indirect	
Yangxin Tainao Yicheng Building Material Co., LTD	Yangxin	2,600	Yangxin	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huangshi Huaxin Guanggu East New Building Material Co., LTD	Huangshi	15,000	Huangshi	Production and sale of construction aggregates	–	100	Mergers and acquisitions
Jiangsu Huaxin Supply Chain Co., LTD	Changzhou	1,000	Changzhou	Logistics services	–	100	Establishment
Xinyang Xinxing green Building Material Co., LTD	Xinyang	10,000	Xinyang	Production and sale of construction aggregates	–	51	Establishment
Xianning Huaxin Tuoxin Concrete Co., LTD	Xianning	2,500	Xianning	Production and sale of concrete	–	100	Establishment
Nantong Huaxin Xincheng Concrete Co., LTD	Nantong	2,500	Nantong	Production and sale of concrete	–	100	Establishment
Huaxin Xijiesi Building Material Technology (Changsha) Co., LTD	Changsha	1,200	Changsha	Manufacture and sale of new materials	–	70	Mergers and acquisitions
Yellow Stone Engineering Construction SPC	Oman	Oman 250 thousand	Oman	Manufacture and repair of Electromechanical equipment	–	100	Establishment
Wuhan Baihuitong Supply Chain Technology Co., LTD	Wuhan	5,000	Wuhan	Logistics services	–	100	Establishment
Suzhou Huaxin Kanghong Concrete Co., LTD	Suzhou	2,500	Suzhou	Production and sale of concrete	–	100	Mergers and acquisitions

Basis for holding half or less of the voting rights but still controlling the investee and for holding more than half of the voting rights but not controlling the investee is listed as below:

Note 1: The Group holds 59% of the shares of Huaxin Green Building Materials (Wuxue) Co., Ltd and Huaxin Green Building Materials (Wuxue) Co., Ltd holds 55% of the shares of Huaxin Chunjin Building Materials (Wuxue) Co., Ltd. Therefore, the Group holds 32% of the shares of Huaxin Chunjin Building Materials (Wuxue) Co., Ltd indirectly. The board of directors of Huaxin Chunjin Building Materials (Wuxue) Co., Ltd adopts the simple majority principle in making resolutions. There are three members in the board of directors and the Group has the right to appoint two directors, with 67% of the voting rights. Therefore, the Group has control over Huaxin Chunjin Building Materials (Wuxue) Co., Ltd.

Note 2: The Group holds 100% of the shares of Huaxin (Hong Kong) International Holdings Co., Ltd and 51% of the shares of Huaxin Hong Kong (Central Asia) Investment Co., Ltd holds 75% of the shares of Huaxin Ya Wan Cement Co., Ltd. Therefore, the Group holds 38% of the shares of Huaxin Ya Wan Cement Co., Ltd indirectly. The board of directors of Huaxin Ya Wan Cement Co., Ltd. adopts the simple majority principle in making resolutions. There are four members in the board of directors and the Group has the right to appoint three directors, with 75% of the voting rights. Therefore, the Group has control over Huaxin Ya Wan Cement Co., Ltd.

Note 3: Huaxin Ya Wan Cement Co., Ltd holds 95% and 85% of the shares of Huaxin Gayur(Sogd) Cement LLC and New Gayur New Building Materials Co., Ltd. 95% and 85% respectively. Therefore, the Group has control over Huaxin Gayur(Sogd) Cement LLC and New Gayur New Building Materials Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Significant non-wholly subsidiaries

Unit: RMB

Subsidiaries	Percentage of non-controlling shareholding (%)	Profit or loss attributable to non-controlling shareholders	Dividend Payment to non-controlling shareholders in the current period	Closing balance of minority interests
Huangshi Huaxin Green Building Material Industry Co., Ltd	42%	1,802,074	—	676,198,453
Huaxin Green Building Materials (Wuxue) Co., Ltd	41%	118,058,571	63,550,000	439,972,191

Main financial information of the above significant subsidiaries with minority interests

Unit: RMB

Subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Huangshi Huaxin Green Building Material Industry Co., Ltd	1,067,688,316	8,647,420,791	9,715,109,107	4,405,988,528	3,051,964,549	7,457,953,077	969,592,535	9,171,363,401	10,140,955,936	4,357,092,538	3,575,821,340	7,932,913,878
Huaxin Green Building Materials (Wuxue) Co., Ltd	846,570,422	772,043,356	1,618,613,778	486,294,576	112,701,938	598,996,514	692,318,934	791,338,852	1,483,657,786	477,444,696	114,100,790	591,545,486

Unit: RMB

Subsidiaries	Amount for the current period				Amount for the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Huangshi Huaxin Green Building Material Industry Co., Ltd	642,744,209	4,316,944	4,316,944	408,049,806	444,330,666	-16,286,718	-16,286,718	469,403,634
Huaxin Green Building Materials (Wuxue) Co., Ltd	955,822,194	282,504,963	282,504,963	421,317,548	216,939,230	58,794,948	58,794,948	94,618,168

NOTES TO FINANCIAL STATEMENTS

X. INTERESTS IN OTHER ENTITIES – *continued*

2. Interests in associates

Unit: RMB

Name	Place of business	Place of registration	Nature of business	Percentage of shareholding (%)		Accounting treatment
				Direct	Indirect	
Tibet High-Tech Building Materials Group Co., Ltd	Tibet	Tibet	Manufacture and sale of building materials	43	—	Equity method
Shanghai Wanan Huaxin Cement Co., Ltd	Shanghai	Shanghai	Manufacture and sale of building materials	49	—	Equity method
Zhangjiajie Tianzi Concrete Co., Ltd	Sangzhi	Sangzhi	Production and sale of concrete	30	—	Equity method
Xinyang Xinxin Mining Co., Ltd	Xinyang	Xinyang	Wholesale of non-metallic minerals and products	30	—	Equity method
Mondi Oman LLC	Oman	Oman	Manufacture of industrial paper bags	30	—	Equity method
Tibet Huaxin New Aggregate Co., Ltd.	Tibet	Tibet	Manufacture and sale of building materials	15	—	Equity method

The following table presents the summarised financial information for joint ventures and associates that are individually immaterial to the Group:

Unit: RMB

	Closing balance/ Amount for the current period	Opening balance/ Amount for the prior period
Joint ventures:		
Total carrying value of investments	15,300,000	—
Total of the following by percentage of shareholding		
— Net profit	—	—
— Total comprehensive income	—	—
Associates:		
Total carrying value of investments	539,208,354	512,863,351
Total of the following by percentage of shareholding		
— Net profit	1,580,722	348,987
— Total comprehensive income	1,580,722	348,987

NOTES TO FINANCIAL STATEMENTS

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Classification of financial instruments

As at 30 June 2024, financial assets at fair value through profit or loss amounted to RMB34,693,709 (31 December 2023: RMB28,303,595), which were mainly included in financial assets held for trading and other non-current financial assets; financial assets at fair value through other comprehensive income amounted to RMB1,438,197,544 (31 December 2023: RMB1,710,652,591), which were mainly included in receivables financing and other equity investments; financial assets at amortised cost amounted to RMB9,761,533,456 (31 December 2023: RMB9,901,353,234), which were mainly included in currency funds and accounts receivable, etc; financial liabilities at fair value through profit or loss amounted to RMB148,539,253 (31 December 2023: RMB147,690,327), which were mainly included in bonds payable; and financial liabilities at amortised cost amounted to RMB32,159,369,992 (31 December 2023: RMB31,251,582,380), which were mainly included in accounts payable non-current liabilities due within one year, long-term payables and bonds payable.

2. Risks of financial instruments

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk.

The Board of Directors is responsible for planning and establishing the Group's risk management structure, formulating the Group's risk management policies and related guidelines and supervising the implementation of risk management measures. The Group has formulated risk management policies to identify and analyse the risks faced by the Group. These risk management policies specify specific risks and cover a wide range of areas such as market risk, credit risk and liquidity risk management. The Group regularly assesses changes in the market environment and the Group's operations to determine whether to update the risk management policies and systems. The Group's risk management is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and avoids relevant risks by working closely with other business units of the Group. The Group's internal audit department conducts regular audits on risk management controls and procedures and reports the results of the audits to the Group's Audit Committee.

The Group diversifies its exposure to financial instruments through an appropriately diversified portfolio of investments and businesses, and reduces the risk of concentration in any single industry, in a particular geographic region or with a particular counterparty by establishing appropriate risk management policies.

Credit risk

The Group only transacts with accredited, reputable third parties. In accordance with the Group's policy, credit checks are required to be performed on all customers who request to transact on credit. In addition, the Group monitors its accounts receivable balances on an ongoing basis to ensure that the Group is not exposed to significant risk of bad debts. The Group does not provide credit transaction terms for transactions that are not settled in the local currency of account of the relevant operating unit, unless specifically approved by the Group's credit control department.

Cash and bank balances, bank acceptances bills and derivative financial instruments are subject to low credit risk because the counterparties to these instruments are reputable banks with high credit ratings.

NOTES TO FINANCIAL STATEMENTS

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS — *continued*

2. Risks of financial instruments — *continued*

Credit risk — continued

The Group's other financial assets include accounts receivable, other receivables, long-term receivables and debt investments, which are subject to credit risk arising from default of the counterparties, with the maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk of the Group at each balance sheet date is the total amount charged to the customers less the amount of the impairment provision.

No collateral is required as the Group only transacts with recognised and reputable third parties. Credit risk concentrations are managed by customer/counterparty, geographical area and industry. There are no significant concentrations of credit risk within the Group as the customer base of the Group's accounts receivable is widely dispersed across different sectors and industries. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances.

Criteria for judging significant increase in credit risk

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date or not. While determining whether the credit risk has significantly increased since initial recognition or not, the Group's key criteria is days past due over 30 days, or the following indicators of debtors occur significant change: the operating environment, internal and external credit rating and the significant adverse change of actual or predicted operating results.

Definition of credit-impaired assets

The Group's key criterion for determining that credit impairment has occurred is that the number of days past due exceeds 180 days. But in some cases, the Group also considers credit impairment have occurred if internal or external information indicates that full recovery of the contractual amount may not be possible before taking into account any credit enhancements held.

The credit impairment of a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

Liquidity risk

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and other borrowings.

The liquidity of the Group is primarily dependent on adequate cash inflows from operations to meet its debt obligations as they fall due and external financing to meet its needs on committed future capital expenditure.

NOTES TO FINANCIAL STATEMENTS

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS – *continued*

2. Risks of financial instruments – *continued*

Liquidity risk – continued

The tables below summaries the maturity profile of the Group’s financial liabilities based on contractual undiscounted payments:

30 June 2024

Unit: RMB

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	671,243,373	–	–	–	671,243,373
Notes payable	764,470,918	–	–	–	764,470,918
Accounts payable	7,561,123,599	–	–	–	7,561,123,599
Other payable	1,421,829,979	–	–	–	1,421,829,979
Long-term borrowings	3,240,216,600	3,561,079,494	4,973,574,531	687,823,978	12,462,694,603
Bonds payable	1,412,199,635	3,737,973,510	186,316,900	–	5,336,490,045
Long-term payables	2,649,679,873	454,674,772	502,136,719	22,209,488	3,628,700,852
Lease liabilities	350,528,937	320,415,311	718,015,998	377,531,371	1,766,491,617
Total	18,071,392,996	8,074,143,087	6,380,044,148	1,087,564,837	33,613,145,068

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s debt obligations with a floating interest rate. The Group mitigates the risk by monitoring closely the movements in interest rates, reviewing its banking facilities regularly and using of financial derivatives such as interest rate swaps flexibly.

As the end of June 2024, the Group’s RMB long-term borrowings with floating interest rate amounted to RMB9,468,476,301, the USD long-term borrowings with floating interest rate amounted to RMB736,189,743, the MZN long-term borrowings with floating interest rate amounted to RMB57,450,000, and the ZAR long-term borrowings with floating interest rate amounted to RMB208,931,400.

NOTES TO FINANCIAL STATEMENTS

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS – *continued*

2. Risks of financial instruments – *continued*

Liquidity risk – continued

Interest rate risk – continued

The following table presents a sensitivity analysis of the interest rate risk on RMB long-term borrowings, reflecting the effect that a reasonable and probable change in interest rates would have on net profit or loss (through the impact on floating-rate borrowings) and on other comprehensive income, net of tax, under the assumption that all other variables are held constant.

30 June 2024

Unit: RMB

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other net comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
RMB	100	-94,684,763	—	-94,684,763
RMB	-100	94,684,763	—	94,684,763

Currency risk

The Group has currency exposures arising from sales or purchases by operating units in currencies other than the units' functional currencies.

In addition, the Group has currency exposures from its foreign currency borrowings.

The table below demonstrates the sensitivity analysis of foreign exchange risk. It presents when all the other variables held constant and the below exchange rate changes are reasonable and possible, the impact on net profit or loss and net other comprehensive income after tax.

NOTES TO FINANCIAL STATEMENTS

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS – *continued*

2. Risks of financial instruments – *continued*

Currency risk – continued

30 June 2024

Unit: RMB

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other net comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
TZS depreciated against USD	500	-51,230,614	–	-51,230,614
TZS appreciated against USD	-500	51,230,614	–	51,230,614
NPR depreciated against USD	500	-60,433,939	–	-60,433,939
NPR appreciated against USD	-500	60,433,939	–	60,433,939
RMB depreciated against USD	500	41,918,923	212,714	42,131,637
RMB appreciated against USD	-500	-41,918,923	-212,714	-42,131,637

3. Capital management

The main objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximize shareholders' value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. As at 30 June 2024 and 31 December 2023, there was no change in the capital management objectives, policies or procedures.

The Group controls its capital using an asset-liability ratio, which is calculated by dividing total liabilities by total assets. As at the balance sheet date, the debt ratio of the Group was as follows:

Unit: RMB

	30 June 2024	31 December 2023
Total liabilities	35,992,702,978	35,505,385,821
Total assets	68,975,448,352	68,800,268,263
Asset-liability ratio	52.2%	51.6%

NOTES TO FINANCIAL STATEMENTS

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS – *continued*

4. Transfer of financial assets

Unit: RMB

Transfer approaches	Nature of transferred financial assets	Amount of transferred financial assets	Status of derecognition	Basis for determining derecognition
Endorsed/Discounted Bills	Notes receivable	72,981,736	Not derecognised	Retained substantially all the risks and rewards
Endorsed/Discounted Bills	Receivables financing	1,587,878,294	derecognised	Transferred substantially all the risks and rewards
Factoring arrangement	Accounts receivable	92,095,125	derecognised	Transferred substantially all the risks and rewards
Total	/	<u>1,752,955,155</u>	/	/

Financial assets derecognised as a result of the transfer are as follows

Unit: RMB

Item	Transfer approaches	Amount of financial assets derecognised	Related to derecognition
Notes receivable	Endorsed/Discounted Bills	1,587,878,294	—
Accounts receivable	Factoring arrangement	92,095,125	1,382,620
Total	/	<u>1,679,973,419</u>	<u>1,382,620</u>

The transferred financial assets that continue to be involved are as follows

Unit: RMB

Item	Asset transfer modalities	Amount of assets created by continuing involvement	Amount of liability arising from continuing involvement
Notes receivable	Endorsed bills	72,981,736	72,981,736
Total	/	<u>72,981,736</u>	<u>72,981,736</u>

NOTES TO FINANCIAL STATEMENTS

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS — *continued*

4. Transfer of financial assets — *continued*

The transferred financial assets that continue to be involved are as follows — continued

Transferred financial assets that are not derecognised in their entirety

At 30 June 2024, the Group endorsed certain bills receivable accepted by banks with a carrying amount of RMB72,981,736 (31 December 2023: RMB469,469,687) to certain of its suppliers in order to settle the accounts payable due to such suppliers. In the opinion of the Group, the Group has retained substantially all the risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated accounts payable settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the accounts payable settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB72,981,736 (31 December 2023: RMB469,469,687).

Transferred financial assets that are derecognised in their entirety in which continuing involvement exists

At 30 June 2024, the Group endorsed certain bills receivable accepted by banks to certain of its suppliers in order to settle the accounts payable due to such suppliers with a carrying amount in aggregate of RMB1,587,878,294 (31 December 2023: RMB5,539,410,830). The Derecognised Bills had a maturity of 1 to 12 months at 30 June 2024. In accordance with the Law of Negotiable Instruments, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons, including the Group, liable for the Derecognised Bills regardless of the order of precedence (the “Continuing Involvement”). In the opinion of the Group, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Group, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

As part of its normal business, the Group entered into an accounts receivable factoring arrangement (the “Arrangement”) with some supply chain financial platforms and transferred certain accounts receivable to the Group’s creditors in the supply chain platforms or discounted the accounts receivable to a bank. The Group is not exposed to the risk of default of the debtors of the receivables after the transfer. Subsequent to the transfer or discount, the Group did not retain any rights on the use of the accounts receivable, including the sale, transfer or pledge of the accounts receivable to any other third parties. At 30 June 2024, the carrying value of the receivables transferred under the arrangement amounted to RMB52,733,544 (31 December, 2023: RMB60,574,547). The carrying value of the receivables discounted under the arrangement amounted to RMB39,361,581 (31 December, 2023: RMB116,812,582).

At June 30, 2024, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

NOTES TO FINANCIAL STATEMENTS

XII. FAIR VALUE DISCLOSURES

1. Assets and liabilities measured at fair value

Unit: RMB

Item	Closing fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
I. Continuous fair value measurement				
(I) Held-for-trading financial assets	34,693,709	—	—	34,693,709
1. Financial assets at fair value through profit or loss	34,693,709	—	—	34,693,709
(1) Investment in debt instruments	—	—	—	—
(2) Investment in equity instruments	34,693,709	—	—	34,693,709
2. Financial assets designated as at fair value through profit or loss	—	—	—	—
(II) Other equity instrument investments	—	—	992,586,304	992,586,304
(III) Receivables financing	—	445,611,239	—	445,611,239
Total assets continuously measured at fair value	34,693,709	445,611,239	992,586,304	1,472,891,252
(IV) Bonds payable — preferred shares	—	—	148,539,253	148,539,253
Total liabilities continuously measured at fair value	—	—	148,539,253	148,539,253
II. Non-continuous fair value measurement				
(I) Assets held for sale				
Total assets not continuously measured at fair value	—	—	—	—
Total liabilities not continuously measured at fair value	—	—	—	—

2. Quoted prices in active markets (Level 1)

The fair values of listed equity investments are based on quoted market prices.

NOTES TO FINANCIAL STATEMENTS

XII. FAIR VALUE DISCLOSURES – *continued*

3. Level 2 fair value measurements

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments, including interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs, including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of interest rate swaps are the same as their fair values. At 30 June 2024, the mark-to-market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedging relationship and other financial instruments recognised at fair value.

4. Level 3 fair value measurements

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

5. The reconciliation information of opening and closing carrying amounts of items measured at Level 3 fair value on recurring and non-recurring bases

2024

Unit: RMB

	Opening balance	Total profit or loss		Purchases	Settlements	Closing balance	Changes in unrealised gains or losses
		Amount included in profit or loss	Amount included in comprehensive income				Changes in unrealised gains or losses
Equity investments	964,633,899	–	27,952,405	–	–	964,633,899	–
Bonds payable – preference shares	147,690,327	–848,925	–	–	–	148,539,252	–

2023

Unit: RMB

	Opening balance	Total profit or loss		Purchases	Settlements	Closing balance	Changes in unrealised gains or losses
		Amount included in profit or loss	Amount included in comprehensive income				Changes in unrealised gains or losses
Equity investments	1,012,850,323	–	–48,216,424	–	–	964,633,899	–
Bonds payable – preference shares	148,943,421	–1,253,094	–	–	–	147,690,327	–

NOTES TO FINANCIAL STATEMENTS

XIII. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS

1. Major shareholders of the Company

Name of major shareholders	Registered office	Nature of business	Registered capital	To the Company Shareholding ratio (%)	To the Company Proportion of voting rights (%)
Holchin B.V.	Amsterdam, Netherlands	Establishment of companies other enterprises; acquisition, management, supervision and transfer of shares and other interests in legal persons, companies and enterprises	EUR100,000	40.19	41.81
Huaxin Group Limited	Huangshi City, Hubei Province	Manufacture and sale of cement products, machinery parts, real estate development, commerce, services, etc.	RMB340,000,000	16.26	16.26

Holchin B.V. is the Company's largest shareholder and its ultimate holding shareholder is Holcim Ltd. Holpac Limited, the person acting in concert of Holchin B.V., holds 1.62% of equity in the Company. Therefore, Holchin B.V. maintains 41.81% of voting rights in the Company.

2. Subsidiaries

See Note X.1 for details of the Company's subsidiaries.

3. Associates

See note X.2 for details of the Company's associates

NOTES TO FINANCIAL STATEMENTS

XIII. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS – *continued*

4. Other related parties

	Related Party Relationships
Lafarge ASIA SDN BHD	Controlled by Holcim Ltd
Mbeya Cement Company Limited	Controlled by Holcim Ltd
Lafarge Cement Zimbabwe Limited	Controlled by Holcim Ltd
Holcim Trading Ltd.	Controlled by Holcim Ltd
Bamburi Cement Limited	Controlled by Holcim Ltd
Lafarge SA	Controlled by Holcim Ltd
Hima Cement Ltd.	Controlled by Holcim Ltd
Holcim Technology Ltd.	Controlled by Holcim Ltd
Lafarge Industries South Africa (Pty) Ltd.	Controlled by Holcim Ltd
Holcim EMEA Digital Center SL.	Controlled by Holcim Ltd
Holcim Group Services	Controlled by Holcim Ltd
LafargeHolcim ITEMEDIA,S.L	Controlled by Holcim Ltd
LafargeHolcim Distribution	Controlled by Holcim Ltd
Dujiangyan Lafarge Cement Co., Ltd.	Controlled by Holcim Ltd
Huangshi Huaxin Canfu Industrial and Trade Co., Ltd	Other related parties
Tibet High-Tech Building Materials Group Co., Ltd	Associate of the Group
Shanghai Wan'an Huaxin Cement Co., Ltd.	Associate of the Group
Tibet Shigatse High-tech Xuelian Cement Co., Ltd	Subsidiary of the Group's associate
Tibet Huaxin New Aggregate Co., Ltd.	Associate of the Group
Shigatse High-Tech Environmental Engineering Co., Ltd	Subsidiary of the Group's associate
Mondi Oman LLC	Associate of the Group

NOTES TO FINANCIAL STATEMENTS

XIII. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS – *continued*

5. Major transactions of the Group with related parties

(1) *Transactions concerning goods and services with related parties*

Purchases of goods and receipts of services from related parties

Unit: RMB

Related parties	Nature of transaction	Amount for the current period	Amount for the prior period
Huangshi Huaxin Canfu Industrial and Trade Co., Ltd	Procurement of materials	6,340,291	13,821,616
Holcim EMEA Digital Center SL	Receipts of labor service	—	1,079,892
Mondi Oman LLC	Procurement of materials	<u>20,111,429</u>	<u>—</u>

Sales of goods and services to related parties

Unit: RMB

Related parties	Nature of transaction	Amount for the current period	Amount for the prior period
Tibet Shigatse High-tech Xuelian Cement Co., Ltd	Sales of goods	4,526,197	7,590,307
Dujiangyan Lafarge Cement Co., Ltd.	Sales of goods	540,706	5,802,243
Tibet Huaxin New Aggregate Co., Ltd.	Sales of goods	442,659	—
Shigatse High-Tech Environmental Engineering Co., Ltd	Sales of goods	113,980	—
Huaxin Group Co., Ltd.	Sales of goods	69,005	—
Tibet Shigatse High-tech Xuelian Cement Co., Ltd	Sales of services	353	—
Shigatse High-Tech Environmental Engineering Co., Ltd	Sales of services	<u>360,678</u>	<u>—</u>

NOTES TO FINANCIAL STATEMENTS

XIII. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS — *continued*

5. Major transactions of the Group with related parties — *continued*

(2) *Remuneration for key management personnel*

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Remuneration for key management personnel	15,030,000	14,380,000

6. Amounts due to/from related parties

(1) *Accounts receivable*

Unit: RMB

	Related parties	Amount for the current period		Amount for the prior period	
		Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
Accounts receivable	Tibet Shigatse High-tech Xuelian Cement Co., Ltd	2,443,380	—	72,498	—
Accounts receivable	Shanghai Wanan Huaxin Cement Co., LTD	1,000,000	—	1,000,000	—
Accounts receivable	Shigatse High-Tech Environmental Engineering Co., Ltd	129,172	—	88	—
Accounts receivable	Lafarge Cement Zimbabwe Limited	28,130	—	27,445	—
Accounts receivable	Dujiangyan Lafarge Cement Co., Ltd	—	—	1,781,821	—
	Total	3,600,682	—	2,881,852	—

NOTES TO FINANCIAL STATEMENTS

XIII. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS – *continued*

6. Amounts due to/from related parties – *continued*

(2) *Accounts payable*

Unit: RMB

	Related parties	Closing balance	Opening balance
Accounts payable	Hima Cement Ltd.	1,240,146	2,677,568
Accounts payable	Tibet Shigatse High-tech Xuelian Cement Co., Ltd	1,038,764	—
Accounts payable	Bamburi Cement Limited	567,192	553,377
Accounts payable	Holcim Group Services	473,761	493,088
Accounts payable	LAFARGE SA	427,765	433,579
Accounts payable	Holcim EMEA Digital Center SL.	197,059	—
Accounts payable	Holcim Trading Ltd	24,572	23,974
Accounts payable	Holcim Technology Ltd	719	701
Accounts payable	Lafarge Industries South Africa (Pty) Ltd	613	597
Accounts payable	Mondi Oman LLC	1,175,045	—
	Total	5,145,637	4,182,884

(3) *Other accounts payable*

Unit: RMB

	Related parties	Closing balance	Opening balance
Other accounts payable	LAFARGE ASIA SDN BHD	409,394	409,394
Other accounts payable	Tibet Huaxin New Aggregate Co., Ltd.	177,534	—
Other accounts payable	Mbeya Cement Company	77,062	—
Other accounts payable	Tibet Shigatse High-tech Xuelian Cement Co., Ltd	76,679	531,955
	Total	740,669	941,349

NOTES TO FINANCIAL STATEMENTS

XIV. SHARE-BASED PAYMENT

1. Equity-settled share-based payments

(1) *Employee Stock Ownership Plan 2020–2022*

On 25 September 2020, the Group's general meeting approved the Company's 2020–2022 Core Employee Stock Ownership Plan (Draft) (the "2020 Employee Stock Ownership Plan"). The plan will grant zero-priced restricted stocks to the board of directors, supervisors, and senior management. 2020 Employee Stock Ownership Plan includes two parts: Plan A and Plan B. Plan A refers to the long-term incentive plan linked to the annual performance assessment of the Company from 2020 to 2022, which are awarded, assessed and unlocked by stages. Plan B refers to the Company's long-term incentive plan linked to the milestone performance assessment from 2020 to 2022, with one-time award, one-time assessment and one-time unlocking. On 9 June 2023, the board of directors approved the Granting Results of the Company's 2020–2022 Core Employee Stock Ownership Plan. The result was that 2,723,597 shares of Plan A are unvested, and the final amount of granted shares was 3,435,155. 14,880,609 shares of Plan B are unvested, and the final amount of granted shares was Nil.

The results of the Company's comprehensive performance assessment for the year 2022 were lower than the threshold value, result in the Company's performance assessment coefficient for the year 2022 was 0%, and all the 1,728,304 shares of the third phase of the 2020–2022 Employee Stock Ownership Plan A-0 Plan could not be attributed. The results of the assessment of the Milestone Performance Objectives for the 2020–2022 assessment period were lower than the threshold value, result in the assessment coefficient was determined to be 0%, and all the 14,880,609 shares of the 2020–2022 Employee Stock Ownership Plan B could not be attributed. 5,485 shares of the 2020–2022 Employee Stock Ownership Plan could not be attributed due to employee resignation.

NOTES TO FINANCIAL STATEMENTS

XIV. SHARE-BASED PAYMENT – *continued*

1. Equity-settled share-based payments – *continued*

(2) *Employee Stock Ownership Plan 2023–2025*

On 20 July 2023, the Group’s general meeting approved the Company’s 2023–2025 Core Employee Stock Ownership Plan (Draft) (the “2023 Employee Stock Ownership Plan”). By establishing an employee stock ownership plan, shares are purchased in the secondary market to grant to the directors, supervisors, senior management and other personnel.

Unit: RMB

The method for determining the fair value of the equity instruments on the grant date

Market closing price on grant date

The basis of determining the number of equity instruments expected to be vested	The basis is determined by the number of shares held by granted to staff who meet the annual evaluation of the Company’s financial performance indicators and individual performance indicators.
The cumulative amounts of equity-settled share-based payments recognised into capital reserves	42,369,177

2. The equity instruments granted are listed below:

Unit: RMB

	Equity-settled share-based payment expense
Management staff	8,654,079
Sales staff	1,174,739
Research staff	292,569
Production staff	267,091
Total	<u>10,388,478</u>

NOTES TO FINANCIAL STATEMENTS

XV. COMMITMENTS AND CONTINGENCIES

1. Commitments

Unit: RMB

	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognised in the financial statements	—	—
Capital commitments	<u>1,632,028,820</u>	<u>2,146,285,645</u>

2. Contingencies

- (1) In September 2020, Moncement Building Materials LLC (Moncement) appealed to the International Chamber of Commerce for arbitration, alleging that the Company had breached certain warranties and commitments under the EPC contract regarding the design, execution and delivery of the plant. Accordingly, the Company shall be required to compensate the Company for the damages and all arbitration costs caused by the breach of the warranty obligation and maintenance obligation in the amount of USD35,724,579 and to pay interest at an annual rate of 10% from the date of the application for arbitration to the date of actual payment. Moncement believes that the Company has violated the EPC contract, and the Company's management believes that the Company has executed the contract in accordance with the requirements of the Chinese Building Code or the EPC contract. As at the date of approval of these financial statements, the arbitration case had not yet been heard and the management considered it is difficult to predict the outcome and therefore no provision had been made.
- (2) On 10 October 2022, the People's Government of Fengjie County filed a lawsuit with the People's Court of Fengjie County, Chongqing Municipality, alleging that the Group failed to handle cross-border transportation procedures and could not carry out harmless treatment of domestic waste in accordance with the domestic waste disposal cooperation agreement signed by the two parties in the previous period, resulting in the Fengjie County Government needing to transport and dispose of CMSW (Fuel Materials Pre-treated for Domestic Waste) pre-treated by the Company from September 2018 to July 2020, resulting in a total loss of RMB64,766,956.91 and require the Company to bear the cost of such loss. The Group has raised jurisdictional objections to the case, applying for recusal of presiding judge but denied on 14 September 2023 and has been waiting for verdict, and as of the date of approval of these financial statements, the litigation has not yet been heard, the management considered it is difficult to predict the outcome and therefore no provision had been made.

NOTES TO FINANCIAL STATEMENTS

XVI. OTHER SIGNIFICANT MATTERS

1. Segment reporting

(1) Determination basis and accounting policies of reporting segments

For management purposes, the Group is organised into business units based on their geographical locations and has 2 reportable geography operating segments as follows:

- (1) The Domestic segment is mainly engaged in business activities in China, including the production and sale of cement, concrete, aggregates, clinker and other construction materials.
- (2) The Overseas segment is mainly engaged in business activities outside China, including the production and sale of cement, concrete, aggregates, clinker and other construction materials.

Management monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on reportable segment profit or loss, which is measured consistent with the Group's total profit from continuing operations.

Segment assets exclude deferred tax assets, and segment liabilities exclude deferred tax liabilities.

The intersegment transactions are transacted with reference to the prices used for transactions made to third parties at the then prevailing market price.

NOTES TO FINANCIAL STATEMENTS

XVI. OTHER SIGNIFICANT MATTERS – *continued*

1. Segment reporting – *continued*

(2) Segment reporting

Unit: RMB

Item	Domestic segment	Oversea segment	Unallocated amounts	Elimination Between segments	Total
Segment revenue	12,888,501,429	3,696,533,483	–	–347,661,258	16,237,373,654
Sales between segments	347,661,258	–	–	–347,661,258	–
Sales to external customers	12,540,840,171	3,696,533,483	–	–	16,237,373,654
Segment costs	10,209,929,135	2,469,516,413	–	–282,611,655	12,396,833,893
Costs between segments	282,611,655	–	–	–282,611,655	–
Costs to external customers	9,927,317,480	2,469,516,413	–	–	12,396,833,893
Investment income from investments in joint ventures and associates	505,750	1,074,972	–	–	1,580,722
Impairment losses of assets	–1,365,315	–5,411,347	–	–	–6,776,662
Impairment of credit losses	–33,575,374	1,948,520	–	–	–31,626,854
Profit before income taxes	778,644,740	597,616,360	–	–32,973,789	1,343,287,311
Income tax expenses	226,519,674	95,081,256	–	–	321,600,930
Profit	552,125,066	502,535,104	–	–32,973,789	1,021,686,381
Total assets	63,481,213,243	12,584,075,902	628,291,565	–7,718,132,357	68,975,448,353
Total liabilities	33,049,132,820	4,530,712,527	1,192,456,180	–2,779,598,549	35,992,702,978
Total non-current asset	43,027,224,399	9,315,520,072	–	–	52,342,744,471
Depreciation and amortization	1,640,289,680	313,884,701	–	–	1,954,174,381
Long-term equity investments in joint ventures and associates	529,612,821	24,895,533	–	–	554,508,354

Note: The non-current assets exclude debt investments, other equity investments, other non-current financial assets, long-term receivables and deferred tax assets.

NOTES TO FINANCIAL STATEMENTS

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

The ageing analysis of accounts receivable is as follows:

Unit: RMB

Aging	Closing balance	Opening balance
Within 6 months	527,129,876	556,552,284
6 to 12 months	39,755,852	29,539,921
1 to 2 years	22,875,033	143,081,009
2 to 3 years	22,898,010	15,153,278
Over 3 years	17,278,475	34,220,010
Less: Impairment allowance	18,713,910	18,174,514
Total	611,223,336	760,371,988

Movements in provision for bad debts of accounts receivable are as follows:

Unit: RMB

	Opening balance					Closing balance				
	Balance of carrying amount		Provision for bad debts		Carrying value	Balance of carrying amount		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Receivables for which bad debt provision is assessed on an individual basis	563,361,710	89	17,038,857	3	546,322,853	765,271,322	98	17,206,395	2	748,064,927
Receivables for which bad debt provision is assessed on a portfolio basis	66,575,536	11	1,675,053	3	64,900,483	13,275,180	2	968,119	7	12,307,061
Including:										
Receivable of cement	-	-	-	-	-	5,911	-	3,961	67	1,950
Receivable of others	66,575,536	11	1,675,053	3	64,900,483	13,269,268	2	964,158	7	12,305,110
Total	629,937,246	/	18,713,910	/	611,223,336	778,546,502	/	18,174,514	/	760,371,988

NOTES TO FINANCIAL STATEMENTS

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS — *continued*

1. Accounts receivable — *continued*

As at 30 June 2024, receivable for which bad debt provision is assessed on an individual basis:

Unit: RMB

	Balance of carrying amount	Closing balance		
		Provision for bad debts	Proportion (%)	Reasons for provision
Customer B	11,392,832	11,165,832	98	All uncollectible
Others	551,968,878	5,873,025	1	Partly uncollectible
Total	<u>563,361,710</u>	<u>17,038,857</u>	<u>3</u>	/

Receivables for which bad debt provision is assessed on a portfolio basis are as follows:

Category of other business receivables:

Unit: RMB

	Balance at end of year	Closing balance	
		Provision for bad debts	Proportion (%)
Within 6 months	57,797,903	955,197	2
6 to 12 months	7,798,324	389,916	5
1 to 2 years	120,615	34,083	28
2 to 3 years	852,783	289,946	34
Over 3 years	5,911	5,911	100
Total	<u>66,575,536</u>	<u>1,675,053</u>	—

NOTES TO FINANCIAL STATEMENTS

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS — *continued*

1. Accounts receivable — *continued*

As at 30 June 2024, the top 5 of the balances of accounts receivable were as follows:

Unit: RMB

	Balance at end of year	Percentage of total accounts receivable (%)	Provision for bad debts
First	143,197,567	23	—
Second	52,728,431	8	—
Third	36,082,960	6	—
Fourth	34,405,011	5	—
Fifth	23,406,662	4	—
	<u>289,820,631</u>	<u>—</u>	<u>—</u>
Total	<u>289,820,631</u>	<u>—</u>	<u>—</u>

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable	170	170
Dividend receivable	636,526,876	361,526,876
Other receivables	7,900,323,394	6,600,237,713
	<u>8,536,850,440</u>	<u>6,961,764,759</u>
Total	<u>8,536,850,440</u>	<u>6,961,764,759</u>

An ageing analysis of other receivables is as follows:

Unit: RMB

	Closing balance	Opening balance
Within 1 year	2,414,280,589	3,078,123,834
1 to 2 years	1,769,816,369	912,848,873
2 to 3 years	1,280,468,251	545,436,437
Over 3 years	2,481,996,010	2,110,633,024
Less: Impairment allowance	46,237,825	46,804,455
	<u>7,900,323,394</u>	<u>6,600,237,713</u>
Total	<u>7,900,323,394</u>	<u>6,600,237,713</u>

NOTES TO FINANCIAL STATEMENTS

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS — *continued*

2. Other receivables — *continued*

Other receivables are classified by nature as follows:

Unit: RMB

	Closing balance	Opening balance
Amounts due from subsidiaries and related parties	7,842,118,120	6,583,437,295
Guarantees, deposits and holdings	58,012,504	55,176,211
Others	46,430,595	8,428,662
Total	<u>7,946,561,219</u>	<u>6,647,042,168</u>

Movements in provision for bad debts of other receivable are as follows:

Unit: RMB

	Opening balance	Movements during the year		Closing balance
		Accrual	Reversal	
Other receivables	46,804,455	4,432	571,062	<u>46,237,825</u>
Total	46,804,455	4,432	571,062	<u>46,237,825</u>

As at 30 June 2024, the top 5 of the balances of other receivables were as follows:

Unit: RMB

	Closing balance	Proportion in total balance of other receivables	Nature	Aging	Closing balance of provision for bad debts
First	1,411,660,190	18	Amounts due from subsidiaries	Within 1 year, 1 to 2 years, 2 to 3 years	—
Second	858,890,823	11	Amounts due from subsidiaries	1 to 2 years, 2 to 3 years, Over 3 years	—
Third	555,336,203	7	Amounts due from subsidiaries	Within 1 year, 1 to 2 years, 2 to 3 years	—
Fourth	493,865,036	6	Amounts due from subsidiaries	Within 1 year, 1 to 2 years, 2 to 3 years	—
Fifth	423,641,564	5	Amounts due from subsidiaries	Within 1 year, 1 to 2 years,	—
Total	<u>3,743,393,816</u>	<u>47</u>	/	/	<u>—</u>

NOTES TO FINANCIAL STATEMENTS

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS — *continued*

3. Long-term equity investments

Unit: RMB

	Closing balance			Opening balance		
	Balance of carrying amount	Impairment provision	Carrying value	Balance of carrying amount	Impairment provision	Carrying value
Investment in subsidiaries	15,650,744,146	42,000,000	15,608,744,146	15,223,201,134	42,000,000	15,181,201,134
Investment in associates and joint ventures	450,746,316	—	450,746,316	450,737,315	—	450,737,315
Total	16,101,490,462	42,000,000	16,059,490,462	15,673,938,449	42,000,000	15,631,938,449

Cost method:

Unit: RMB

	Investment cost	Increase/ Decrease for the year	Closing balance	Closing and opening balances of impairment provision	Percentage of shareholding (%)	Percentage of voting right	Cash dividends for the year
Huaxin Aggregate Co., Ltd.	258,100,000	—	258,100,000	—	100%	100%	70,000,000
Huaxin Hongta Cement (Jinghong) Co., Ltd.	91,601,080	—	91,601,080	—	51%	51%	—
Huaxin Environmental Engineering (Yichang) Co., Ltd.	20,000,000	—	20,000,000	—	100%	100%	—
Huaxin Environmental Engineering Co., Ltd.	1,000,000,000	—	1,000,000,000	—	100%	100%	—
Huaxin (Huangshi) Logistics Co., Ltd.	20,000,000	—	20,000,000	—	100%	100%	10,000,000
Huaxin Concrete (Wuhan) Co., Ltd.	568,802,159	—	568,802,159	—	100%	100%	—
Huaxin Concrete Co., Ltd.	255,000,000	—	255,000,000	—	100%	100%	—
Huaxin Jinlong Cement (Yunxian) Co., Ltd.	363,802,268	—	363,802,268	—	80%	80%	—
Huaxin Narayani Investment (Shanghai) Co., Ltd.	500,000	—	500,000	—	100%	100%	—
Huaxin Cement (Changyang) Co., Ltd.	197,590,806	—	197,590,806	—	100%	100%	—
Huaxin Cement (Chenzhou) Co., Ltd.	220,000,000	—	220,000,000	—	100%	100%	30,000,000
Huaxin Cement (Chibi) Co., Ltd.	140,000,000	—	140,000,000	—	100%	100%	30,000,000
Huaxin Cement (Daye) Co., Ltd.	420,100,753	—	420,100,753	—	70%	70%	—
Huaxin Cement (Dao xian) Co., Ltd.	180,000,000	—	180,000,000	—	100%	100%	—
Huaxin Cement (Diqing) Co., Ltd.	65,550,000	—	65,550,000	—	69%	69%	13,800,000
Huaxin Cement (Ezhou) Co., Ltd.	99,437,030	—	99,437,030	—	70%	70%	—
Huaxin Cement (Enping) Co., Ltd.	674,058	—	674,058	—	0%	0%	—
Huaxin Cement (Enshi) Co., Ltd.	40,200,000	—	40,200,000	—	67%	67%	—
Huaxin Cement (Fangxian) Co., Ltd.	30,124,664	—	30,124,664	—	70%	70%	—
Huaxin Cement (Henan Xinyang) Co., Ltd.	200,000,000	—	200,000,000	—	100%	100%	—
Huaxin Cement (Hefeng) National Building Materials Co., Ltd.	44,700,483	—	44,700,483	—	51%	51%	—
Huaxin Cement (Huangshi) Bulk Storage and Transportation Co., Ltd.	20,000,000	—	20,000,000	—	100%	100%	—
Huaxin Cement (Huangshi) Co., Ltd.	892,800,000	—	892,800,000	—	80%	80%	—
Huaxin Cement Technology Management (Wuhan) Co., Ltd.	20,000,000	—	20,000,000	—	100%	100%	—
Huaxin Cement (Jingzhou) Co., Ltd.	70,800,000	—	70,800,000	—	88%	88%	—

NOTES TO FINANCIAL STATEMENTS

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS — *continued*

3. Long-term equity investments — *continued*

Cost method: — continued

	Investment cost	Increase/ Decrease for the year		Closing and opening balances of impairment provision	Percentage of shareholding (%)	Percentage of voting right	Cash dividends for the year
			Closing balance				
Huangshi Huaxin Cement Scientific Research and Design Co., Ltd.	990,000	—	990,000	—	99%	99%	—
Huaxin Cement (Kunming Dongchuan) Co., Ltd.	140,000,000	—	140,000,000	—	100%	100%	—
Huaxin Cement (Lengshuijiang) Co., Ltd.	180,000,000	—	180,000,000	—	90%	90%	—
Huaxin Cement (Macheng) Co., Ltd.	65,000,000	—	65,000,000	—	100%	100%	—
Huaxin Cement (Quxian) Co., Ltd.	240,000,000	—	240,000,000	—	100%	100%	—
Huaxin Cement (Sangzhi) Co., Ltd.	120,000,000	—	120,000,000	—	80%	80%	—
Huaxin Cement Suizhou Co., Ltd.	24,600,000	—	24,600,000	—	60%	60%	—
Huaxin Cement (Wanyuan) Co., Ltd.	190,000,000	—	190,000,000	—	100%	100%	—
Huaxin Cement (Wuhan) Co., Ltd.	42,000,000	—	42,000,000	42,000,000	70%	70%	—
Huaxin Cement (Wuxue) Co., Ltd.	300,000,000	—	300,000,000	—	100%	100%	500,000,000
Huaxin Cement (Tibet) Co., Ltd.	50,000,000	—	50,000,000	—	79%	79%	—
Huaxin Cement (Xiantao) Co., Ltd.	14,658,136	—	14,658,136	—	80%	80%	—
Huaxin Cement (Xiangyang Xiangcheng Co., Ltd.	40,000,000	—	40,000,000	—	100%	100%	—
Huaxin Cement (Xiangyang) Co., Ltd.	140,000,000	—	140,000,000	—	100%	100%	100,000,000
Huaxin Cement (Yangxin) Co., Ltd.	653,713,479	—	653,713,479	—	100%	100%	—
Huaxin Cement (Yichang) Co., Ltd.	505,589,562	—	505,589,562	—	100%	100%	100,000,000
Huaxin Cement (Yueyang) Co., Ltd.	59,500,000	—	59,500,000	—	45%	45%	—
Huaxin Cement (Zhaotong) Co., Ltd.	60,000,000	—	60,000,000	—	60%	60%	25,800,000
Huaxin Cement Chongqing Fuling Co., Ltd.	200,000,000	—	200,000,000	—	100%	100%	40,000,000
Huaxin Cement (Zhuzhou) Co., Ltd.	340,000,000	—	340,000,000	—	100%	100%	—
Huaxin Cement (Zigui) Co., Ltd.	240,000,000	—	240,000,000	—	100%	100%	30,000,000
Huaxin (Hong Kong) International Holdings Co., Ltd.	1,574,475,219	—	1,574,475,219	—	100%	100%	—
Huaxin New Building Materials Co., Ltd.	90,000,000	27,543,012	117,543,012	—	100%	100%	—
Huaxin Zhongya Investment (Wuhan) Co., Ltd.	388,623,689	—	388,623,689	—	100%	100%	—
Huaxin Equipment Engineering Co., Ltd.	190,000,000	—	190,000,000	—	100%	100%	—
Hubei Dailing Future Environmental Protection Packaging Technology Co., Ltd.	60,229,648	—	60,229,648	—	100%	100%	—
Mauritius Somerset Investment Co., Ltd.	252,000,000	—	252,000,000	—	100%	100%	—
Wuhan Ganghua Cement Co., Ltd.	20,000,000	—	20,000,000	—	50%	50%	—
Yunnan Huaxin Building Materials Investment Co., Ltd.	977,000,000	—	977,000,000	—	100%	100%	70,000,000
Chongqing Huaxin Cantian Cement Co., Ltd.	253,300,000	—	253,300,000	—	100%	100%	100,000,000
Chongqing Huaxin Diwei Cement Co., Ltd.	73,000,000	—	73,000,000	—	—	—	—
Chongqing Huaxin Fenghuang Lake Concrete Co., Ltd.	40,000,000	—	40,000,000	—	100%	100%	—
Chongqing Huaxin Tiancheng Concrete Co., Ltd.	29,000,000	—	29,000,000	—	100%	100%	—
Chongqing Huaxin Yanjing Cement Co., Ltd.	29,738,100	—	29,738,100	—	100%	100%	—
Huangshi Huaxin Green Building Materials Industry Co., Ltd.	1,595,000,000	—	1,595,000,000	—	58%	58%	—
Huaxin (Hainan) Investment Co., Ltd.	772,000,000	400,000,000	1,172,000,000	—	56%	56%	—
Huaxin Property Management Huangshi Co., Ltd.	3,000,000	—	3,000,000	—	100%	100%	—
Huaxin New Building Materials (Huangshi) Co., LTD.	50,000,000	—	50,000,000	—	100%	100%	—
Total	15,223,201,134	427,543,012	15,650,744,146	42,000,000	—	—	1,119,600,000

NOTES TO FINANCIAL STATEMENTS

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS — *continued*

3. Long-term equity investments — *continued*

Equity method:

Unit: RMB

	Opening balance	Movements during the year		Closing balance	Provisions for impairment
		Investment profit or loss under the equity method	Other changes		
Joint ventures					
Tibet High-tech Building Materials Group Co., Ltd.	361,515,912	541,402	-62,252	361,995,062	—
Shanghai Wan'an Huaxin Cement Co., Ltd.	89,221,403	-470,149	—	88,751,254	—
Total	450,737,315	71,253	-62,252	450,746,316	—

4. Operating revenue and cost

Unit: RMB

Item	Amount for the current period		Amount for the prior period	
	Revenue	Costs	Revenue	Costs
Principal operations	285,176,436	259,619,340	325,743,521	242,876,141
Other operations	918,255,108	823,800,527	1,401,707,856	1,365,546,781
Total	1,203,431,544	1,083,419,867	1,727,451,377	1,608,422,922

5. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Gains from long-term equity investments under the cost method	1,119,600,000	794,778,987
Investment gains from held for trading financial assets during the holding period	71,253	-1,713,962
Gains (losses) on disposal of long-term equity investments	3,175,142	32,876,390
Total	1,122,846,395	825,941,415

NOTES TO FINANCIAL STATEMENTS

XVIII. SUPPLEMENTAL INFORMATION

1. Breakdown of non-recurring Profit and Loss

Unit: RMB	
Item	Amount
Net income on disposal of non-current assets	3,659,443
Government grants recognized in current profit or loss (except for the government grants that are closely related to the normal operating business of the Company and received in a certain amount or have continuing effect on profit or loss in accordance with the state's regulations)	60,590,065
Except for those relating to the hedging transactions under the Company's normal operating business, profit/loss from the change of fair value of financial assets and financial liabilities, and profit/loss from the disposal of financial assets and financial liabilities in non-financial enterprises	9,263,524
Reversal of provisions for impairment of receivables that are individually tested for impairment	9,442,040
Other non-operating income and expenses other than the above items	-13,725,511
Less: Impact of income tax	17,066,603
Less: Impact of non-controlling interests	1,904,843
Total	<u>50,258,115</u>

2. Return on net assets and earnings per share

	Weighted average return on net asset (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	2.49	0.35	0.35
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	2.32	0.33	0.33