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.

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 Jiaxing, 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.

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	0	7,909	2020.10.29	24.18	2023.10.29–2025.10.29
		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

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.

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.

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

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		1,750,090,966	1,738,370,539
Total current liabilities		10,170,801,546	9,631,722,372
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		4,562,500	5,333,333
Total non-current liabilities		4,446,328,289	3,813,905,477

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:	Financial controller:	Accounting supervisor:
Li Yeqing	Chen Qian	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	1,203,221,881,547	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

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		1,442,656,8540 0 9 388.0327 418.3687 Tm (13,109	

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
	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	1,10335,6,346
	Other cash payments relating to financing activities		224,497,258	230,568,794
	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		–546,065,554	–2,073,146,359
	Add: Opening balance of cash and cash equivalents			

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		194,018,832	171,574,254
Sub-total of cash inflows from operating activities		1,871,221,019	2,374,112,012
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		364,192,951	342,098,522
Sub-total of cash outflows from operating activities		1,758,870,546	1,963,804,507
Net Cash Flow from Operating Activities		112,350,473	410,307,505
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		851,088,000	1,739,850,000
Sub-total of cash inflows from investing activities		2,728,999,037	4,697,225,216
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		1,262,913,000	2,002,472,140
Sub-total of cash outflows from investing activities		2,715,327,862	4,549,145,732
Net Cash Flow from Investing Activities		13,671,175	148,079,484

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			

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									
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Specialized reserves	Surplus reserve	Retained profits	Sub-total	Minority interests	Total shareholders' equity
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									
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Specialized reserves	Surplus reserve	Retained profits	Sub-total	Minority interests	Total shareholders' equity
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	-					

FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the six months ended 30 June 2024

Unit: RMB

	For the six months ended 30 June 2024						
Items	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained profits	Total shareholders' equity
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	

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

For the six months ended 30 June 2024

Unit: RMB

	For the six months ended 30 June 2023						
Items	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained profits	Total shareholders' equity
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	—	−380 0 ET EMC051,971			

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 Develophangh6.u rict, 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. _ 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 Min.u ry 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 relevanghdisclosures required by the Hong Kong Companies Ordinance and the L.u ing 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 evalua ing 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

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

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.

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 a (sh f)

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.

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.

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

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.

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 trail production

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

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.

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 in0.5 (n)0.5o (n)0.5 (i)0.5 (s)0.5 (g)i aesia50.5 (v)0.6 (a)0.5 (e)0

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.

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.

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.

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

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 ssing

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.

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 amounts may not be o r

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

VI. TAXATION

1. Major categories of taxes and respective tax rates

Tax basis	Tax rate
Value-added tax (VAT)	

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

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			Balance of carrying amount		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	Carrying amount value	Amount	Proportion (%)	Amount	Proportion (%)	Carrying amount value
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				

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

	Closing balance		
	Balance of carrying amount	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	591,411,123	48,435,821	

Category of concrete receivable:

Unit: RMB

	Closing balance		
	Balance of carrying amount	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	2,379,304,644	87,751,183	

Category of other business receivables:

Unit: RMB

	Closing balance		
	Balance of carrying amount	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	366,315,159	29,359,993	

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

		Amount of change for the period				
	Opening balance	Provision for the year	Recovered or reversal	Write-offs	Other movements	Closing balance
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 receivable (%)	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
TI4al	133,458,394	/	12,134,534	121,323,860

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	126,569,520	27

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	802,570,532	740,440,448
Total	825,309,053	747,268,432

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	99,695,822	104,346,705
Total	802,570,532	740,440,448

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	902,266,354	844,787,153

Movement in provision for bad debts:

Unit: RMB

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

Actually written off during the period

Unit: RMB

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

10. Long-term receivables

Unit: RMB

	Closing balance		Opening balance	
Balance of				

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

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

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	2,606,433,855	1,886,374,616	29,449,596	690,609,643

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	1,713,873	2,270,989	93,589	54,201	4,132,652
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	975,306	2,180,149	89,845	52,033	3,297,333
Carrying value at the end of the year	738,567	90,840	3,744	2,168	835,319
Carrying value at beginning of the year	783,249	90,840	3,744	2,168	880,001

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	3,821,813,817	3,614,814,430

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	—	

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAR4v,ATEMENTS — *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		

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		

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

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	956,770,986	51,536,331	53,105,103	1,043,798	954,158,415

19. Deferred tax assets/Deferred tax liabilities

Deferred income tax asset not eliminated:

Unit: RMB

Closing balance

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

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

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			

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	409,223,155	705,993,128

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	1,421,829,979	1,004,517,942

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	71,387,770	49,499,727

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

30. Bonds payable — *continued*

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

40. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount for the current period: Amount incurred before income tax for the period

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	63,580,329	—	—	63,580,329
Total	1,111,880,257	—	—	1,111,880,257

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,

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

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	12,602,876	11,043,142
Total	399,954,782	245,237,036

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	54,952,957	45,059,543
Total	82,438,706	78,804,926

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	3,036,071	32,830,984
Total	4,616,793	34,284,849

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	6,227,453	3,191,734
Total	6,227,453	–38,519,804

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	1,975,708	–445,315
Total	31,626,854	51,365,463

53. Impairment losses on assets

Unit: RMB

Item	Amount for the current period

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	6,163,152	5,309,799

55. Non-operating income

Unit: RMB

Item	Amount for the current period	Amount for the prior period	Recognised in non-recurring profit and loss

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

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

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

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	–546,065,554	–2,073,146,359

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

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

62. Lease

(1) As a lessee

Unit: RMBUnit: RMB

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	8,162,954	11,369,511

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	16,487,625	16,409,950
Total	71,353,697	63,650,871
Including: Expensed research and development expenditure	70,954,352	58,342,983
Capitalized research and development expenditure	399,345	5,307,888

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	

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	50,000,000	8,400,000
Less: Fair value of identifiable net assets acquired	24,982,177	8,400,000
Goodwill	25,017,823	—

(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	
	Carrying	Fair value		

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
Establishment ET EMC 44eng) Co., Lang (en-GB)/MCID 213 >>BDC BT 4.55 7 0 0 6.5 104.628 38 466 38 1 0 91 2 Tc Tm (55) Tj ET ncrete (W33ng) Co., LTD							
Wuhan Ganghua Cement Co., LTD	Establishre and sa3450g) Co., g materials	4,000	Wuhan	Manufacture and sale of building materials	50	—	Establishment ET EMC 33ng) Co., <</Lang (en-GB)/MCID 93
Huaxin Cement (Xiantao) Co., LTD	Establishre and sa3310g) Co., g materials	7,000	Xiantao	Manufacture and sale of building materials	80	—	Establishment
Huaxin Concrete (Wuhan) Co., LTD	Wuhan Core and sal33ng) Co., g materials	5,000	Wuhan	Manufacture and sale of building materials	100	—	Establishment ET EMC 213eg) Co., E</Lang (en-GB)/MCID 303 >>BDC BT 4.55 0 0 6.5 97.0452 466 638 115 Tm (45) Tj ET

X. INTERESTS IN OTHER ENTITIES— *continued*

1. Interests in subsidiaries — *continued*

X. INTERESTS IN OTHER ENTITIES

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 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

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 (%) Direct	Indirect	Acquired method
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	—	100	Establishment

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 (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 Baihuitong Supply Chain Technology Co., LTD	Haikou	10,000	Haikou	Logistics services	—	100	Establishment

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 (%) Direct	Indirect	Acquired method
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

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 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

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 (%) Direct	Indirect	Acquired method
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
acquisitionsr(Chongyang) Co., LTD 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 acquisitions	Hong Kong	HKD10 thousand					

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

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

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

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.

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.

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	/	1,752,955,155	/	/

Financial assets derecognised as a result of the transfer are as fa4n.501 w 74104.6929 529.3986 Tm (Factoring)Tj E

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

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 3 52e I06 04781 Tm1P748 569857 >5 (Holchin B.V. is t2C BT 5.6 0 0 7 260.s.aj)/M

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 ITEMEA,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

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	20,111,429	—

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	360,678	—

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

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

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

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	10,388,478

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.

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	Balance of carrying amount	Provision for bad debts
Amount				

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

	Closing balance			
	Balance of carrying amount	Provision for bad debts	Proportion (%)	Reasons for provision

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

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	7,946,561,219	6,647,042,168

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

Unit: RMB

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

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	3,743,393,816	47	/	/	—

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%	—

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

3. Long-term equity investments — *continued*

Cost method: — continued

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: Investment profit or loss under the equity method	Movements during the year: Other changes	Closing balance	Provisions for impairment
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: Revenue	Amount for the current period: Costs	Amount for the prior period: Revenue	Amount for the prior period: 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

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	50,258,115

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