



CHINA TIANRUI GROUP CEMENT COMPANY LIMITED
中國天瑞集團水泥有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1252



2023
INTERIM REPORT



天瑞水泥

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Corporate Information

REGISTERED NAME OF THE COMPANY

China Tianrui Group Cement Company Limited

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

01252

EXECUTIVE DIRECTORS

Mr. Li Xuanyu (*Chairman*)

Ms. Li Fengluan

Mr. Ding Jifeng

Mr. Xu Wuxue

Mr. Li Jiangming

NON-EXECUTIVE DIRECTOR

Mr. Li Liufa

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kong Xiangzhong

Mr. Wang Ping

Mr. Du Xiaotang

AUDIT COMMITTEE

Mr. Wang Ping (*Chairman*)

Mr. Kong Xiangzhong

Mr. Du Xiaotang

NOMINATION COMMITTEE

Mr. Kong Xiangzhong (*Chairman*)

Mr. Li Liufa

Mr. Wang Ping

REMUNERATION COMMITTEE

Mr. Du Xiaotang (*Chairman*)

Mr. Xu Wuxue

Mr. Kong Xiangzhong

PRINCIPAL BANKERS

Bank of China

Industrial and Commercial Bank of China

China Construction Bank

Agricultural Bank of China

Bohai Bank

Zhongyuan Bank

China Everbright Bank

Guangdong Development Bank

REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 63 Guangcheng East Road

Ruzhou City

Henan Province

PRC

Corporate Information

PLACE OF BUSINESS IN HONG KONG

Room 1806, 18/F
Harbour Centre
25 Harbour Road
Wan Chai, Hong Kong

COMPANY WEBSITE

<http://www.trcement.com>

JOINT COMPANY SECRETARIES

Mr. Li Jiangming
Mr. Chen Kun

AUTHORIZED REPRESENTATIVES

Mr. Li Jiangming
Mr. Chen Kun

CAYMAN ISLANDS SHARE REGISTRAR AND SHARE TRANSFER AGENT

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111
Cayman Islands

AUDITORS

Deloitte Touche Tohmatsu
35th Floor, One Pacific Place
88 Queensway
Hong Kong
Registered Public Interest Entity Auditors

LEGAL ADVISERS

As to Hong Kong law

Peter Chen Law Office
Unit 2413A, 24/F
Tower 1, Lippo Centre
89 Queensway
Admiralty, Hong Kong

As to PRC law

DeHeng Law Offices
12/F Tower B, Focus Place
No. 19 Finance Street
Xicheng District
Beijing 100033
PRC

HONG KONG SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Financial Highlights

	For the six months ended 30 June		Percentage of Change
	2023 RMB'000	2022 RMB'000	
Revenue	3,998,558	5,321,033	-24.9%
Gross profit	940,131	1,448,998	-35.1%
Profit	155,390	495,752	-68.7%
Of which: Profit attributable to owners of the Company	150,521	456,536	-67.0%
Basic earnings per share (RMB)	0.05	0.16	-67.0%
	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	Percentage of Change
Total assets	32,826,801	32,343,592	1.5%
Of which: Current assets	17,566,906	16,874,102	4.1%
Total liabilities	16,081,317	15,753,498	2.1%
Of which: Current liabilities	12,382,942	13,521,730	-8.4%
Total equity	16,745,484	16,590,094	0.9%
Of which: Equity attributable to owners of the Company	16,465,347	16,314,826	0.9%

Management Discussion and Analysis

BUSINESS REVIEW

In the first half of 2023, given the weak macroeconomic conditions, the domestic demand for cement declined, the prices of cement products dropped and the performance of the cement industry declined in general. Facing the current industry situation, the Group actively strengthened cost management and adjusted market strategies according to the changes in market situation, so as to minimise the impact of the above factors on its performance, and the extent of decline in the performance is close to the average level among the industry peers.

As of 30 June 2023, the Group possessed clinker production capacity of 28.4 million tonnes, cement production capacity of 56.4 million tonnes and production capacity of limestone aggregate of 30.2 million tonnes.

In the first half of 2023, the sales volume of cement products of the Group amounted to 12.0 million tonnes, representing a decrease of approximately 1.4 million tonnes or approximately 10.5% as compared with approximately 13.4 million tonnes in the same period of 2022. The average price was approximately RMB256.1 per tonne, representing a decrease of RMB66.6 per tonne or 20.6% as compared with the same period of last year.

In the first half of 2023, the sales volume of limestone aggregate of the Group amounted to approximately 21.5 million tonnes, representing an increase of approximately 7.7 million tonnes or 55.4% as compared with approximately 13.8 million tonnes in the same period of 2022. The average price was approximately RMB34.1 per tonne, representing a decrease of RMB4.4 per tonne or 11.4% as compared with the same period of last year.

In the first half of 2023, the Group sold approximately 0.7 million tonnes of clinker externally, representing a decrease of 0.7 million tonnes as compared with approximately 1.4 million tonnes in the same period of 2022. During the period, the clinker produced by the Group was mainly used to meet the Group's internal need of cement production.

In the first half of 2023, the Group recorded a revenue of RMB3,998.6 million, representing a decrease of approximately RMB1,322.4 million or 24.9% as compared with the same period of 2022. The profit attributable to owners of the Company amounted to approximately RMB150.5 million, representing a decrease of approximately RMB306.0 million or approximately 67.0% from approximately RMB456.5 million in the same period of 2022.

BUSINESS ENVIRONMENT

On 15 and 16 December 2022, the Central Economic Work Conference was held in Beijing. The conference emphasized that in next year it is necessary to adhere to stability and seek progress while maintaining stability, continue to implement proactive fiscal policies and prudent monetary policies, increase macro policy control efforts, strengthen the coordination in various policies and form a joint force to promote high-quality development. The conference also pointed out the need to effectively prevent and mitigate major economic and financial risks, ensure the stable development of the real estate market and guarantee the delivery of property, people's livelihood and stability.

Management Discussion and Analysis

According to the statistics of the National Bureau of Statistics, the gross domestic product (GDP) for the first half of 2023 was RMB59.3034 trillion, representing an increase of 5.5% as compared with the same period of last year. The fixed assets investment of the PRC (excluding rural household) grew by 3.8% year-on-year to RMB24.3113 trillion. The investment in infrastructure (excluding electricity, heat, gas and water production and supply) recorded a year-on-year increase of 7.2%; of which investment in railway transportation increased by 20.5%, investment in water conservancy management increased by 9.6%, investment in road transportation increased by 3.1%, and investment in public facilities management increased by 2.1%. In terms of regions and on a year-on-year basis, investment in East China increased by 6.4%, investment in Central China decreased by 1.7%, investment in West China increased by 0.8%, and investment in Northeast China increased by 2.2%. The national investment in real estate development amounted to RMB5.8550 trillion, representing a year-on-year decrease of 7.9% (on a comparable basis); and the housing construction area of real estate developers was 7,915.48 million square metres, representing a year-on-year decrease of 6.6%. The area of new housing construction was 498.80 million square metres, representing a decrease of 24.3%; and the area of housing completed was 339.04 million square metres, representing an increase of 19.0%.

In the first half of 2023, the Henan Provincial Bureau of Statistics and the Henan Survey Team of the National Bureau of Statistics announced the economic operation of the province in the first half of the year. The production demand of the province recovered steadily, the transformation and upgrading continued to advance, and the economic operation showed a trend of steady progress, stable improvement and enhanced momentum. The gross domestic product (GDP) of Henan Province was RMB3.1326 trillion, representing a year-on-year increase of 3.8% at constant prices. In the first half of the year, the effective investment of the province grew steadily, and the driving effect of major project investments was enhanced. The investment completion of projects with a total value of RMB100 million or above in the province increased by 8.0% year-on-year, driving the investment of the province to increase by 4.5 percentage points. The industrial investment of the province increased by 5.1%, driving the investment of the province to increase by 1.4 percentage points, among which, the investment in automobile, equipment, construction materials, energy and other industries increased by 57.1%, 23.7%, 14.9% and 13.5%, respectively.

In the first half of 2023, according to the statistics of the Liaoning Provincial Bureau of Statistics and the unified accounting results of regional GDP, the province's GDP in the first half of the year was RMB1.39981 trillion, representing a year-on-year increase of 5.6% at constant prices, a growth rate of 0.9 percentage point over the first quarter and 0.1 percentage point higher than that of the country. The province's fixed asset investment increased by 5.0% year-on-year, 1.2 percentage points higher than that of the country. In terms of sectors, infrastructure investment increased by 19.7%, manufacturing investment increased by 8.2%, and investment in real estate development decreased by 23.4%.

Management Discussion and Analysis

From the analysis of statistical data, in the first half of 2023, the demand for cement in the real estate market was weak due to the decline in real estate investment, whereas growth maintained in fixed asset investment and infrastructure investment. In particular, investment in railway transportation and road transportation industry increased, and investment in water conservancy management sustained high growth, which provided important support for driving the cement demand.

CEMENT INDUSTRY

As shown by the analysis of the Information Research Center of China Cement Association and Digital Cement, in the first half of 2023, under the macro environment of global economic growth slowing down and domestic economy continuing to recover against insufficient market demand, the national cement market generally presented the operating trend of “weakening demand, high-inventory and low-price level, and declining efficiency”. On a full-production basis, cement production decreased by 2.4% as compared with the previous year, representing a year-on-year decrease of approximately 24.0 million tonnes. In the first half of the year, cement demand was mainly driven by infrastructure investment. As real estate investment and new construction were insufficient, the cement demand of the real estate side was affected to a certain extent. A pattern of north-south differentiation was identified in the six major regional markets in the PRC. The cement production in the three major regions in North China showed a positive year-on-year growth, but the cement production in the three major regions in South China recorded a negative year-on-year growth, yet the overall decline was insignificant. Owing to the weak recovery of the southern regional market, which accounted for approximately 78% of cement consumption, the national cement market was weak.

In the first half of 2023, according to the statistics and analysis of the Information Research Center of China Cement Association and Digital Cement, the national monthly average price of cement market in general showed a tendency of continuous decline in a low range, representing a sharp decrease year-on-year. The decline was characterized by a weak recovery potential, accelerated falling towards a lower level and a record low. In terms of regions, in the first half of the year, the average cement price in the six major regions generally had a large decrease as compared with the same period of last year. In particular, the average cement price in East China and Central and South China was RMB430~441/tonne, representing a year-on-year decrease of RMB49~76/tonne, or approximately 10%~15%, of which the decrease in East China was higher and the price in Central and South China was the highest among the six major regions. The average cement price in Southwest China was RMB390/tonne, representing a year-on-year decrease of RMB36/tonne or 8.4%, which was the lowest price among the six major regions and the only region with a price below RMB400/tonne. The average cement price in North China, Northeast China and Northwest China was RMB403~434/tonne, representing a year-on-year decrease of RMB98~122/tonne, or approximately 19%~23%; and Northeast China was the one with the largest year-on-year decrease in price among the six major regions. The main reasons for the significant decrease in cement price were: firstly, the impact of a higher base in the first half of last year; secondly, a sharp decline in the area of new construction in the real estate sector, tight project funding, shrinking market demand, and expansion of the conflict between supply and demand; thirdly, continuous high-level inventory, weaker effectiveness of control efforts at the supply side and fierce competition; and fourthly, the impact of constant decrease of coal prices.

Management Discussion and Analysis

In the first half of 2023, the performance of the PRC cement industry continued to decline significantly and the profitability remained at a low level. According to the Information Research Center of China Cement Association and Digital Cement, it is expected that the profit of the PRC cement industry in the first half of the year will decrease by approximately 60% as compared with the same period of last year.

FINANCIAL REVIEW

Revenue

The revenue of the Group was approximately RMB3,998.6 million in the first half of 2023, representing a decrease of RMB1,322.4 million, or 24.9%, from approximately RMB5,321.0 million in the same period of 2022.

Among others, the revenue from cement sales was approximately RMB3,077.5 million, representing a decrease of 28.9% as compared with approximately RMB4,329.9 million in the same period of 2022. The Group's sales volume of cement decreased by 1.4 million tonnes, or 10.5%, from approximately 13.4 million tonnes in the first half of 2022 to approximately 12.0 million tonnes in the same period of 2023. The decrease in revenue was mainly due to the decrease in both sales volume and sales price of cement as affected by the sluggish market demand.

Revenue from sales of limestone aggregate amounted to approximately RMB732.6 million, representing an increase of RMB200.1 million, or 37.6%, from approximately RMB532.5 million in the same period of 2022. The sales volume of aggregate amounted to approximately 21.5 million tonnes, representing an increase of approximately 7.7 million tonnes or 55.4% as compared with approximately 13.8 million tonnes in the same period of 2022. The increase in revenue was mainly attributable to the increase in sales volume of aggregate as a result of the commissioning of the new aggregate production line.

Clinker is a semi-finished product used to produce cement. The Group's clinkers produced in the first half of 2023 were primarily used to satisfy the internal demand for cement production, and only approximately 0.7 million tonnes of clinkers were sold externally. Approximately RMB188.5 million of revenue generated from the Group's clinker sales was recorded in the first half of 2023, representing a decrease of RMB270.1 million, or 58.9%, from approximately RMB458.6 million in the same period of 2022. The decrease in revenue was mainly due to the decrease in both sales volume and sales price of clinkers.

In the first half of 2023, the Group's sales revenue from the Central China region amounted to approximately RMB3,289.2 million, representing a decrease of RMB1,051.6 million or 24.2% as compared with approximately RMB4,340.8 million in the same period of 2022. The Group's sales revenue from the Northeastern China region amounted to approximately RMB709.4 million, representing a decrease of RMB270.8 million or 27.6% as compared with approximately RMB980.2 million in the same period of 2022.

In the first half of 2023, revenue from the Group's sales of cement, clinker and limestone aggregate accounted for approximately 77.0% (same period of 2022: 81.4%), 4.7% (same period of 2022: 8.6%) and 18.3% (same period of 2022: 10.0%) of the total revenue, respectively.

Management Discussion and Analysis

Cost of Sales

During the first half of 2023, the Group strived to lower the unit production cost of cement and clinker by leveraging its economies of scale and through centralised procurement. The Group's cost of sales was approximately RMB3,058.4 million during the Reporting Period, representing a decrease of RMB813.6 million or 21.0% as compared with the first half of 2022. The decrease was primarily due to the decrease in the cement sales and the purchasing prices of rough coal and certain raw materials.

The Group's cost of sales mainly consists of cost of raw materials, coal and electricity. In the first half of 2023, the Group's costs of raw materials, coal and electricity as a percentage of cost of sales were approximately 30.6% (first half of 2022: 30.5%), 44.7% (first half of 2022: 49.0%) and 13.4% (first half of 2022: 11.5%), respectively. During the Reporting Period, the Group's costs of raw materials, coal and electricity consumed for one tonne of cement and clinker produced were RMB63.9 (first half of 2022: RMB75.4), RMB93.2 (first half of 2022: RMB121.4) and RMB27.9 (first half of 2022: RMB28.4), respectively, representing a decrease of RMB11.5, RMB28.2 and RMB0.5, respectively, as compared with the same period of 2022.

Gross Profit, Gross Profit Margin and Segment Profit

The Group's gross profit was approximately RMB940.1 million in the first half of 2023, representing a decrease of RMB508.9 million, or 35.1%, from approximately RMB1,449.0 million in the same period of last year. The Group's gross profit margin decreased to 23.5% in the first half of 2023, as compared with 27.2% in the same period of 2022. The decrease in gross profit margin was primarily due to the decline in sales price of cement exceeding the decline in unit production cost in the first half of 2023.

In the first half of 2023, the Group's segment profit from the Central China region amounted to approximately RMB160.4 million, representing a decrease of approximately RMB455.5 million or 74.0% as compared with approximately RMB615.9 million in the same period of 2022. The decrease was due to the decrease in both sales volume and unit gross profit of cement in the region. The Group's segment profit from the Northeastern China region amounted to approximately RMB4.4 million, representing a decrease of RMB7.6 million or 63.9% as compared with a segment profit of approximately RMB12.0 million in the same period of 2022. The decrease in segment profit was mainly attributable to the decrease in both sales volume and unit gross profit of cement in the Northeastern China region.

Management Discussion and Analysis

Other Income

Other income was approximately RMB258.1 million for the first half of 2023, representing a decrease of RMB133.3 million, or 34.1%, from approximately RMB391.4 million for the same period of 2022. The decrease was primarily due to the decrease in value-added tax refunds and revenue from sales of materials included in other operating income.

Selling and Distribution Expenses

In the first half of 2023, the Group's selling and distribution expenses were approximately RMB164.3 million, representing an increase of RMB6.2 million or 3.9% as compared with approximately RMB158.1 million for the same period of 2022. The increase was mainly due to the increase in transportation cost.

Administrative Expenses

Administrative expenses of the Group were approximately RMB446.7 million for the first half of 2023, representing a decrease of RMB16.0 million, or 3.5%, from approximately RMB462.7 million for the same period of 2022. The decrease was mainly due to cost savings.

Finance Costs

Finance costs were approximately RMB409.3 million for the first half of 2023, representing a decrease of RMB100.5 million, or 19.7%, from approximately RMB509.8 million for the first half of 2022, which was mainly attributable to the decrease in interest accrued as a result of the lower discount rates on discounted notes with recourse and the due repayment of guaranteed notes.

Foreign Exchange Gain/loss

During the Reporting Period, the Group recorded foreign exchange loss of RMB23.3 million (same period of 2022: loss of RMB101.9 million), which was due to the decrease in loans settled in foreign currencies.

Profit before Tax

As a result of the foregoing, the Groups' profit before tax was approximately RMB155.6 million for the first half of 2023, representing a decrease of approximately RMB454.4 million, or approximately 74.5%, from approximately RMB610.0 million for the same period of 2022.

Income Tax Expenses

Income tax expenses of the Group were approximately RMB0.2 million for the first half of 2023, representing a decrease of RMB114.1 million, or 99.8%, from approximately RMB114.3 million for the same period of 2022. This was mainly due to a decrease in profit before tax.

Profit Attributable to Owners of the Company and Net Profit Margin

As a result of the foregoing, profit attributable to owners of the Company for the first half of 2023 was approximately RMB150.5 million, representing a decrease of RMB306.0 million, or 67.0%, from approximately RMB456.5 million for the same period of 2022. The net profit margin for the first half of 2023 was 3.8%, representing a decrease of 4.8 percentage points as compared with the same period of 2022.

Management Discussion and Analysis

FINANCIAL AND LIQUIDITY POSITION

Trade and Other Receivables

Trade and other receivables decreased from RMB9,240.2 million as at 31 December 2022 to RMB8,689.1 million as at 30 June 2023, mainly due to the decrease in bills receivables and prepayments to suppliers.

Inventories

Inventories increased from RMB1,043.0 million as at 31 December 2022 to RMB1,047.7 million as at 30 June 2023, which remained basically the same as compared with the beginning of the year.

Amounts Due from Associates

The amounts due from associates of approximately RMB1,322.2 million as of 30 June 2023 (31 December 2022: approximately RMB1,446.0 million) represents the advance payment paid to Pingdingshan Ruiping Shilong Cement Company Limited for the clinker purchased under the Clinker Supply Framework Agreement, and shareholder loan due from an associate, China United Cement Xinan Wanji Co., Ltd which is indirectly held as to 49% by the Company.

Loan from an associate

The loan from an associate due within one year in the amount of RMB820 million as at 30 June 2023 (31 December 2022: RMB870 million) represents the loan provided by Tianrui Finance to the Group pursuant to the 2022 Financial Services Agreement, details of which are set out in the circular dated 6 December 2022.

Cash and Cash Equivalents

Cash and bank balance increased from RMB987.8 million as at 31 December 2022 to RMB989.9 million as at 30 June 2023, primarily due to the effect of cash inflow from operating activities, net of cash outflow from investing activities and financing activities.

Trade and Other Payables

Trade and other payables decreased from RMB4,403.3 million as at 31 December 2022 to RMB4,148.5 million as at 30 June 2023, mainly due to the decrease in the trade payables and construction costs payables.

Borrowings

Borrowings and bonds (including corporate bonds) of the Group was approximately RMB10,430.2 million as at 30 June 2023, representing an increase of approximately RMB807.5 million from RMB9,622.7 million as at 31 December 2022. Borrowings due within one year, borrowings from associates due within one year, long-term corporate bonds due within one year and other financial liabilities decreased from RMB8,225.7 million as at 31 December 2022 to RMB7,550.5 million as at 30 June 2023. Borrowings due after one year and other financial liabilities increased from RMB1,397.0 million as at 31 December 2022 to RMB2,879.7 million as at 30 June 2023, representing an increase of approximately 106.1%.

Principal Sources of Liquidity

The Group's principal sources of liquidity have historically been cash generated from operations and bank and other borrowings. The Group has historically used cash from such sources for working capital, production facility expansions, other capital expenditures and debt repayments. The Group anticipates these will continue to be the principal purposes for its financing in the future and expects its cash flow will be sufficient to fund the ongoing business requirements. Meanwhile, the Group will further broaden its financing channels to improve its capital structure.

Management Discussion and Analysis

GEARING RATIO, CURRENT RATIO, QUICK RATIO, DEBT EQUITY RATIO

As at 30 June 2023, the Group's gearing ratio was 49.0%, representing an increase of 0.3 percentage point from 48.7% as at 31 December 2022. The change of gearing ratio was due to the increase in borrowings.

As at 30 June 2023, the Group's current ratio was 1.4, representing an increase of 13.7% from 1.2 as at 31 December 2022; the Group's quick ratio was 1.3, representing an increase of 13.9% from 1.2 as at 31 December 2022.

As at 30 June 2023, the Group's debt equity ratio was 1.0, representing an increase of 1.1% from 0.9 as at 31 December 2022.

Notes:

1. Gearing ratio = total liabilities/total assets x 100%
2. Current ratio = current assets/current liabilities
3. Quick ratio = (current assets-inventory)/current liabilities
4. Debt equity ratio = total liabilities/equity interest, of which, equity interest includes minority interest or non-controlling interest

NET GEARING RATIO

As at 30 June 2023, the Group's net gearing ratio was approximately 21.2%, representing a decrease of 3.7 percentage points from 24.9% as at 31 December 2022. Net gearing ratio is calculated by dividing net debts by equity attributable to owners of the Company.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

Capital expenditure for the first half of 2023 was approximately RMB353.2 million (first half of 2022: approximately RMB250.5 million) and capital commitment as at 30 June 2023 was approximately RMB484.4 million (as at 31 December 2022: approximately RMB527.1 million). Both the capital expenditure and capital commitment were mainly related to the construction of production facilities for cement and aggregate businesses and the acquisition of machinery, office equipment, investment in construction in progress and mining rights. The Group funded capital expenditure through cash generated from operations and bank and other borrowings.

PLEDGE OF ASSETS

As at 30 June 2023, carrying amount of the assets of the Group pledged to secure the bank borrowings granted to the Group amounted to approximately RMB4,486.1 million (as at 31 December 2022: approximately RMB4,585.1 million).

FINANCIAL GUARANTEES

As at 30 June 2023, the Group has provided approximately RMB1,632.0 million (as at 31 December 2022: approximately RMB1,632.0 million) of authorised financial guarantees to related parties, among which approximately RMB719.9 million (as at 31 December 2022: approximately RMB802.8 million) have been utilised. The Group did not have other financial guarantees. The guarantees provided to the related parties have been provided pursuant to Tianrui Cement Guarantees according to the 2022 Framework Agreement in relation to provision of mutual guarantees, the details of which are set out in the circular of the Company dated 6 December 2022.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS, ACQUISITION OR DISPOSAL

During the Reporting Period, the Group was not involved in any significant investment, acquisition or disposal.

MATERIAL LITIGATION

During the Reporting Period, the Group was not involved in any material litigation or arbitration. To the best of the Directors' knowledge and belief, there was no outstanding or pending litigation or claim of material importance against the Group.

IMPORTANT EVENTS SINCE THE END OF THE REPORTING PERIOD

There is no important event affecting the Group since the end of the Reporting Period.

MARKET RISKS

Exchange Rate Risk

The businesses of the Group are principally conducted in RMB, and certain bank balances and borrowings are denominated in HK\$ or US\$, hence exposure to exchange rate fluctuation arises. The Group currently does not have any hedging policy on foreign currency. Facing the complex international financial environment, the management will closely monitor the exchange rate fluctuation risk on a real-time basis, rationally plan the local and foreign currency risk exposure, and take appropriate hedging measures to control significant exchange rate fluctuation risk when necessary.

Interest Rate Risk

The Group is exposed to interest rate risk resulting from its long-term and short-term borrowings. The Group reviews its borrowings regularly to monitor its interest rate exposure, and will consider hedging significant interest rate exposure should the need arise. As the Group's exposure to interest rate risk relates primarily to its interest-bearing bank loans, our policy is to keep the borrowings at variable rates of interest so as to minimise fair value interest rate risk, and to manage the interest rate exposure in all of the interest-bearing loans through the use of a mix of fixed and variable rates.

Liquidity Risk

The Group has established an appropriate liquidity risk management system for its short, medium and long-term funding and liquidity management requirements. We manage the liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations in (both actual and forecasted) cash flows. Our management also monitor the utilisation of bank borrowings and ensure compliance with loan covenants.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had 7,081 employees (as at 30 June 2022: 7,384). As at 30 June 2023, the employees' cost (including remuneration) was approximately RMB272.1 million (first half of 2022: approximately RMB269.1 million). The remuneration policies, bonus and training programs for employees of the Group have been implemented continuously.

Management Discussion and Analysis

PROSPECTS

The Political Bureau of the CPC Central Committee held a meeting on 24 July 2023 to analyze and study the current economic situation, deploy economic work in the second half of the year, and set a new trend of firmly promoting high-quality economic development. The meeting pointed out that the overall economic recovery was positive. It is necessary to adhere to the general tone of seeking progress while maintaining stability; precisely and effectively implement macro-control measures to boost investors' confidence; actively expand domestic demand to drive the consumption engine again; and effectively prevent and mitigate the risks in key areas for adjustment and optimization of real estate policies in a timely manner.

Recently, favorable policies for the real estate industry have been introduced one after another. On 21 July 2023, the Executive Meeting of the State Council considered and approved the "Guiding Opinions on Actively and Steadily Promoting Urban Village Redevelopment in Super-Mega and Mega Cities". The meeting pointed out that the active and steady implementation of urban village redevelopment in super-mega and mega cities is an important measure to improve people's livelihood, expand domestic demand and promote high-quality urban development.

According to the Information Research Center of China Cement Association and Digital Cement, in the second half of the year, infrastructure investment will continue to play an important role in maintaining stable economic growth, and at the same time provide favorable support for driving cement demand. With the implementation of favorable policies and measures for the real estate industry, the real estate market is expected to gradually stabilize, and the cement demand from the real estate side may improve, and the decline rate is expected to narrow. However, as the new construction area of real estate developers had been declining for many years, it is difficult to fully recover. The impact on cement demand is persistent, and the trend of decline in cement demand from the real estate side is still difficult to be fundamentally solved in the short term. It is expected that the cement demand in the second half of the year will slightly improve or fluctuate steadily as compared with the same period of last year, and the demand for the year will steadily decrease.

Management Discussion and Analysis

In terms of major project investment in Henan Province, on 11 July 2023, the Henan provincial government officially issued the “Three-year Action Plan for Implementing the Strategy of Expanding Domestic Demand in Henan Province (2023–2025)”, which proposed the main objectives of implementing the strategy of expanding domestic demand in the province and clarified the main path and key measures. On accelerating the construction of transportation infrastructure, the Action Plan proposed to implement major projects such as the expansion of railway network, the expansion of airport hubs, the upgrading of highway, and the improvement of water transportation, accelerate the construction of major projects such as the phase III expansion project of Zhengzhou Xingzheng International Airport, the high-speed railway from Pingdingshan via Luohe to Zhoukou, the high-speed railway from Nanyang via Xinyang to Hefei, the highway “13445” project and the “Two Rivers and Two Ports”, thereby building a multi-shaped comprehensive transportation network. The Plan also proposed to consolidate and improve the position of Zhengzhou as an international comprehensive transportation hub, enhance the capacity of national comprehensive transportation hubs in Luoyang, Nanyang and Shangqiu, accelerate the construction of functional and other regional comprehensive transportation hubs in Anyang, Xinyang, Luohe and Zhoukou, and build a “1+3+4+N” comprehensive transportation hub system. It also aimed to facilitate the integration of transportation infrastructure in metropolitan areas, accelerate the construction of projects such as the intelligent transformation project of Zhengkai Avenue and the rapid transformation project of Ping An Avenue, open up the Yanhuang Expressway and South-North Yanhuang Expressway, through which a direct and interconnected smooth network can be established. On the list of major projects, 49 projects with a total investment of RMB907.55 billion were listed. 21 projects involved in the field of transportation infrastructure with a total investment of RMB550.2 billion.

In terms of major project investment in Liaoning Province, according to China News, the role of state-owned enterprises in supporting major investment projects in Liaoning’s revitalization is obvious. At present, there are more than 500 projects invested by state-owned enterprises in Liaoning in 3 categories, including under construction, planned to start new construction this year, and under planning and negotiation. On this basis, the provincial government has identified 100 major projects invested by state-owned enterprises in Liaoning with a total investment of over RMB1.1 trillion this year. Recently, according to China News Agency, as informed by the Department of Transportation of Liaoning Province, in order to implement the requirements of Liaoning’s three-year action plan, Liaoning will promote the implementation of 72 key transportation projects with a total value of over RMB100 billion in 2023, with a planned investment of RMB53.0 billion, representing a year-on-year increase of 15.3%. Xinhua News Agency announced that the opening ceremony of the High-end Summit of National Well-known Private Enterprises in Helping Comprehensive Revitalization and New Breakthrough in Liaoning was held in Shenyang on 3 August 2023, at which the contracts of 24 private enterprise investment projects totaling RMB63.4 billion were signed in Shenyang.

Management Discussion and Analysis

As over-capacity in the industry still exists, it is expected that the real estate market may improve or may remain weak, and coal prices may fluctuate to a certain extent. The Group must stay alert to the adverse factors that may affect the business development, and take corresponding measures in a proactive and timely manner to mitigate the impact of the adverse factors.

Facing the current challenges and opportunities, the Group will continue to comply with the requirements of the industry, adhere to peak shifting production and maintain market order. On cost reduction management, it will continue to carry out refined management, cost reduction and efficiency enhancement in various aspects such as mining, material procurement and production process. On market development, it will continue to carry out the development and maintenance of key projects and key customers, continue to explore the rural market, optimize product structure based on the customer-centric approach and market demand, and establish Tianrui brand. In addition, good sales services will be provided to enhance customer stickiness, create corporate benefits and maintain its core competitiveness. The Group will continue to adhere to the “green” and “intelligent” transformation and upgrading, and keep on maintaining its sustainable development capability.

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Director	Capacity/Nature of Interests	Total number of shares	Approximate percentage of shareholding (%)
Mr. Li Liufa ⁽¹⁾	Interest of corporation controlled by the director/Long position	2,044,484,822 ⁽²⁾	69.58
Ms. Li Fengluan ⁽¹⁾	Interest of corporation controlled by the director/Long position	2,044,484,822 ⁽²⁾	69.58

(1) Yu Kuo Company Limited ("Yu Kuo") is 51.25% owned by Holy Eagle Company Limited ("Holy Eagle") and 48.75% owned by Yu Qi Company Limited ("Yu Qi") by equity interests. Each of Holy Eagle and Yu Qi are wholly owned by Tianrui (International) Holding Company Limited ("Tianrui International"), which is wholly owned by Tianrui Group Company Limited ("Tianrui Group"). Tianrui Group is 70% owned by Mr. Li Liufa and 30% owned by Ms. Li Fengluan, the spouse of Mr. Li Liufa respectively. Mr. Li Liufa and Ms. Li Fengluan are deemed to be interested in the shares held by Yu Kuo.

(2) On 9 January 2023, the pledge of 180,000,000 shares in the Company by Yu Kuo as security for loan facility has been released. On 10 January 2023, Yu Kuo pledged 160,000,000 shares in Company as security for loan facility. Other than above, no disclosure of interest form was filed by Yu Kuo during the six months ended 30 June 2023.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, to the best knowledge of the Directors and the senior management of the Company, the persons who had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of Part XV of the SFO were as follows:

Name	Capacity/Nature of interests	Total number of shares	Approximate percentage of shareholding (%)
Yu Kuo	Beneficial owner/Long position ⁽¹⁾	2,044,484,822 ⁽²⁾	69.58
Tianrui Group	Interest of corporation controlled by the substantial shareholder/Long position ⁽¹⁾	2,044,484,822 ⁽²⁾	69.58
Tianrui International	Interest of corporation controlled by the substantial shareholder/Long position ⁽¹⁾	2,044,484,822 ⁽²⁾	69.58
Holy Eagle	Interest of corporation controlled by the substantial shareholder/Long position ⁽¹⁾	2,044,484,822 ⁽²⁾	69.58
Yu Qi	Interest of corporation controlled by the substantial shareholder/Long position ⁽¹⁾	2,044,484,822 ⁽²⁾	69.58
Mr. Li Liufa	Interest of corporation controlled by the director/Long position ⁽¹⁾	2,044,484,822 ⁽²⁾	69.58
Ms. Li Fengluan	Interest of corporation controlled by the director/Long position ⁽¹⁾	2,044,484,822 ⁽²⁾	69.58
The Export-Import Bank of China	Party with security interest over the shares/ Long position	315,000,000	10.72
Buttonwood Investment Holding Company Ltd	Interest of controlled corporation/ Long position	315,000,000	10.72
China Huarong Asset Management Co., Ltd.	Interest of controlled corporation/ Long position	470,000,000	16.00
China Huarong International Holdings Limited	Interest of controlled corporation/ Long position	300,000,000	10.21
Right Select International Limited	Interest of controlled corporation/ Long position	300,000,000	10.21

Disclosure of Interests

Name	Capacity/Nature of interests	Total number of shares	Approximate percentage of shareholding (%)
Best Ego Limited	Party with security interest over the shares/ Long position	300,000,000	10.21
China Huarong (Macau) International Company Ltd	Interest of controlled corporation/ Long position	170,000,000	5.79
China Cinda Asset Management Co., Ltd.	Interest of controlled corporation/ Long position	230,000,000	7.83

- (1) Yu Kuo is 51.25% and 48.75% owned by Holy Eagle and Yu Qi respectively by equity interests. Holy Eagle is wholly owned by Tianrui International, whereas Tianrui International is wholly owned by Tianrui Group. Tianrui Group is 70% and 30% owned by Mr. Li Liufa and Ms. Li Fengluan, the spouse of Mr. Li Liufa respectively. Mr. Li Liufa, Ms. Li Fengluan, Tianrui Group, Tianrui International, Holy Eagle and Yu Qi are respectively deemed to be interested in the shares held by Yu Kuo.
- (2) On 9 January 2023, the pledge of 180,000,000 shares in the Company by Yu Kuo as security for loan facility has been released. On 10 January 2023, Yu Kuo pledged 160,000,000 shares in Company as security for loan facility. Other than above, no disclosure of interest form was filed by Yu Kuo during the six months ended 30 June 2023.

Saved as disclosed above, as at 30 June 2023, no other person had any interest or short position which shall be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2023 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Disclosure of Interests

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

During the period ended 30 June 2023, save as disclosed in the section headed "Directors' Interests in Competing Businesses" and in the section headed "Continuing Connected Transactions and Connected Transactions" in 2022 annual report of the Company, no contract of significance in relation to the Group's business to which the Company, or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company had a material interest, whether directly or indirectly subsisted at any time during the period.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the period ended 30 June 2023, save as (1) the indirect shareholding of Mr. Li Liufa and Ms. Li Fengluan (Mr. Li Liufa's spouse) at Ruiping Shilong Cement Company Limited ("Ruiping Shilong"), which engages in the businesses of clinker production and sales in certain regions of Henan province as disclosed in the Company's circular dated 6 December 2022; and (2) the indirect equity interests held by Mr. Li Liufa and Ms. Li Fengluan (Mr. Li Liufa's spouse) at China Shanshui Cement Group Limited ("Shanshui Cement"), which is listed on the Stock Exchange with the stock code as 691.HK and engages in the clinker and cement production in the PRC, none of the Directors nor Controlling Shareholders (as defined in the Listing Rules) was interested in any business which competes or is likely to compete (directly or indirectly) with the business of the Group. The acquisitions of the equity interests at Shanshui Cement had been approved in accordance with the Amended Non-competition Deed (for details please refer to the circular dated 31 October 2014, which was approved at the Company's extraordinary general meeting held on 17 November 2014).

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

- (1) As disclosed in the announcement dated 27 September 2022, the Borrower (as defined below) has settled the loan of RMB100,000,000 (disclosed in the announcement dated 16 September 2021) to the Lender A (as defined below). As disclosed in the announcement dated 27 September 2022, Tianrui Group Zhengzhou Cement Company Limited (天瑞集團鄭州水泥有限公司) (the "Borrower", an indirect wholly-owned subsidiary of the Company) has drawn a loan facility (the "Loan A") in an aggregate amount of RMB80,000,000 provided by a lender (the "Lender A", an independent third party) to the Borrower for a term of 12 months from drawdown which is secured by a pledge of 70,000,000 ordinary shares in the issued share capital of the Company (the "Pledged Shares A") by Yu Kuo, the controlling shareholder of the Company, in favour of the Lender A as security for the Loan A pursuant to a share charge agreement dated 19 September 2022. The Pledged Shares A represent approximately 2.38% of the total issued shares of the Company. Pursuant to the terms of the Loan A, Tianrui Group should ultimately own not less than 50% shareholding of the Borrower. As at 30 June 2023, Tianrui Group beneficially owns approximately 69.58% of the total number of issued shares of the Company which indirectly wholly owns the Borrower. A breach of the above obligations will constitute an event of default under the terms of the Loan A, upon default of which the Lender A may demand for immediate repayment of the Loan A. For details, please refer to the announcement dated 27 September 2022.

Disclosure of Interests

- (2) The Company has an outstanding loan facility (the "Loan B") in a principal amount of US\$29,570,000 provided by an independent third-party lender (the "Lender B") to the Company for term up to August 2024 subject to mutual agreement which is secured by a pledge of 140,000,000 ordinary shares in the issued share capital of the Company (the "Pledged Shares B") by Yu Kuo, the controlling shareholder of the Company, in favour of the Lender B as security for the Loan B. The Pledged Shares B represent approximately 4.76% of the total issued shares of the Company. Pursuant to the terms of the Loan B, Mr. Li Liufa and Ms. Li Fengluan are required to collectively own, whether directly or indirectly, at least 51% of the entire issued share capital of the Company, upon default of which the Lender B may demand for immediate repayment of the Loan B.

- (3) As disclosed in the announcement dated 18 January 2023, the Company has made drawdown under a loan facility of RMB173,000,000 ("Loan C") provided by an independent third-party lender ("Lender C") to the Company for a term of 12 months which is secured by a pledge of 160,000,000 shares of the Company held by Yu Kuo. The pledged shares represent approximately 5.45% of the total issued shares of the Company. Pursuant to the terms of the Loan C, Tianrui Group is required to own, whether directly or indirectly, more than 50% of the entire issued share capital of the Company, upon default of which the Lender C may demand for immediate repayment of the Loan C.

As at 30 June 2023, the above specific performance obligations by the controlling shareholders of the Company continue to exist.

As disclosed in the announcement dated 9 January 2023, the term loan facility of US\$30,000,000 as referenced in the announcement dated 7 January 2022 has been settled and Yu Kuo's pledge over 180,000,000 ordinary shares of the Company as security for the said loan has been released.

Corporate Governance and Other Important Information

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. The principle of the Company's corporate governance is to implement effective internal control measures and to increase the transparency of the Board and accountability to all shareholders.

During the Reporting Period, the Company had been applying the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own code to regulate its corporate governance practice. Other than those disclosed in this section below, the Company had been in compliance with all code provisions set out in the Corporate Governance Code during the Reporting Period.

Given the resignation of the chief executive officer of the Company on 1 December 2015, the Company has not yet appointed a new chief executive officer up to the moment. The Company is actively looking for a new chief executive officer. In the meantime, the Board of the Company established an executive committee (the "Executive Committee"), which was composed of three executive Directors. The Executive Committee is in charge of the daily operation of the major businesses of the Group. The chairman of the Board is not included in the Executive Committee and this ensures that the authority will not be concentrated in one person.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Principal place of business of the Company in Hong Kong was changed to Room 1806, 18/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong with effect from 31 May 2023.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board of the Company proposed to amend (the "Proposed Amendments") the memorandum and articles of association of the Company (the "M&A") to reflect and align with the new requirements under the

amended Appendix 3 to the Listing Rules which have come into effect on 1 January 2022 and to make some other housekeeping. The Proposed Amendments to M&A was approved on 31 May 2023.

COMPLIANCE WITH MODEL CODE BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Having made specific enquiry with the Directors, all of them confirmed that they had complied with the required standards set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Directors of the Company did not recommend the declaration of any interim dividend for the Reporting Period (30 June 2022: Nil).

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Board of the Company has discussed with the Company's management and reviewed the interim results of the Group for the six months ended 30 June 2023 as well as this interim report. The financial information in the condensed consolidated financial statements of the interim results and this report have not been audited or reviewed by the auditors of the Company.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	3, 4	3,998,558	5,321,033
Cost of sales		(3,058,427)	(3,872,035)
Gross profit		940,131	1,448,998
Other income	5	258,053	391,351
Other gains and losses	6	(21,333)	(101,581)
Share of profit of associates		1,898	8,324
Selling and distribution expenses		(164,253)	(158,066)
Administrative expenses		(446,706)	(462,682)
Other expenses		(2,917)	(6,507)
Finance costs	7	(409,254)	(509,814)
Profit before tax		155,619	610,023
Income tax expense	8	(229)	(114,271)
Profit and total comprehensive income for the period	9	155,390	495,752
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		150,521	456,536
Non-controlling interests		4,869	39,216
		155,390	495,752
Earnings per share			
Basic (RMB)	10	0.05	0.16

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	9,449,111	9,768,770
Long-term prepayments and deposits	13	345,523	350,664
Right-of-use assets		981,823	993,444
Mining rights		1,610,257	1,485,269
Goodwill		284,233	284,233
Other intangible assets		14,000	14,000
Interests in associates		1,098,204	1,086,802
Derivative financial instruments		495	495
Deferred tax assets		109,534	109,613
Pledged bank balances	15	26,895	26,895
Amounts due from associates	16	419,147	428,632
Other prepayments		920,673	920,673
Sub-total of non-current assets		15,259,895	15,469,490
CURRENT ASSETS			
Inventories		1,047,708	1,042,962
Trade and other receivables	14	8,689,133	9,240,184
Amounts due from associates	16	903,043	1,017,335
Financial assets at fair value through profit or loss		10,070	38,901
Pledged bank balances	15	5,927,023	4,546,923
Cash, deposits and bank balances	17	989,929	987,797
Sub-total of current assets		17,566,906	16,874,102
CURRENT LIABILITIES			
Trade and other payables	18	4,148,515	4,403,336
Contract liabilities		524,845	571,383
Lease liabilities due within one year		2,161	3,579
Other financial liabilities		898,261	1,175,772
Loan from an associate due within one year	19	820,000	870,000
Borrowings due within one year	20	5,824,910	6,150,439
Long-term corporate bonds due within one year	21	7,376	29,478
Current tax liabilities		143,082	302,362
Financial guarantee contracts		13,792	15,381
Sub-total of current liabilities		12,382,942	13,521,730

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
NET CURRENT ASSETS		5,183,964	3,352,372
TOTAL ASSETS LESS CURRENT LIABILITIES		20,443,859	18,821,862
CAPITAL AND RESERVES			
Share capital	22	24,183	24,183
Share premium and reserves		16,441,164	16,290,643
Equity attributable to owners of the Company		16,465,347	16,314,826
Non-controlling interests		280,137	275,268
TOTAL EQUITY		16,745,484	16,590,094
NON-CURRENT LIABILITIES			
Borrowings due after one year	20	2,879,699	1,397,015
Lease liabilities due after one year		5,064	5,618
Deferred tax liabilities		155,220	159,218
Deferred income		200,938	192,416
Provision for environmental restoration		60,611	54,408
Other long-term payables		396,843	423,093
Sub-total of non-current liabilities		3,698,375	2,231,768
TOTAL ASSETS LESS CURRENT LIABILITIES		20,443,859	18,821,862

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Equity attributable to owners of the Company							Total	Non-controlling interest	Total equity
	Issued capital	Share premium	Capital reserve	Statutory reserve fund	Other reserve	Revaluation reserve	Retained earnings			
	RMB'000	RMB'000	RMB'000 (Note (i))	RMB'000 (Note (ii))	RMB'000 (Note (iii))	RMB'000 (Note (iv))	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (audited)	24,183	1,066,648	789,990	1,611,734	1,018,530	31,768	11,340,755	15,883,608	184,670	16,068,278
Profit and total comprehensive income for the period	—	—	—	—	—	—	448,690	448,690	90,598	539,288
Appropriation of statutory reserve	—	—	—	50,316	—	—	(50,316)	—	—	—
Financial guarantee provided to related parties	—	—	—	—	(17,472)	—	—	(17,472)	—	(17,472)
At 31 December 2022 (audited)	24,183	1,066,648	789,990	1,662,050	1,001,058	31,768	11,739,129	16,314,826	275,268	16,590,094
Profit and total comprehensive income for the period	—	—	—	—	—	—	150,521	150,521	4,869	155,390
Dividend to non-controlling interests	—	—	—	—	—	—	—	—	—	—
At 30 June 2023 (unaudited)	24,183	1,066,648	789,990	1,662,050	1,001,058	31,768	11,889,650	16,465,347	280,137	16,745,484
At 1 January 2022 (audited)	24,183	1,066,648	789,990	1,611,734	1,018,530	31,768	11,340,755	15,883,608	184,670	16,068,278
Profit and total comprehensive income for the period	—	—	—	—	—	—	456,536	456,536	39,216	495,752
At 30 June 2022 (unaudited)	24,183	1,066,648	789,990	1,611,734	1,018,530	31,768	11,797,291	16,340,144	223,886	16,564,030

Notes:

- i. Capital reserve represents the excess of capital injection over the registered capital of Tianrui Group Cement Company Limited ("Tianrui Cement"), a subsidiary of the Group, upon a group reorganisation in prior years.
- ii. The amount mainly represented statutory reserve fund. According to the relevant laws of the People's Republic of China (the "PRC"), each of the subsidiaries established in the PRC is required to allocate a portion of its profit after tax to statutory reserve fund. The transfer to this fund must be made before the distribution of dividend to the equity owners. The statutory reserve fund can be used to make up previous years' losses, if any. The statutory reserve fund is non-distributable other than upon liquidation.
- iii. Other reserves comprise the following:
 - (1) Reserve arising from the group reorganisation in 2011: China Tianrui Group Cement Company Limited (the "Company") was incorporated on 7 February 2011 and became the ultimate holding company of Zhong Yuan Cement Company Limited, China Tianrui (Hong Kong) Company Limited, and Tianrui Cement and its subsidiaries (collectively referred to as the "Group") on 8 April 2011. On 2 April 2011, 474,526 ordinary shares of the Company (the "Shares") were allotted and issued to Yu Kuo Company Limited. As part of the group reorganisation, Yu Kuo Company Limited applied a bridging loan in the net amount of US\$87,433,333 (equal to approximately RMB565,516,000) to pay up the Shares. The amount of US\$87,433,333 in excess of the par value of 474,526 Shares was recognised in the share premium account, and the resulting difference between the paid-in capital of Tianrui Cement amounting to RMB1,397,135,000 after deducting the par value of the Shares issued to Yu Kuo Company Limited and the share premium amounting to RMB831,615,000 was recognised in other reserves;
 - (2) Deemed contribution from Tianrui Group Company Limited ("Tianrui Group") of RMB229,240,000 recognised in 2015;
 - (3) As at 30 June 2023, the difference between the consideration of the acquisitions of non-controlling interests and the carrying amounts of non-controlling interests and relevant reserves totaling RMB16,906,000 (2022: RMB16,906,000) credited to other reserves;
 - (4) Safety fund appropriation of RMB3,159,000 (2022: RMB3,159,000); and
 - (5) Fair value of financial guarantee contracts at initial recognition provided to Tianrui Group and its subsidiaries debited to other reserves totaling RMB79,862,000 (2022: RMB79,862,000).
- iv. The revaluation reserve represents the revaluation surplus of previously held interests in associates of Tianrui Cement recognised directly in equity when Tianrui Cement acquired additional interests in those entities and obtained control.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Net cash generated from operating activities	668,330	1,962,002
Investing activities		
Interest received	52,848	47,906
Payments for property, plant and equipment	(89,648)	(256,917)
Payments for right-of-use assets	(3,673)	(23,342)
Proceeds from disposal of property, plant and equipment	9,238	1,508
Payments for mining rights	(157,905)	(21,300)
Changes of deposits paid for acquisition of business, property, plant and equipment and prepaid lease payments	5,141	37,674
Increase in restricted pledged bank balances	(1,200,100)	(686,297)
Net cash used in investing activities	(1,384,099)	(900,768)
Financing activities		
Interest paid	(409,254)	(513,781)
Repayment of borrowings	(3,359,803)	(3,998,443)
New borrowings raised	4,516,958	4,217,542
Repayment of loan from an associate	(50,000)	(580,000)
Net cash used in financing activities	697,901	(874,682)
Increase (Decrease) in cash and cash equivalents	(17,868)	186,552
Cash and cash equivalents at beginning of period	987,797	2,310,631
Cash and cash equivalents at end of period represented by cash and bank balances	969,929	2,497,183

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. GENERAL INFORMATION

China Tianrui Group Cement Company Limited (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 7 February 2011. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 23 December 2011. The registered office of the Company is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is located at No. 63, Guangcheng East Road, Ruzhou City, Henan 467500, the People’s Republic of China (the “PRC” or “China”).

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “Group”) are manufacture and sale of cement, clinker and limestone aggregate. Its immediate holding company is Yu Kuo Company Limited and its ultimate parent company is Tianrui Group Company Limited (“Tianrui Group”), which is controlled by Mr. Li Liufa and Ms. Li Fengluan, a non-executive director and an executive director of the Company, respectively.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”).

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than additional/change in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”) issued by IASB, and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2022.

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES — continued

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

Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended 31 December 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction separately and temporary differences on initial recognition on the relevant assets and liabilities were not recognised due to application of the initial recognition exemption. In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

3. REVENUE

Disaggregation of revenue from contracts with customers:

	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)
Sales of cement	3,077,482	4,329,912
Sales of clinker	188,509	458,644
Sales of limestone aggregate	732,567	532,477
	3,998,558	5,321,033
Revenue recognition at a point in time	3,998,558	5,321,033

The Group sells cement, clinker and limestone aggregate directly to external customers and revenue is recognised when the control of the goods has been transferred to the customers, being when the goods have been delivered to the customers for the current year. The normal credit term is 180 days upon delivery.

The Group receives deposits from certain customers when they enter into sale and purchase agreements with the Group. Such advance payments are recorded as contract liabilities and the revenue is recognised when the control of the goods is transferred to the customers.

4. SEGMENT INFORMATION

Segment information has been identified on the basis of internal management reports, which are regularly reviewed by an executive committee, which is composed of directors of the Company and top management (being the chief operating decision maker), in order to allocate resources to the operating segments and to assess their performance.

The Company's chief operating decision maker reviews the Group's internal reports which are mainly based on two broad geographical locations for the purposes of resource allocation and performance assessment. This is the basis upon which the Group is organised. Management has determined the operating segments based on these reports. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. SEGMENT INFORMATION — continued

The following is an analysis of the Group's revenue and results by reportable segments:

	Segment revenue For the six months ended 30 June		Segment profit For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Central China	3,289,198	4,340,828	160,448	615,948
Northeastern China	709,360	980,205	4,350	12,038
Total	3,998,558	5,321,033	164,798	627,986
Unallocated corporate administrative expenses			(9,179)	(17,963)
Profit before tax			155,619	610,023

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit before tax and the unallocated corporate administrative expenses (including Directors' emoluments).

Segment revenues are derived from sales to external customers. There are no inter-segment sales.

5. OTHER INCOME

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Value-added tax refund	60,033	101,648
Incentive subsidies	16,610	35,430
Interest on bank deposits	52,848	47,906
Interest income from loans to an associate	472	3,758
Rental income	5,304	17,833
Reversal of deferred income	4,982	5,003
Income from sundry operations	111,730	160,256
Software service income	3,375	18,452
Others	2,699	1,065
	258,053	391,351

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

6. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Foreign exchange loss, net	(23,301)	(101,907)
Gain on disposal of property, plant and equipment, net	1,968	326
	(21,333)	(101,581)

7. FINANCE COSTS

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Interest on:		
Bank and other borrowings	308,147	310,325
Bills discounted with recourse	100,145	144,622
Guaranteed notes	—	56,063
Long-term corporate bonds	679	2,184
Lease liabilities	283	587
	409,254	513,781
Less: amounts capitalised	—	(3,967)
	409,254	509,814

The borrowing costs on general borrowing pool capitalised are calculated by applying a capitalisation rate of 5.71% per annum (same period of 2022: 6.01% per annum) for the period ended 30 June 2023.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
PRC Enterprise Income Tax ("EIT")		
— current interim period	5,648	118,558
— under (over) provision in prior years	(1,500)	107
Deferred tax	(3,919)	(4,394)
	229	114,271

Some subsidiaries of the Group operating in the PRC are eligible for preferential tax rate of 15% under relevant preferential tax policy for high-technology enterprises for a period of three years commencing from the financial year in which the high-technology enterprise certificate was approved.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, except for the preferential treatments available to certain subsidiaries as mentioned above, other subsidiaries within the Group operating in the PRC are subject to EIT at the statutory rate of 25% (2022: 25%).

9. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Profit and total comprehensive income for the period has been arrived at after charging:

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Depreciation of property, plant and equipment	384,248	420,191
Amortisation of right-of-use assets	15,294	21,308
Amortisation of mining rights, included in cost of sales	32,917	21,300
Total depreciation and amortisation, in aggregate	432,459	462,799
Cost of inventories recognised as an expense	3,058,427	3,872,035
Staff costs including retirement benefit	272,128	269,111

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

10. EARNINGS PER SHARE

The basic earnings per share attributable to owners of the Company for each of the Reporting Period is calculated based on the following data:

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Earnings Profit for the period attributable to owners of the Company	150,521	456,536

	For the six months ended 30 June	
	2023 '000 (unaudited)	2022 '000 (unaudited)
Number of shares Weighted average number of shares for the purpose of calculating basic earnings per share	2,938,282	2,938,282

No diluted earnings per share is presented as the Company did not have any potential ordinary shares outstanding.

11. DIVIDENDS

During the current interim period, no dividend has been paid, declared or proposed to be paid, nor has any dividend been proposed during the current interim period.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB7,270,000 (for the six months ended 30 June 2022: RMB1,182,000) for cash proceeds of RMB9,238,000 (for the six months ended 30 June 2022: RMB1,508,000), resulting in a gain on disposal of RMB1,968,000 (for the six months ended 30 June 2022: RMB326,000).

As at 30 June 2023, the carrying amount of buildings, whose certificates of ownership were still being applied, was approximately RMB294,067,000 (31 December 2022: RMB303,544,000).

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

13. LONG-TERM DEPOSITS

As at 30 June 2023 and 31 December 2022, the amounts represent deposits and advances paid for acquisition of business, and acquisition of property, plant and equipment and land use rights.

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Trade receivables	241,881	159,599
Less: allowances for bad debts losses	(50,238)	(50,238)
	191,643	109,361
Other receivables	322,234	376,284
Less: allowances for credit losses	(52,967)	(52,967)
	269,267	323,317
Bills receivables	2,736,960	3,158,012
Advances to suppliers	6,378,618	6,538,800
Prepayments for various taxes	33,318	31,367
	9,609,806	10,160,857
Less: Prepayments to suppliers classified under non-current assets	(920,673)	(920,673)
	8,689,133	9,240,184

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

14. TRADE AND OTHER RECEIVABLES — continued

The aged analysis of the Group's trade receivables (net of allowances for credit losses) from the goods delivery date to the end of each Reporting Period is as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Within 90 days	180,559	108,638
91–180 days	10,995	635
181–365 days	6	—
1 year to 2 years	83	88
Total	191,643	109,361

15. PLEDGED BANK BALANCES

Pledged bank balances represent deposits pledged to banks as at 30 June 2023 for (i) securing bank borrowings granted to the Group amounting to RMB1,469,326,000, (ii) issuing trade facilities such as bills payables and bank guarantee amounting to RMB4,457,697,000 and (iii) the deposits pledged to banks for the maintenance of limestone mines amounting to RMB26,895,000.

Pledged bank balances represent deposits pledged to banks as at 31 December 2022 for (i) securing bank borrowings granted to the Group amounting to RMB1,505,343,000, (ii) issuing trade facilities such as bills payables and bank guarantee amounting to RMB3,041,580,000 and (iii) the deposits pledged to banks for the maintenance of limestone mines amounting to RMB26,895,000.

The restricted bank balances carried interest at market rates of 0.25% to 1.95% per annum as at 30 June 2023 (31 December 2022: 0.25% to 1.95% per annum).

16. AMOUNTS DUE FROM ASSOCIATES

The amounts due from associates of approximately RMB1,203,468,000 as at 30 June 2023 (2022: approximately RMB1,317,760,000) represent the advance payment paid to Pingdingshan Ruiping Shilong Cement Company Limited for the clinker purchased under the clinker supply framework agreement, and shareholder loan of RMB118,722,000 (2022: RMB128,207,000) due from an associate, China United Cement Xinan Wanji Co., Ltd, which is indirectly held as to 49% by the Company, and the shareholder's loan is unsecured, bears interest at 5% per annum and has no fixed repayment terms.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

17. CASH, DEPOSITS AND BANK BALANCES

The amounts represent cash and bank balances held by the Group. As at 30 June 2023, bank balances carried interest at market rates of 0.25% to 1.65% per annum (31 December 2022: 0.25% to 1.65% per annum).

18. TRADE AND OTHER PAYABLES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Trade payables	853,148	993,114
Bills payables	2,699,590	2,668,575
Construction costs payables	280,701	441,651
Other tax payables	147,399	130,665
Other long-term payables — current portion	69,370	69,370
Other payables and accrued expenses	98,307	99,961
	4,148,515	4,403,336

The aged analysis of the Group's trade payables from the goods receipt date to the end of each Reporting Period is as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Within 1–90 days	615,464	725,347
91–180 days	73,263	62,567
181–365 days	63,939	85,577
Over 1 year	100,482	119,623
Total	853,148	993,114

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

19. LOAN FROM AN ASSOCIATE

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Loan from Tianrui Finance	820,000	870,000
Less: Amounts due within one year	(820,000)	(870,000)
Amounts due after one year	—	—

The loan from Tianrui Finance is unsecured and bears interest at the rate ranging from 2.74% to 3.70% (2022: 2.74% to 3.85%) per annum.

20. BORROWINGS

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Bank borrowings:		
— Fixed-rate	6,594,947	5,436,027
— Variable-rate	529,553	879,000
Other borrowings from non-bank financial institutions:		
— Fixed-rate	1,580,109	1,030,809
— Variable-rate	—	87,172
Bank borrowings relating to bills discounted with recourse	8,704,609	7,433,008
	—	114,446
	8,704,609	7,547,454
Secured	6,030,014	5,938,659
Unsecured	2,674,595	1,608,795
	8,704,609	7,547,454

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

20. BORROWINGS — continued

The borrowings are repayable as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Within one year	5,824,910	6,150,439
More than one year, but not exceeding two years	1,234,699	613,413
More than two years, but not exceeding five years	1,645,000	783,602
	8,704,609	7,547,454
Less: Amounts due within one year shown under current liabilities	(5,824,910)	(6,150,439)
Amounts due after one year	2,879,699	1,397,015

During the current interim period, the Group obtained new bank loans amounting to RMB4,516,958,000 (30 June 2022: RMB4,217,542,000). The loans carried interest at market rates of 3.85% to 12.00% (31 December 2022: 2.74% to 12.00%). The Directors consider that the carrying amounts of the borrowings recognised in the condensed consolidated financial statements approximate to their fair values.

21. LONG-TERM CORPORATE BONDS

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Long-term corporate bonds	7,376	29,478
Less: Amounts due within one year	(7,376)	(29,478)
Amounts due after one year	—	—

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

21. LONG-TERM CORPORATE BONDS — continued

Long-term corporate bonds in an aggregate principal amount of HK\$86,500,000 (approximately RMB75,791,300) which including the issuance of first tranche in an aggregate principal amount of HK\$45,540,000 issued on 2 December 2014, the second tranche in an aggregate principal amount of HK\$33,460,000 issued on 15 July 2015 and the third tranche in an aggregate principal amount of HK\$7,500,000 issued on 9 January 2016, with a term of eight years each and an interest rate of 6.50% per annum each. These bonds were issued through the lead underwriter, Convoy Investment Service Limited (康宏證券投資服務有限公司), to non-specific buyers. Up to 30 June 2023, an aggregate principal amount of HK\$78,500,000 of the bonds has been redeemed. The remaining principal of HK\$8,000,000 (approximately RMB7,376,000) will be matured before 31 December 2023 and is classified as current liabilities.

22. ISSUED CAPITAL

The Company

	Number of shares	Share capital	
		HK\$'000	RMB'000
Ordinary share of HK\$0.01 each:			
Authorised			
On incorporation	38,000,000	380	316
Additions	9,962,000,000	99,620	80,754
At 1 January 2022, 31 December 2022 and 30 June 2023	10,000,000,000	100,000	81,070
Shares issued			
At 1 January 2022, 31 December 2022 and 30 June 2023	2,938,281,647	29,383	24,183

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

23. PLEDGE OF ASSETS

As at the end of each Reporting Period, the carrying amount of the assets of the Group pledged to secure the bank borrowings granted to the Group is analysed as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Property, plant and equipment	2,273,533	2,660,601
Right-of-use assets	308,398	244,217
Mining rights	434,843	174,941
Pledged bank balances	1,469,326	1,505,344
	4,486,100	4,585,103

24. CAPITAL COMMITMENTS

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Capital expenditure of the Group in respect of acquisition of property, plant and equipment — contracted for but not provided for in the condensed consolidated financial statements	484,438	527,076

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

25. RELATED PARTY DISCLOSURES

In addition to the transactions and balances detailed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with related parties during the current interim period:

Nature of transaction	Name of related party	Note	For the six months ended 30 June	
			2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Purchase of goods	Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司)	i	101,143	344,391
			101,143	344,391
Office rental expenses	Tianrui Group Company Limited (天瑞集團股份有限公司)		900	900

Note:

- i. An associate of the Group.

Financial guarantees

As at 30 June 2023, other than the authorized financial guarantee provided to related parties of approximately RMB1,632,000,000 (31 December 2022: RMB1,632,000,000), of which approximately RMB719,901,000 (31 December 2022: RMB802,844,000) were actually utilized, the Group does not have other financial guarantees. The guarantees provided to the related parties have been provided pursuant to Tianrui Cement Guarantees according to the 2022 Framework Agreement in relation to provision of mutual guarantees, the details of which are set out in the circular dated 6 December 2022.

After considering the risk of the financial guarantees, the Group recognised financial guarantee liabilities of RMB13,792,000 (31 December 2022: RMB15,381,000) in the condensed consolidated financial statements.