



**北京金隅股份有限公司**  
**BBMG CORPORATION\***

(a joint stock company incorporated in the People's Republic of China with limited liability)  
Stock Code : 2009

A large, stylized number '2017' in red, with a white outline and a grey shadow, set against a background of diagonal red and grey stripes.

*Interim Report*

\*For identification purposes only



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# CORPORATE INFORMATION

|  |  |
|--|--|
| <b>Chinese name of the Company</b>                                   | 北京金隅股份有限公司   |
| <b>English name of the Company</b>                                   | BBMG Corporation*  |
| <b>Headquarters of the Company</b>                                   | Tower D, Global Trade Center<br>No. 36, North Third Ring East Road<br>Dongcheng District, Beijing 100013, the PRC  |
| <b>Registered address and principal place of business in the PRC</b> | Tower D, Global Trade Center<br>No. 36, North Third Ring East Road<br>Dongcheng District, Beijing 100013, the PRC  |
| <b>Principal place of business in Hong Kong</b>                      | Room 405, Kai Wong Commercial Building<br>222 Queen's Road Central, Hong Kong  |
| <b>Website of the Company</b>  | <a href="http://www.bbm.com.cn/listco">www.bbm.com.cn/listco</a>   |
| <b>Legal representative</b>  | Jiang Deyi   |
| <b>The Board</b>   |  |
| <i>Executive Directors</i>   | Jiang Deyi ( <i>Chairman</i> )<br>Zeng Jin ( <i>General Manager</i> ) (appointed on 15 August 2017)<br>Wu Dong<br>Zheng Baojin (appointed on 15 August 2017) |
| <i>Non-executive Director</i>  | Guo Yanming (appointed on 27 June 2017)  |
| <i>Independent non-executive Directors</i>                           | Wang Guangjin<br>Tian Lihui<br>Tang Jun<br>Ngai Wai Fung   |

\* for identification purposes only

CORPORATE INFORMATION

**The Supervisory Board**

*Supervisors*

Xu Feng (*Chairlady*) (appointed on 15 August 2017)  
Wang Zhicheng (appointed on 15 August 2017)  
Yu Kaijun  
Hu Juan  
Zhang Guoliang (appointed on 27 June 2017)  
Zhuang Zhenguo (appointed on 27 June 2017)  
Zhang Qicheng (appointed on 27 June 2017)

**Committees**

*Audit Committee*

Tian Lihui (*Chairman*)  
Guo Yanming  
Wang Guangjin  
Tang Jun  
Ngai Wai Fung

*Remuneration and Nomination  
Committee*

Wang Guangjin (*Chairman*)  
Wu Dong  
Tian Lihui  
Tang Jun  
Ngai Wai Fung

*Strategic Committee*

Jiang Deyi (*Chairman*)  
Zeng Jin  
Zheng Baojin  
Wang Guangjin  
Tian Lihui  
Tang Jun  
Ngai Wai Fung

## CORPORATE INFORMATION

**Authorised Representatives** Jiang Deyi  
Lau Fai Lawrence

**Board Secretary** Zheng Baojin

**Company Secretary** Lau Fai Lawrence

**Listing Information***A Shares*

A Share registrar China Securities Depository and Clearing  
Corporation Limited, Shanghai Branch  
36th Floor, China Insurance Building  
166 Lujiazui Road East, Pudong New District,  
Shanghai, the PRC

Place of listing Shanghai Stock Exchange  
Stock name BBMG  
Board lot 100 shares  
Stock code 601992.SH

*H Shares*

H Share registrar Computershare Hong Kong Investor Services Limited  
Shops 1712 – 1716, 17th Floor, Hopewell Centre  
183 Queen's Road East, Wanchai, Hong Kong

Place of listing The Stock Exchange of Hong Kong Limited  
Stock name BBMG  
Board lot 1,000 shares  
Stock code 02009.HK



CORPORATE INFORMATION

**Principal bankers**

Agricultural Bank of China Limited  
Industrial and Commercial Bank of China Limited  
Bank of Communications Co., Ltd.  
Bank of Beijing Co., Ltd.  
China Construction Bank Corporation

**Independent auditor**

Ernst & Young Hua Ming LLP  
Certified Public Accountants

**Legal advisers**

Paul Hastings  
*As to Hong Kong law*

Guantao Law Firm  
*As to PRC law*

# CHAIRMAN'S STATEMENT



Jiang Deyi  
Chairman



## CHAIRMAN'S STATEMENT

### Dear shareholders,

On behalf of the board of directors (the “**Board**”) of BBMG Corporation\* (the “**Company**” or “**BBMG**”), I am pleased to present to you the interim results of the Company for the six months ended 30 June 2017 (the “**Reporting Period**”), and report on the operating results of the Company during the said period.

### Review

During the first half of the year, the Company took active initiative to adapt to the “new normal” of economic development and responded to the complicated development landscape as well as emerging risks and challenges in an effective manner by adhering to the goals and missions determined at the beginning of the year. As a result, we saw stable and sound growth in the overall development of the Company. The quality of the economic operation continued to improve under the development trend of serving the capital city while economic structural adjustment made steady progress. Besides, the enhancing synergy brought by the restructuring of BBMG and Jidong Development Group, acceleration of green reform and the strengthening of fundamental management laid a solid foundation for achieving the full-year targets in full force.

During the Reporting Period, the Company recorded operating revenue of RMB29,465.8 million, representing a year-on-year increase of 25.7%; net profit attributable to the shareholders of the parent company amounted to RMB1,846.4 million, representing a year-on-year increase of 1.4%; basic earnings per share attributable to the shareholders of the parent company amounted to RMB0.17.

\* for identification purposes only

## CHAIRMAN'S STATEMENT

### Prospects

In terms of the macro environment, the Chinese economy is currently in a critical period of replacing old energy with new one, as well as economic transformation and upgrade. There is no change in the fundamental situation of favorable economic development in the long run. Basic features such as strong economic resilience, great potential and ample room for maneuver also remained unchanged. From the point of view of industry background, capacity downsizing and structural adjustment have a long way to go, given the continuous and absolute excessive production capacity across the cement industry in China. The regulation on the real estate market as a whole demonstrated favorable results, however, the structural contradiction remained prominent and the differentiation among cities became more serious. Confronted by the abovementioned opportunities and challenges, the Company will develop major businesses including "cement and ready-mixed concrete, modern building materials and commerce and logistics, property development and property investment and management" in accordance with the capital's positioning of functions by adhering to the development philosophy of "innovation, coordination, green, open and sharing". In addition, it will take initiative in involving in the implementation of significant national policies, such as "One Belt and One Road", the synergistic development of Beijing, Tianjin and Hebei Province and the supply-side structural reform, as well as the construction of sub-town centre in Beijing and Xiongan New Area and the promotion of "functions transfer and improvement for enhancement". The Company will be committed to enhancing the quality and efficiency of development with a focus on the high-end of industrial technologies and values, with a view to building development landscapes and industry positions which are competent to the scale of different industries.



## CHAIRMAN'S STATEMENT

High positioning and practical actions boost enterprise growth. On behalf of the Board, I would like to express my sincere gratitude to the shareholders and business partners of the Company for their support and assistance. I expect continued trust and support from the shareholders and business partners in our course of achieving a new round of leap-forward development for BBMG with relentless efforts.

**Jiang Deyi**

*Chairman of the Board*

Beijing, the PRC

29 August 2017





# MANAGEMENT DISCUSSION AND ANALYSIS

## MANAGEMENT DISCUSSION AND ANALYSIS

**DETAILS OF THE COMPANY'S PRINCIPAL BUSINESS, BUSINESS MODEL AND INDUSTRY SITUATION DURING THE REPORTING PERIOD****(I) Principal business and business model of the Company**

The Company's principal businesses include cement and ready-mixed concrete – modern building materials and commerce and logistics – property development – property investment and management.

1. Cement and ready-mixed concrete business: After the strategic restructuring with Jidong Development Group, the Company has become the third largest cement enterprise in the country. The cement business of the Company continued to take Beijing, Tianjin and Hebei as its core strategic regions, and continued to expand its market coverage to 13 provinces, autonomous regions and municipalities, including Beijing, Tianjin, Hebei and Shaanxi Province. The production capacity of clinker amounted to approximately 117 million tonnes; the production capacity of cement amounted to approximately 170 million tonnes; the production capacity of ready-mixed concrete and ready-mixed mortar amounted to approximately 78.0 million cubic meters and approximately 2.25 million tonnes respectively while the production capacity of grinding aids and admixtures amounted to approximately 38.5 million tonnes and approximately 0.34 million tonnes respectively. The Company will insist to promote market expansion and strategic resources consolidation simultaneously, and has a total of about 1.7 billion tonnes of reserve of limestone in Beijing, Tianjin and Hebei Province.
2. Modern building materials and commerce and logistics business: The Company is one of the largest building materials manufacturers in China, the largest building materials manufacturer and one of the leaders in the building materials industry in Pan Bohai Economic Rim in Beijing. The major products include furniture, wall body and insulation materials as well as decorative and fitting materials, among which, Tiantan Furniture is the leading enterprise in the furniture industry in China while Long Shun Cheng Hardwood Furniture, a renowned Chinese brand in Beijing with a hundred of years of history, is inscribed on the national list of intangible cultural heritage. The scales of production and sales of BBMG's aerated products rank the first in the northern regions. The single line production capacity of BBMG's star rock wool is the largest in China. BBMG's production capacity of fire retardant paint and comprehensive strength ranked top 3 in the country. The production capacity of the single production line of mineral wool boards of STAR-USG Building Materials ranked number one in the world, which is also the largest production line in Asia and ranked number two in China in terms of sales to mid- to high-end channels. Beijing Building Materials Trading Tower

## MANAGEMENT DISCUSSION AND ANALYSIS

was named the “Number One Modern Building Materials Market in Beijing”. With strenuous efforts made in the implementation of structural adjustment and industrial upgrade, the Company invested in the construction of BBMG Modern Industrial Park in Dachang, Hebei, and completed the planned upgrade of Doudian Circular Economic Park in Fangshan, Beijing, thereby basically forming the centralized production model in the industrial parks and gradually achieved industrial synergy. In response to the needs of the construction of a sub-town center in Beijing, the Company took the initiative to be the major supplier for the construction materials required by the construction of the sub-town center project, and stationed in the construction site to organize and coordinate the work on securing the supply of construction materials for the project. This has enhanced the image of the Company’s new construction materials products in the market and made improvement to the aspects such as product quality, organization and securing as well as management level. As long as risks are under control, the Company can enhance the development of trade and logistics industry and proactively explore developed operating and marketing modes of e-commerce.

3. Property development business: The Company is one of the leading property developers in terms of comprehensive strength and the earliest affordable housing developers with the highest number of projects and most comprehensive system in Beijing. Currently, the property development business of the Company has realized a strategic layout covering the three major economic circles in Beijing, Tianjin and Hebei Province, Yangtze River Delta and the economic zones of Chengdu-Chongqing region, the four municipalities of Beijing, Shanghai, Tianjin and Chongqing, as well as 14 provincial (or regional core) cities such as Hangzhou, Nanjing, Hefei and Haikou. In 2010, the Company was awarded the title of “National Housing Industrialisation Base” by the Ministry of Housing and Urban-Rural Development of the PRC, which is the first property developer receiving such title in Beijing.
4. Property investment and management business: The Company is one of the largest holders and managers of investment properties in Beijing, holding approximately 1.20 million sq.m. of high-end office units (including investment properties held in the core districts of Beijing totaling approximately 715,500 sq.m.) and managing nearly 14.0 million sq.m. of properties (including offices, residential communities and commercial units at low floors) in Beijing. The Company has been leading the industry in Beijing and even the PRC for years in areas including specialized techniques, brand awareness, occupancy rate and revenue. Meanwhile, the resort and leisure business, with Fengshan Hot Spring Resort and Badaling Hot Spring Resort as key projects, has built up its scale and gained sound reputation in the society.

## MANAGEMENT DISCUSSION AND ANALYSIS

**(II) Description of major industries****1. Cement Industry**

During the first half of 2017, the Chinese economy maintained the steady growth trend from 2016. In particular, the investment in infrastructure, which is closely related to the demand for cement, continued to fluctuate at high level, and the growth of investment in real estates has slow down, but the decrease was not significant. As a result, the demand for cement in the first half of the year basically remained flat as compared to the same period of last year. According to the statistics of National Bureau of Statistics of the PRC, in the first half of 2017, the production of cement nationwide amounted to 1.11 billion tonnes, representing a year-on-year growth of 0.4%, which was basically unchanged as compared to that of last year. In terms of regions, the southern parts of the PRC demonstrated stronger performance while the northern parts of the country performed poorly. Eastern China, Southwestern China and South Central China recorded positive growth while Northern China, Northeastern China and Northwestern China recorded negative growth, among which Northern China experienced the biggest decline in growth rate with Beijing, Inner Mongolia, Tianjin, Hebei and Gansu seeing a double-digit drop. The growth rates of Beijing, Tianjin and Hebei were down by approximately 33%, approximately 14% and approximately 13% year-on-year, respectively. With effective control on the supply front, the industry has achieved steady and rapid growth in terms of efficiency. The profit of the cement industry amounted to RMB33.4 billion in the first half of 2017, representing a year-on-year increase of 248%, which is higher than the total profit for the whole year of 2015; while the profit margin of the industry stood at 7.26%, which is higher than the average profit margin of the industry.



## MANAGEMENT DISCUSSION AND ANALYSIS

**2. Property Development Industry**

During the first half of 2017, the policy on the real estate industry continued to adhere to the main theme of varying austerity measures according to segments and cities in general. Under the influence of the stable and neutral monetary policy and austerity measures on the real estate industry, the housing prices of first-tier cities and popular second-tier cities remained stable. As evidenced by statistics provided by the National Bureau of Statistics of the PRC, investment in real estate development across the country aggregated RMB5,061.0 billion in the first half of the year, representing a nominal increase of 8.5% over last year, among which investment in residential properties was RMB3,431.8 billion, increased by 10.2%, and the growth rate increased by 0.2%. Investment in residential properties accounted for 67.8% of aggregate investment in real estate development. During the first half of the year, construction sites for corporate use of real estate developers reached 6,923.26 million sq.m., representing an increase of 3.4% over last year, among which 4,727.22 million sq.m. were area of construction sites for residential properties, which increased by 2.9%. Area of newly-started construction of real estate was 857.20 million sq.m., increasing by 10.6%, and the growth rate increased by 1.1%. Of this, 613.99 million sq.m. were area of newly-started construction of residential properties, which increased by 14.9%. Area of completed real estate construction was 415.24 million sq.m., increasing by 5.0%, and the growth rate decreased by 0.9%. Of this, area of completed residential property construction was 297.60 million sq.m., up by 2.5%. Purchased land area by real estate developers were 103.41 million sq.m. in the first half of the year, increasing by 8.8% over last year. Area of sold commodity housing across the country in the first half of the year reached 746.62 million sq.m., increasing by 16.1% over last year. Of this, area of sold residential properties jumped 13.5%, area of offices sold 38.8% and area of properties sold for the purpose of commercial operation 32.5%. The sold commodity housing was valued at RMB5,915.2 billion, surging 21.5%, and the growth rate increased by 2.9%, of which sales of residential properties rose 17.9%, sales of offices 38.9% and sales of properties for the purpose of commercial operation 41.7%. As at the end of June 2017, area of commodity housing for sales was 645.77 million sq.m., a decrease of 14.41 million sq.m. as compared with that of the end of May. Of this, area of residential properties for sale decreased by 13.05 million sq.m., area of offices for sale decreased by 0.60 million sq.m. and area of properties for the purpose of commercial operation for sale decreased by 1.28 million sq.m.

## MANAGEMENT DISCUSSION AND ANALYSIS

**Summary of Financial Information**

Unit: RMB'000

|  | For the six months<br>ended 30 June |                     | Change                                     |
|--|-------------------------------------|---------------------|--|
|  | 2017<br><i>(Unaudited)</i>          | 2016<br>(Unaudited) |  |
| Operating revenue  | <b>29,465,846</b>                   | 23,446,784          | 25.7%                                      |
| Operating revenue from principal business  | <b>28,778,106</b>                   | 23,155,962          | 24.3%                                      |
| Gross profit from principal business   | <b>7,598,533</b>                    | 5,702,013           | 33.3%                                      |
| Gross profit margin from principal business (%)  | <b>26.4</b>                         | 24.6                | an increase of<br>1.8 percentage<br>points |
| Total profit   | <b>2,427,686</b>                    | 2,361,421           | 2.8%                                       |
| Net profit   | <b>1,782,023</b>                    | 1,601,283           | 11.3%                                      |
| Net profit attributable to the shareholders<br>of the parent company   | <b>1,846,371</b>                    | 1,821,145           | 1.4%                                       |
| Basic earnings per share attributable to the<br>shareholders of the parent company (RMB)<br>(* adjusted for bonus issue) | <b>0.17</b>                         | 0.17*               | Unchanged                                  |

MANAGEMENT DISCUSSION AND ANALYSIS

|  | <b>As at 30<br/>June 2017<br/>(Unaudited)</b> | As at 31<br>December 2016<br>(Audited) | <b>Change</b>                              |
|--|---|--|--|
| Cash and bank balances   | <b>22,781,755</b>                             | 28,010,211                             | -18.7%                                     |
| Current assets   | <b>133,984,322</b>                            | 119,478,725                            | 12.1%                                      |
| Current liabilities  | <b>107,979,795</b>                            | 94,964,190                             | 13.7%                                      |
| Net current assets   | <b>26,004,526</b>                             | 24,514,536                             | 6.1%                                       |
| Non-current assets   | <b>89,986,560</b>                             | 88,918,391                             | 1.2%                                       |
| Non-current liabilities  | <b>51,981,078</b>                             | 50,523,416                             | 2.9%                                       |
| Total assets   | <b>223,970,881</b>                            | 208,397,117                            | 7.5%                                       |
| Equity attributable to the shareholders<br>of the parent company | <b>45,380,777</b>                             | 44,200,489                             | 2.7%                                       |
| Debt ratio (total liabilities to total assets) (%)               | <b>71.4</b>                                   | 69.8                                   | an increase of<br>1.6 percentage<br>points |

## MANAGEMENT DISCUSSION AND ANALYSIS

**Summary of Business Information**

|   | For the six months<br>ended 30 June |       | Change |
|---|-------------------------------------|-------|--------|
|   | 2017                                | 2016  |        |
| <b>Cement and Ready-mixed Concrete</b>                                  |                                     |       |        |
| <b>Segment</b>  |                                     |       |        |
| Sales volume of cement (in million tonnes)                              | <b>45.83</b>                        | 20.33 | 125.4% |
| Sales volume of ready-mixed concrete<br>(in million cubic metres)       | <b>6.56</b>                         | 5.66  | 15.9%  |
| <b>Modern Building Materials and Commerce<br/>and Logistics Segment</b> |                                     |       |        |
| Stone wool boards (in thousand tonnes)                                  | <b>20.4</b>                         | 10.1  | 102.0% |
| <b>Property Development Segment</b>                                     |                                     |       |        |
| Booked GFA (in thousand sq.m.)  | <b>406.6</b>                        | 728.3 | -44.2% |
| Contracted sales GFA (in thousand sq.m.)                                | <b>784.7</b>                        | 506.0 | 55.1%  |
| <b>Property Investment and Management<br/>Segment</b>                   |                                     |       |        |
| Gross GFA of investment properties<br>(in thousand sq.m.)               | <b>715.5</b>                        | 732.8 | -2.4%  |

**DISCUSSION AND ANALYSIS ON OPERATIONS**

During the first half of 2017, the economic fundamentals of the country to maintain sound development in the long run remained unchanged. Meanwhile, the Chinese economy is in the critical period of continuous transition from old to new drivers as well as economic transformation and upgrade. The Company firmly fostered and consistently implemented the new development philosophy of “innovation, coordination, green, open and sharing” and took active initiative to adapt to the “new normal” of economic development. Moreover, the Company continued to put great efforts in enhancing the quality and efficiency of development and accelerated the pace towards transformation and upgrading to

## MANAGEMENT DISCUSSION AND ANALYSIS

adapt to the capital's positioning of functions. It also actively integrated key national strategies, such as "One Belt and One Road", the synergistic development of Beijing, Tianjin and Hebei Provinces and the supply-side structural reform, into its development of the sub-town centre of Beijing and the strategy of "promoting enhancement through transfer of functions and governance". Moreover, the Company has strengthened its works in various aspects, including explore potentials and cut costs, enhance quality and efficiency, integration and restructuring, transformation and upgrading, optimization of business layout and driving innovation. As a result, major economic indicators have witnessed accelerated growth rate and key projects were making good progress. The operation quality of the economy showed continuous improvement and the development of the overall economy continued to display sound improvement amidst stability.

During the first half of 2017, the Company recorded operating revenue of approximately RMB29,465.8 million, of which operating revenue from its principal business amounted to approximately RMB28,778.1 million, representing a year-on-year increase of 24.3%; total profit amounted to approximately RMB2,427.7 million, representing a year-on-year increase of 2.8%; net profit amounted to approximately RMB1,782.0 million, representing a year-on-year increase of 11.3%; and net profit attributable to the shareholders of the parent company amounted to approximately RMB1,846.4 million, representing a year-on-year increase of 1.4%.

**(1) Cement and Ready-mixed Concrete Segment**

The cement and concrete segment upholds the strategic positioning of "building a world-class cement industry group which is modern, professional and large in scale" while places emphasis on the improvement of management, integration of cultures and consolidation of operation. The Company further promoted the establishment and adjustment of organizational structure and operation models and continued to devote considerable efforts in aspects such as regional markets consolidation, promotion of industry self-discipline, optimization of resources allocation and assurance for marketing services. By implementing unified marketing management and control and strengthening the synergy effect between production and sales, together with the benefits brought by reorganization and progress of integrated operation, the Company has enhanced the level of industry self-discipline and market synergy. It has also achieved growth in both social and economic efficiency by leveraging the advantages in scale and the control and reduction of procurement cost.

## MANAGEMENT DISCUSSION AND ANALYSIS

The cement and ready-mixed concrete segment recorded operating revenue from principal business of approximately RMB13,919.6 million during the first half of 2017, a year-on-year increase of 173.1%. Gross profit amounted to approximately RMB3,762.3 million, a year-on-year increase of 391.0%. The consolidated sales volume of cement and clinker reached 45.83 million tonnes, a year-on-year increase of 125.4%, among which cement sales volume amounted to 38.73 million tonnes and clinker sales volume amounted to 7.11 million tonnes, and the aggregated gross profit margin for cement and clinker was 29.4%, a year-on-year increase of 18.7 percentage points. Sales volume of ready-mixed concrete totaled 6.56 million cubic meters, a year-on-year increase of 15.8%, while the gross profit margin for ready-mixed concrete was 7.5%, a year-on-year decrease of 8.4 percentage points.

**(2) Modern Building Materials and Commerce and Logistics Segment**

With “making the industry more solid, management stronger and products better” as its main tasks and implementing enterprise diagnosis, carrying out benchmark management and organising specific activities to “lower costs and expenses and increase production and sales volume” as its entry points, the Company has further enhanced its corporate management and achieved continuous improvement in its marketing channels and market layout while pushing ahead with the work in respect of upgrading of quality and efficiency and grasping the opportunities in the market. As a result, the Company has seen a better improvement in profitability.

The modern building materials and commerce and logistics segment recorded operating revenue from principal business of approximately RMB7,081.6 million during the first half of 2017 (among which, the manufacturing business accounted for approximately RMB1,250 million and commerce and logistics business accounted for approximately RMB5,832 million), representing a year-on-year increase of 37.2%. Gross profit from principal business amounted to approximately RMB539.1 million, representing a year-on-year increase of 18.0%.

## MANAGEMENT DISCUSSION AND ANALYSIS

**(3) Property Development Segment**

The Company has further promoted the reform of organizational management and control model of the real estate segment and streamlined the management levels so as to achieve flat, professional and regional management while strengthening the real estate enterprises' market operation ability and their abilities to deal with market risks. Besides, the Company has seriously examined the urban development planning and land use policy under this new environment with a view to developing its own land liability system and a coordinating mechanism for providing supports. Hence, the operating ability and profitability of the Company have shown continuous improvement. During the Reporting Period, Jinyu Feili Noble Castle Project was occupied in a concentrated manner; the apartment and commercial properties of Jinyu Tang+ Project and phase I of Shanghai Juyuan Project were delivered and put into operation ahead of schedule; Chengdu Longxijun Project was completed and accepted ahead of schedule; phase III of the Beijing Treasures Mansion House Project and Xishan Jia No. 1 Project recorded robust sales. The Company won the bid for a plot of land in Tianzhu Town, Shunyi, two plots of land in Gaoxin District, Ningbo and three plots of land for Tangshan Qixin Cement Factory. The Company has newly acquired approximately 413,300 sq.m of land reserve.

The property development segment recorded operating revenue from principal business of approximately RMB7,296.5 million during the first half of 2017, representing a year-on-year decrease of 37.8%. The gross profit from its principal business was approximately RMB2,356.8 million, a year-on-year decrease of 34.2%. The booked GFA was 406,592 sq.m. for the year, a year-on-year decrease of 44.2%, among which booked GFA of commodity housing amounted to 401,811 sq.m., a year-on-year decrease of 36.7%, while booked GFA of affordable housing amounted to 4,781 sq.m., a year-on-year decrease of 94.9%. The aggregated contracted sales area of the Company was 784,715 sq.m., a year-on-year increase of 55.1%, among which contracted sales area of commodity housing amounted to 634,951 sq.m., a year-on-year increase of 45.6%, and contracted sales area of affordable housing amounted to 149,764 sq.m., a year-on-year increase of 114.5%. During the Reporting Period, the Company recorded contracted sales of approximately RMB13,360 million, representing a year-on-year increase of 38.8%, and cash collection of approximately RMB12,050 million, representing a year-on-year increase of 3.6%. As at the end of the Reporting Period, the Company had a land reserve totaling approximately 7,480,000 sq.m.

## MANAGEMENT DISCUSSION AND ANALYSIS

**Major Land Reserve Acquired by the Group in the First Half of 2017**

| NO           | Name of projects<br>(parcel of land)   | Location                       | Use of<br>the land          | Land area                    | Planning                      | Land price<br>(RMB million) | Method of<br>acquisition | Date of<br>acquisition | Percentage<br>of interest |
|--------------|--|--------------------------------|-----------------------------|------------------------------|-------------------------------|-----------------------------|--------------------------|------------------------|---------------------------|
|              |  |                                |                             | of the<br>project<br>(sq.m.) | plot ratio<br>area<br>(sq.m.) |                             |                          |                        |                           |
| 1            | Plot at Block 22, Tianzhu Town,<br>Shunyi District, Beijing (SY00-<br>0022-6015) | Shunyi District, Beijing       | Residential/<br>educational | 45,105                       | 112,093                       | 1,930                       | Listing                  | 27 April 2017          | 95%                       |
| 2            | Plot at Gaoxin District, Ningbo<br>(GX03-01-07)                                  | Gaoxin District, Ningbo        | Residential                 | 36,061                       | 72,122                        | 1,168.38                    | Listing                  | 4 May 2017             | 100%                      |
| 3            | Plot C-01 at district of Qixin<br>Cement Factory, Tangshan                       | Qixin Cement Factory, Tangshan | Residential                 | 48,093                       | 120,232                       | 685.32                      | Auction                  | 9 May 2017             | 100%                      |
| 4            | Plot C-04 at district of Qixin<br>Cement Factory, Tangshan                       | Qixin Cement Factory, Tangshan | Service<br>facilities       | 7,803                        | 8,583                         | 28.11                       | Auction                  | 9 May 2017             | 100%                      |
| 5            | Plot A-01 at district of Qixin<br>Cement Factory, Tangshan                       | Qixin Cement Factory, Tangshan | Commercial                  | 5,485                        | 6,033                         | 18.88                       | Auction                  | 9 May 2017             | 100%                      |
| 6            | Residential Plot at Gaoxin<br>District, Ningbo (GX03-02-15)                      | Gaoxin District, Ningbo        | Residential                 | 42,830                       | 94,226                        | 1,884.52                    | Listing                  | 14 June 2017           | 100%                      |
| <b>Total</b> |  |                                |                             | <b>185,376</b>               | <b>413,289</b>                | <b>5,715.21</b>             |                          |                        |                           |

- Note: 1. On 7 July 2017, the Company successfully made a bid of RMB3,200 million for the right to develop a land located in the East of Changting Street and North of Chengxin Avenue, Jiangning District, Nanjing. The gross floor area above ground is 162,127 sq.m., of which affordable housing of 27,800 sq.m. will be built.
2. On 22 August 2017, the Company successfully made a bid of RMB457.47 million for the land use right of a land PD2017-02 located in Yili Village Yi She and Chengguan Village San She, Pitong Town Street, Pidu District, Chengdu (成都市郫都区郫筒镇街道一里村一社、城關村三社). The gross floor area above ground is 64,433 sq.m.
3. On 28 August 2017, through a transfer of construction-in-progress, the Company obtained a residential and commercial lot, Lot D on the Southeast of Mafang Village, Xiaotangshan Town, Changping District, Beijing, at the price of RMB4,173.3 million. The total construction scale of the project is 403,020.6 sq. m.



## MANAGEMENT DISCUSSION AND ANALYSIS

**(4) Property Investment and Management Segment**

In addition to strengthening the work on the transfer of the industrial functions of the Beijing capital city, the Company also stepped up the efforts in promoting enterprise transformation and upgrade and thus maintained stable growth of major economic indicators. BBMG Property Operation Management Co., Ltd. (北京金隅地產經營管理有限公司) stayed focused on its existing projects, at the same time striving to optimize its customer structure and explore new operation model. As a result, the operation of the commercial, hotel and apartment segments remained stable with the average occupancy rate of office units, Sheraton Hotel and apartments stayed at 95%, 77%, and 94% respectively. After successfully providing accommodation for the “Belt and Road” Forum for International Cooperation, BBMG Sheraton Hotel (金隅喜來登酒店) has directed the emphasis of work towards operation transformation and upgrade with a view to further enhancing the quality and efficiency of development. Meanwhile, the property operation companies have sought continuous improvement in service quality and made proactive efforts in market expansion in order to further establish their presences as high-end and professional property management service brands.

The property investment and management segment recorded operating revenue from principal business of approximately RMB1,666.1 million during the first half of 2017, a year-on-year increase of 18.3%. Gross profit from principal business amounted to approximately 1,075.2 million, representing a year-on-year increase of 14.9%. As at the end of the Reporting Period, the Company held investment properties totaling approximately 715,500 sq.m. in the core districts of Beijing. The consolidated average occupancy rate was 90% and the consolidated average rental unit price was RMB8.0/sq.m./day.

## MANAGEMENT DISCUSSION AND ANALYSIS

*Investment properties held by the Group as at 30 June 2017*

|   | Location                          | Usage                    | Property<br>Gross Area<br>(thousand<br>sq.m.) | Fair Value<br>(RMB million) | Average<br>Rental<br>Unit Price<br>(RMB/day) | Average<br>Occupancy<br>Rate | Unit<br>Fair Value<br>(RMB/sq.m.) |
|---|-----------------------------------|--------------------------|---|-----------------------------|--|------------------------------|-----------------------------------|
| Phase 1 of Global Trade Center                                  | North Third Ring Road,<br>Beijing | Commercial               | 120.5   | 3,149.42                    | 10.9   | 98%                          | 26,126                            |
| Phase 2 of Global Trade Center                                  | North Third Ring Road,<br>Beijing | Commercial               | 172.1   | 3,231.04                    | 7.6  | 80%                          | 18,776                            |
| Phase 3 of Global Trade Center (Ground<br>Floor Commercial)     | North Third Ring Road,<br>Beijing | Retail                   | 71.7  | 1,141.70                    | 7.3  | 96%                          | 15,930                            |
| Tengda Plaza  | West Second Ring Road,<br>Beijing | Commercial               | 84.3  | 1,648.90                    | 9.5  | 96%                          | 19,569                            |
| Jin Yu Mansion  | West Second Ring Road,<br>Beijing | Commercial               | 44.8  | 1,073.40                    | 9.6  | 91%                          | 23,940                            |
| Jianda Building and Beijing Building<br>Materials Trading Tower | East Second Ring Road,<br>Beijing | Commercial               | 59.4  | 1,264.00                    | 5.5  | 95%                          | 21,297                            |
| Dacheng Building  | West Second Ring Road,<br>Beijing | Commercial               | 42.8  | 1,028.69                    | 9.1  | 93%                          | 24,061                            |
|   | <b>Sub-total</b>                  |                          | <b>595.6</b>                                  | <b>12,537.15</b>            |  |                              | <b>21,053</b>                     |
| Other properties  | Beijing Municipality              | Commercial<br>and retail | 119.9   | 2,634.40                    |  |                              | 21,962                            |
|   | <b>Total</b>                      |                          | <b>715.5</b>                                  | <b>15,171.55</b>            | <b>8.0</b>                                   | <b>90%</b>                   | <b>21,205</b>                     |

## MANAGEMENT DISCUSSION AND ANALYSIS

**ANALYSIS OF ASSETS AND LIABILITIES**

Unit: RMB'000

|                                     | <b>As at<br/>30 June<br/>2017<br/>(Unaudited)</b> | As at<br>31 December<br>2016<br>(Audited) | Change |
|-------------------------------------|---|---|--------|
| Cash and bank balances              | <b>22,781,754.85</b>                              | 28,010,211.15                             | -18.7% |
| Inventories                         | <b>85,539,804.85</b>                              | 64,111,234.89                             | 33.4%  |
| Available for sale financial assets | <b>4,155,177.36</b>                               | 2,498,348.40                              | 66.3%  |
| Construction in progress            | <b>4,143,565.01</b>                               | 3,963,622.13                              | 4.5%   |
| Short-term financing bonds payable  | <b>3,798,549.68</b>                               | 3,000,000.00                              | 26.6%  |
| Bonds payable                       | <b>19,493,492.15</b>                              | 21,279,396.54                             | -8.4%  |

Cash and bank balances decreased by approximately RMB5,288.5 million as compared with that of the beginning of the Reporting Period, mainly attributable to the capital outflow on the increase in the acquisition of land reserve of the Company and net capital inflow from financing activities during the Reporting Period.

Inventories increased by approximately RMB21,428.6 million as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in the acquisition of land reserve and increase in input on projects under construction of the property development segment of the Company during the Reporting Period.

Available for sale financial assets increased by approximately RMB1,656.8 million as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in interbank certificates of deposit held by the Company during the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

Construction in progress increased by approximately RMB179.9 million as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in investment in the international logistics park project and Tiantan Dachang project of the Company during the Reporting Period.

Short-term financing bonds payable increased by RMB798.5 million as compared with that of the beginning of the Reporting Period, mainly attributable to the issuance of short-term financing bonds by the Company during the Reporting Period.

Bonds payable decreased by approximately RMB1,785.9 million as compared with that of the beginning of the Reporting Period, mainly attributable to the net capital outflow due to the issuance and repayment of bonds by the Company during the Reporting Period.

### **Analysis of Income Statement and Cash Flows Items**

#### **1. Gains from changes in fair value of investment properties**

The Company conducted a subsequent measurement of the investment properties at fair value at the end of the Reporting Period. Changes in fair value are recognised in “gains from changes in fair value” in the income statement. The fair value is valued by an independent valuer using future earnings approach and market-based approach on an open market and existing use basis.

No depreciation or amortisation of investment properties is made by the Company. The book value of investment properties is adjusted based on their fair value at the balance sheet date. The difference between the fair value and the original book value is recognised in the profit or loss for the current period.

During the Reporting Period, the gains from changes in fair value of investment properties of the Company were RMB257.4 million, accounting for 10.6% of the profit before tax. The year-on-year decrease of gains from changes in fair value of investment properties of 42.4% during the Reporting Period from the same period in the previous year was mainly due to the transfer to the costs of other operations of approximately RMB69.6 million from the gains from changes in fair value as a result of the disposal of certain investment properties by the Company during the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Selling expenses, administrative expenses and finance costs

During the Reporting Period, the expenses incurred by the Group saw a considerable year-on-year growth due to business expansion following the completion of the restructuring with Jidong Development Group in the second half of 2016.

- (1) Selling expenses were RMB1,162.1 million in the first half of 2017, an increase of RMB438.0 million year-on-year, mainly attributable to the increase in remuneration of agent staff, agency fee and transportation expenses.
- (2) Administrative expenses were RMB2,693.7 million in the first half of 2017, an increase of RMB1,221.7 million year-on-year, mainly attributable to the increase in employee remunerations and office and service expenses.
- (3) Finance costs were RMB1,332.8 million in the first half of 2017, an increase of RMB624.8 million year-on-year, mainly attributable to the increase in interest expenses as a result of the increase in the scale of loans.

### 3. Cash flows

In the first half of 2017, a net decrease of RMB3,266.1 million in cash and cash equivalents was recognised in the consolidated financial statements of the Group, of which net cash outflow generated from operating activities was RMB11,342.6 million; net cash outflow generated from investment activities was RMB2,313.6 million; net cash inflow generated from financing activities was RMB10,371.9 million; and the effect of changes in exchange rate on cash and cash equivalents increased by RMB18.2 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CORE COMPETITIVENESS ANALYSIS

The Company is the third largest cement enterprise in the country and a leading cement enterprise which is devoted to low-carbon, environmental protection, energy-saving and emission reduction initiatives, as well as development of circular economy in Beijing, Tianjin and Hebei. Being one of the top 10 real estate enterprises in Beijing and the earliest affordable housing developers which has the largest number of projects and most comprehensive system in Beijing, the Company owns low-cost land reserve for development in first-tier cities. Also, the Company is one of the largest suppliers of green, eco-friendly and energy-saving building materials in the Pan Bohai Rim and is one of the largest holders and managers of investment properties in Beijing. The four major business segments of the Company have witnessed strong growth and synergetic development by extending their principal businesses to more than 20 provinces, cities and regions in the PRC.

The core competitiveness of the Company is detailed as follows:

1. **Competitive Edge in the Industrial Chain:** The Company has developed a unique vertically integrated core industrial chain. This core industrial chain is in the form of “cement and ready-mixed concrete – modern building materials and commerce and logistics – property development – property investment and management”, resulting in a unique industrial chain development model with all four major business segments incorporated. With acceleration of industrial transformation and upgrading, the cement industry has turned from a grey industry to a green one, while the industry’s development layout has shifted from the development of single product to the development of comprehensive industrial chain. By leveraging the advantages accumulated in the green building materials manufacturing industry, the Company extends its industrial chain upward and downward and expands toward property development sector. While focusing on business collaboration and high-end development, the Company has developed toward the modern service sectors, including modern property management services and financial services. Taking advantage of the characteristics of the real estate development industry of large amount of funds and great demand for products, the Company, through market behaviors, drove the application of modern building materials, cement, concrete and other products as well as the development of relevant businesses such as design, fitting-out and property management services. By enhancing the product quality and service capacity, modern building materials and property management services sectors have enhanced their competitiveness and further promoted the quality of real estate projects. By capitalizing on its competitive edges in property operation and high-end property management services in

## MANAGEMENT DISCUSSION AND ANALYSIS

terms of brand, operation, management and techniques, the Company has succeeded in the promotion of values of real estate for both commercial and residential purposes and cutting inventories. Meanwhile, the real estate development industry has pioneered market of the target regions backed by various resources and advantages accumulated in the implementation of the “go global” strategy of the cement and building material industries. Different business segments support and promote the development of each other with significant synergistic effect and overwhelming advantages as a whole, while competitive edges in scale centralizing on the industrial chain, coordination among and integration of different segments have been cumulating.

2. Competitive Edge in Technology R&D: The Company enhanced its overall strength through technology innovation and continued to increase investment in technology R&D, which gave the Company a sharp leading edge in the industry in respect of technologies. Technology innovation nurtured new economic growth point for the Company and strengthened the momentum of industrial development. The Company has a state-level enterprise technology center and obtained the approval to establish science association and academic expert service centre. BBMG Academia Sinica was approved as a postdoctoral scientific research workstation, and enterprises including Academy of Scientific Research for Building Materialis (建材科研總院) were approved as Beijing International Science and Technology Cooperation Base. The Company established the technology innovation system of “1+N” with BBMG Academia Sinica, professional R&D institutions as well as the enterprise’s technology centre, engineering centre and key laboratory as its core players. The Company also established a mature cooperation mechanism of “production, study, research and application” with tertiary institutes and scientific research institutions including the University of Beijing, Beijing University of Technology and University of Science & Technology Beijing. In addition, the Company established and improved the system of dispatching chief technology officer, realizing the localization, regionalization and normalization of technical support services. The Company built technology innovation platforms of various levels including the academic workstation, the municipal-level technology cooperation base and the state-level testing centre.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2017, the Company launched 18 major R&D projects, among which, projects such as Technology Research and Application of Substituting Cement Kiln Fuel with Retired Tires (廢舊輪胎替代水泥窯燃料技術研究及應用) and Research on Application of BIM-based Building Technology (基於BIM的建築應用技術研究) have achieved initial success, which will have a positive and promotional impact on the replacement of cement kiln fuel, assembled construction and the construction of a prepared component base. The Company has applied for 22 patents and recorded revenue from sales of new products of RMB1.09 billion. The establishment of 4 projects, including the Key Technology Research and Application of Production of Green Building Materials from Bulk Solid Wastes from Industrial and Urban Areas (工業及城市大宗固廢製備綠色建材關鍵技術研究與應用) of Academy of Scientific Research for Building Materials, were approved as National Key Research Projects under the “13th Five-year Plan”. Beijing BBMG Liushui Environmental Protection Technology Co., Ltd., Hebei BBMG Dingxin Cement Co., Ltd., Beijing Jinyu Aerated Concrete Co., Ltd. and Guangling Jinyu Cement Co., Ltd. were recognized as national high-tech enterprises.

3. Competitive Edge in Sustainable Development of Green Operations: By closely adhering to the strategic positioning of the capital city, accurately capitalizing on the essential requirements of the development of the capital city and firmly fostering and implementing the new development philosophy of “innovation, coordination, green, open and sharing”, the Company has stepped up its efforts in developing circular economy and low-carbon economy, establishing a sound system for environmental protection management, accelerating its pace towards transformation and upgrading in full force and embarking on a sustainable path for green development. Adhering to its development concept of “being a purifier of the city and a good helper of the government”, the Company has built a circular economy model with “resources-products-wastes-renewable resources” as its core procedure. The Company has accumulated a wealth of experience in the synergetic use of cement kiln for the disposal of waste and has developed a comprehensive scientific research system that focuses on hazard-free disposal of urban waste. In addition, the Company independently developed, built and operated a number of environmental protection facilities, including the first demonstration line utilizing cement kiln for hazard-free disposal of industrial solid waste in China, the first production line applying the synergetic use of cement kiln for the disposal of fly ashes from garbage incineration in China, and an integrated treatment center for hazardous waste which is equipped with the nation’s most advanced technology and facilities under the most comprehensive system. With the qualification and capacity to dispose of more than 200,000 tonnes of sludge, 30,000 tonnes of fly ashes and over 40 types of hazardous waste per year, the Company is in charge



## MANAGEMENT DISCUSSION AND ANALYSIS

of the disposal of around 90% of hazardous waste in Beijing. The Company continues to launch modern building material products, including ready-mixed mortar, modern unshaped refractories, heat-preservation materials in external walls such as glass wool and rock wool, and high-grade wooden doors and windows, which are environmentally-friendly, energy-saving and low-carbon with heat insulation, heat preservation and fireproof features. The Company successfully formulated quality and quantity standards for the transformation and upgrading of manufacturing enterprises, efficiently promoted the standardization of environmental protection, the environmental self-supervision and examination as well as the rectification and implementation mechanism for enterprises, which maximize the Company's economic and resource usage efficiencies. As a result, the Company has made positive contributions to urban development, environmental safety and social harmony. The Company was also the only enterprise to win the "Green Ecology Media Award" under the Beijing Influence Award while BBMG Beishui Environmental Technology Co., Ltd. and became the first cement enterprise to receive the "China's Environment Award", a distinctive honor in the environmental protection field.

During the first half of 2017, Xuanhua BBMG Cement Co., Ltd. and Zhuolu Jinyu Cement Co., Ltd., both being subsidiaries of the Company, obtained official business permits for their hazardous wastes disposal projects, and became the first batch of cement enterprises of the Company with business permits outside Beijing. The hazardous waste disposal projects of Jidong Cement Yongji Co., Ltd., Lingchuan BBMG Cement Co., Ltd., Guangling Jinyu Cement Co., Ltd. and Quyang Jinyu Cement Co., Ltd. have obtained temporary business permit on hazardous wastes disposal and have commenced pilot operation. Meanwhile, the hazardous wastes disposal project of Chengde BBMG Cement Co., Ltd. and the household garbage disposal project of Handan BBMG Taihang Cement Co., Ltd. were completed while the household garbage and sludge disposal project of Zanhuang BBMG Cement Co., Ltd. and the construction wastes disposal project of BBMG Liushui Environmental Protection Technology Co., Ltd. were making good progress. The environmental assessment of the sludge disposal project of Baoding Taihang Heyi Cement Co., Ltd. has been approved.

## MANAGEMENT DISCUSSION AND ANALYSIS

4. **Competitive Edge in Industry-Finance Integration:** BBMG Finance Co., Ltd. and BBMG Finance Lease Co., Ltd. offer a new platform for the Company to enhance its overall capital operational efficiency, diversify financing channels and prevent capital risks, thereby facilitating the organic integration between industry capital and financial capital. By broadly cooperating with various banks and financial institutions, the Company has explored and adopted a wide variety of financing methods, including non-public offering, corporate bonds and convertible bonds. The multi-level and multi-channel financing approach effectively improves capital operational capacity and management efficiency, and further reduces financing costs.

During the first half of 2017, the Company stepped up its effort in financing and optimized its debt structure, resulting in a net increase in external financing of RMB12.4 billion in the first half of the year. The Company also explored innovative financing models and launched its asset securitization business. After reorganization, the Company adopted innovative financial management models to regulate the fundamental financial work. BBMG Finance Co., Ltd. made rational deployment of its financing structure and was granted financing credit of RMB10 billion by financial institutions in the insurance sector. It also successfully obtained the qualification for the piloting of the extension of industrial chain to financing services. BBMG Finance Lease Co., Ltd. commenced operation with a focus on providing services for the Company's principal businesses, and the total loan granted amounted to RMB1.99 billion.

5. **Competitive Edge in Corporate Culture and Branding:** The Company continuously enriched and optimized BBMG's cultural system, which is comprised of the core values of "faith, respect and responsibility", the corporate spirits of "three emphasis and one endeavor", the development philosophy of "integration, communion, mutual benefit and prosperity", the human spirits of "eight specials", and the pragmatic working culture of "work with aspiration, competence, efficiency, success and prudence". Over the years, this corporate culture has encouraged all BBMG employees to break its way and continuously strive for new achievements through reform and development. "BBMG" has been consecutively honored as a well-known trademark in Beijing and ranked 69th on the list of the 2017 (14th) "China's 500 Most Valuable Brands". The superior brand awareness and prestige has provided strong intelligence support and created a sound cultural atmosphere for BBMG to achieve a new round of leap-forward development in full force.

## MANAGEMENT DISCUSSION AND ANALYSIS

### POSSIBLE RISKS FACED BY THE COMPANY

#### 1. Risks in Policies

The development of cement and property sectors is directly subject to macroeconomic development and macroeconomic control policies. Transformation and upgrade for sustainable development in accordance with supply-side structural reform requirements will become the main theme for cement companies, given the continuous excessive production capacity across the cement industry and the heightened control of governments over overcapacity and environmental pollution. Before the long-term mechanisms conducive to healthy development of the real estate industry become mature, regulatory policies for the real estate industry, especially at regional levels, will be further differentiated and diversified.

Solution: Leveraging fully on the advantages in scale, region and brand, the Company will sharpen its core competence and minimize the risks brought by macroeconomic policies through enhancing the interpretation, analysis and judgment of the national macroeconomic policies, actively adapting to the “new normal” in response to national policies, making use of market trends, cultivating a favourable market environment, keeping track of market movement, further raising the awareness in opportunity identification, synergy among industry segments and development and incrementally enhancing the abilities in institutional innovation, system innovation, technology innovation and management innovation.

#### 2. Risks in Capital Operation

In 2017, the central bank will maintain a prudent monetary policy. The interest rate marketization revolution will be further accelerated. Since it is in the stage of rapid development, the Company will face certain level of financial pressures to maintain daily operations and meet the needs of future development.

Solution: The Company will enhance its management on finance and capital and improve the efficiency of the use of capital. It will also innovate our financing channels with a view to ensuring the safety and stability of the capital chain of the Company. Leveraging the advantages of the finance company and finance lease company, cash flow of the Company will be secured as a whole.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Risks in Market Competition

In 2016, the Company conducted a strategic restructuring with Jidong Development Group successfully, which has further improved the order of the regional market where the cement segment of the Company operates. However, as there is an excess of capacity in the region as a whole, the current demand and supply is still facing with imbalance and fierce price competition exists among enterprises, with concentration in need of further improvement, which constrains and impedes the profitability of the cement segment of the Company.

Solution: Adhering to the principal business of cement, the Company will improve the regional market integration to expand its regional market share. Meanwhile, the Company will intensify internal management and continue to boost its market competitiveness by accelerating transformation and upgrading, enhancing technology research and development and innovation, tweaking equipment and technologies, saving energy and reducing consumption and lowering production costs.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group's total assets amounted to RMB223,970.9 million, an increase of 7.5% from the beginning of the Reporting Period, which comprised total liabilities of RMB159,960.9 million, minority interests of RMB18,629.2 million and total equity attributable to the shareholders of the parent company of RMB45,380.8 million. As at 30 June 2017, total shareholders' equity amounted to RMB64,010.0 million, an increase of 1.7% from the beginning of the Reporting Period. As at 30 June 2017, the Group's net current assets were RMB26,004.5 million, an increase of RMB1,490.0 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 71.4%, an increase of 1.6 percentage points from the beginning of the Reporting Period.

As at 30 June 2017, the Group's cash and bank balances amounted to RMB22,781.8 million, a decrease of RMB5,228.5 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, corporate bonds, medium-term notes and banking facilities provided by its principal bankers in the PRC. As at 30 June 2017, the Group's interest-bearing bank borrowings amounted to RMB62,305.4 million (as at 31 December 2016: RMB51,672.3 million) which bore fixed interest rates and were all denominated in Renminbi. Of these borrowings, approximately RMB38,222.5 million interest-bearing bank borrowings were due for repayment within one year, an increase of approximately RMB4,637.9 million from the beginning of the Reporting Period. Approximately RMB24,082.8 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB5,995.2 million from the beginning of the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company signed cooperation agreements with various banks to obtain credit facilities. As at the end of the Reporting Period, from the total credit facilities of RMB121,166 million granted by banks, the remaining credit facilities available were RMB53,854 million. During the Reporting Period, the Company had repaid the principal and interest of borrowings as scheduled. The Company has sufficient capital for its operation. As at 30 June 2017, the Group had no future plans for material investments or capital assets.

The Company will formulate annual and monthly capital utilization plans according to the repayment arrangement for principal and interests of borrowings and bonds to be due in the future so as to allocate capital in a reasonable manner and ensure on-time repayment of interests and principal when they fall due.

The sources of capital for settling debts are mainly the cash flows generated from daily operating activities.

During the Reporting Period, in order to effectively safeguard the interests of bondholders and ensure the principal and interests of the bonds for the current period are settled as agreed, the Company has established a series of work mechanisms, including measures on opening designated account for proceeds and designated account for settlement of debts, setting up work teams which will be in charge of settlement, engaging bonds trustees and enhancing information disclosure. Those measures together will form a comprehensive system that can ensure the principal and interests of the bonds for the current period are settled as agreed.

As of the date of this interim report, no bonds interests of the Company for the current period had not been paid as scheduled, not been fully paid and was payable but yet to be paid.

### **ENVIRONMENTAL PROTECTION**

During the Reporting Period, the Company conducted production and operation in strict compliance with the requirements under the national laws and regulations in respect of environmental protection. There was no breach of laws and regulations, liability for accidents and administrative penalty in relation to environmental protection that involved the company and its subsidiaries which were the key pollutant discharging units as announced by the environmental protection departments.

## MANAGEMENT DISCUSSION AND ANALYSIS

**USE OF PROCEEDS FROM THE 2013 PROPOSED PLACING AND THE 2015 PROPOSED PLACING**

On 5 September 2013, the Board approved the proposed non-public issue and placing of not more than 500,903,224 A Shares (the “**2013 Proposed Placing**”) at the subscription price of RMB5.58 per share by the Company to two target subscribers, including BBMG Group and Beijing Jingguofa Equity Investment Fund (Limited Partnership) (the “**Fund**”). Each of BBMG Group Company Limited (“**BBMG Group**”) and the Fund agreed to subscribe for 448,028,673 A Shares and 52,874,551 A Shares to be issued by the Company at a total consideration of approximately RMB2,500 million and RMB295 million respectively.

Gross proceeds raised from the 2013 Proposed Placing were approximately RMB2,795 million. Based on the estimation of all applicable costs and expenses in association with the 2013 Proposed Placing, the net proceeds from the 2013 Proposed Placing (after deducting all applicable costs and expenses in association with the proposed placing) were approximately RMB2,774.7 million, which were remitted to the designated account for proceeds opened as approved by the Board on 24 March 2014.

On 26 March 2015, the Board resolved and proposed to place A shares of the Company to raise gross proceeds of up to RMB5,000 million to not more than 10 target subscribers (including BBMG Group) (the “**2015 Proposed Placing**”) to finance the residential and commercial property development projects of the Group in Beijing, Nanjing and Tianjin and to supplement the working capital of the Group, details of which have been set out in the announcements of the Company dated 26 March 2015, 1 April 2015, 4 May 2015, 27 May 2015, 11 June 2015, 26 June 2015, 28 July 2015, 12 August 2015, 20 August 2015, 18 September 2015 and 28 October 2015 and the circular of the Company dated 30 April 2015. At the annual general meeting for 2014 held on 27 May 2015 and the first extraordinary general meeting for 2015 held on 12 August 2015, the relevant resolutions in relation to the 2015 Proposed Placing were duly passed.

Reference is also made to the announcement of the Company dated 7 December 2015. On 3 December 2015, the Company completed the 2015 Proposed Placing. Upon completion of the 2015 Proposed Placing, the total number of the Shares of the Company increased from 4,784,640,284 Shares to 5,338,885,567 Shares. The gross proceeds raised from the 2015 Proposed Placing were RMB4,699,999,999.84. After deducting the costs of the 2015 Proposed Placing and taking the interest income into consideration, the net proceeds from the 2015 Proposed Placing were RMB4,637,875,039.84, which were remitted to the designated account for proceeds opened as approved by the Board on 30 November 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2017, the Company had utilized the proceeds from the 2013 Proposed Placing and the 2015 Proposed Placing of RMB7,301,547,233.07 (including the use of idle proceeds of RMB10,150,000,000.00 as temporary replenishment of working capital, repayment of RMB8,549,860,000.00 to the designated account for proceeds with working capital, the actual use of RMB5,696,837,064.28 of the proceeds, intermediary fee paid of RMB4,504,100.00 and bank charges paid of RMB66,068.79), and obtained interest earned from depositing of RMB7,931,626.17. The balance of the proceeds was RMB127,124,382.86, including the intermediary fee unpaid of RMB3,624,960.00.

To regulate the management of proceeds of the Company and secure the interest of small and medium investors, the Company established the Management System of Proceeds in August 2010, which was considered and passed at the tenth meeting of the second session of the Board of the Company. In October 2013, according to the relevant requirements of CSRC and the Shanghai Stock Exchange and as considered and passed at the sixth meeting of the third session of the Board of the Company, the Company amended the Management System of Proceeds. The amendments provided detailed requirements regarding the deposit, utilization, change of use, management and supervision of proceeds. It is also provided that all expenses on the proceeds-financed projects should be of the same use as disclosed and within the budget of the Company, as well as complete the procedures of approval regarding utilization of proceeds according to the financial accounting system of the Company.

According to the Management System of Proceeds, regarding the 2013 Proposed Placing and the 2015 Proposed Placing, the Company and Beijing Aerated Concrete Co., Ltd., BBMG (Dachang) Modern Industrial Park Management Co., Ltd., Beijing BBMG Tiantan Furniture Co., Ltd., BBMG GEM Real Estate Development Co., Ltd., Jinyu Ligang (Tianjin) Property Development Co., Ltd. and BBMG Nanjing Real Estate Development Co., Ltd., all being subsidiaries of the Company, have established designated saving accounts for the proceeds raised from the 2013 Proposed Placing and the 2015 Proposed Placing respectively. Upon the receipt of the proceeds raised from the 2013 Proposed Placing and the 2015 Proposed Placing, the Company entered into a Tri-Party Supervisory Agreement for the Designated Saving Accounts of Proceeds Raised (《募集資金專戶存儲三方監管協議》) with the bank and the sponsor for the joint supervision over the use of proceeds. The principal terms of the agreement are in line with the Tri-Party Supervisory Agreement for the Designated Saving Accounts of Proceeds Raised (Template) (《募集資金專戶存儲三方監管協議(範本)》) issued by the Shanghai Stock Exchange with no significant discrepancy. As of 30 June 2017, the parties to the agreement had exercised their rights and performed their obligations in accordance with the requirements of the Tri-Party Supervisory Agreement for Designated Saving Accounts of Proceeds Raised.

## MANAGEMENT DISCUSSION AND ANALYSIS

As of 30 June 2017, the deposit of the designated account for proceeds from 2013 Proposed Placing and 2015 Proposed Placing of the Company was as follows:

|              |   |                       |  | Unit: RMB                     |
|--------------|---|-----------------------|--|-------------------------------|
| No.          | Name of bank  | Bank account          | Account holder   | Deposit as of<br>30 June 2017 |
| 1            | Bank of Communications Co., Ltd., Beijing<br>Municipal Branch               | 110060149018170182242 | The Company  | 33,918,815.57                 |
| 2            | Industrial and Commercial Bank of China<br>Limited, Beijing Hepingli Branch | 0200203319020196563   | The Company  | 11,424.06                     |
| 3            | Industrial and Commercial Bank of China<br>Limited, Shijingshan Branch      | 0200013419200040504   | Beijing Aerated Concrete Co., Ltd.<br>(北京市加氣混凝土有限責任公司)                             | 3,955,201.32                  |
| 4            | China Construction Bank Corporation,<br>Dachang Sub-branch                  | 13001707748050506500  | BBMG (Dachang) Modern Industrial Park<br>Management Co., Ltd.<br>(大廠金隅現代工業園管理有限公司) | 1,723,115.88                  |
| 5            | ICBC, Beijing Anzhen Branch   | 0200064819024649727   | Beijing BBMG Tiantan Furniture Co., Ltd.<br>(北京金隅天壇傢俱股份有限公司)                       | 4,382.96                      |
| 6            | CCB, Beijing Urban Construction<br>Development Professional Branch          | 11050138360000000048  | BBMG GEM Real Estate Development Co.,<br>Ltd. (北京金隅嘉業房地產開發有限公司)                    | 6,172,657.13                  |
| 7            | CCB, Beijing Urban Construction<br>Development Professional Branch          | 11050138360000000047  | BBMG GEM Real Estate Development Co.,<br>Ltd. (北京金隅嘉業房地產開發有限公司)                    | 12,638,923.50                 |
| 8            | Agricultural Bank of China Limited, Tianjin<br>Yong'an Road Branch          | 02280101040015072     | Jinyu Ligang (Tianjin) Property Development<br>Co., Ltd. (金隅麗港(天津)房地產開發<br>有限公司)   | 13,625,860.16                 |
| 9            | Agricultural Bank of China Limited, Nanjing<br>Xinglong Street Branch       | 10109201040009981     | BBMG Nanjing Real Estate Development<br>Co., Ltd. (金隅南京房地產開發有限公司)                  | 55,074,002.28                 |
| <b>Total</b> |   |                       |  | <b>127,124,382.86</b>         |



MANAGEMENT DISCUSSION AND ANALYSIS

The Company strictly followed the Management System of Proceeds when using the proceeds from the 2013 Proposed Placing and the 2015 Proposed Placing. The details of the actual use of proceeds as of 30 June 2017 were as follows:

**Breakdown of Use of Proceeds as of 30 June 2017**

| Committed investment project   | Total committed investment from proceeds | Total investment adjustment after the reporting period (1) | Committed investment amount as of the end of the reporting period (1) | Investment amount during the reporting period | Accumulated investment amount as of the end of the reporting period (2) | Difference between accumulated investment amount and committed investment amount (3)=(2)-(1) | Investment progress as of the end of the reporting period (%) (4)=(2)/(1) | Date of project ready for its intended use               | Achieved results during the reporting period | Achieve the intended results or not | Significant changes in project feasibility | Reason for failure to reach the scheduled progress | Unit: RMB0,000                                       |  |
|--|--|--|---|---|---|--|---|--|--|-------------------------------------|--|--|--|--|
|  |  |  |   |   |   |  |   |  |  |                                     |  |  | Gross proceeds used for investment during the period | Accumulated gross proceeds used for investment |
| Engineering project of BBMG international logistics park (北京全球國際物流園工程項目)   | -  | 97,953.00  | 97,953.00   | 8,785.42                                      | 63,590.49   | (34,362.51)  | 64.92%  | It is expected to be completed in December 2018 (Note 1) | -  | -                                   | No   | -  | 749,504.00   | 88,982.87                                      |
| Production line project with an annual production capacity of 0.8 million pieces of furniture (年產80萬件傢俱生產線項目) (Note 2)   | -  | 181,551.00   | 90,000.00   | 6,147.82                                      | 80,607.81   | (9,392.19)   | 89.56%  | It has been basically completed                          | -  | -                                   | No   | -  | 88,982.87  | 569,683.71                                     |
| Replenishment of working capital   | -  | -  | 89,520.59   | -   | 89,520.59   | -  | 100.00%   | -  | -  | -                                   | No   | -  | -  | -  |
| Chaoyang District Chaoyang North Road (Former Star Building Materials Product Factory) B01, B02 and B03 secondary residential, secondary and primary school and nursery project (朝陽區朝陽北路(原星輝木業廠) B01、B02、B03地塊二期居住、中小學校、托幼房地項目) (Note 3) | -  | 90,000.00  | 83,787.50   | 40,459.15                                     | 83,770.98   | (16.52)  | 99.98%  | It is expected to be completed in August 2017            | -  | -                                   | No   | -  | -  | -  |
| Chaoyang District Dongba Dandong secondary residential and primary school project (朝陽區東壩二期居住、小學房地項目) (Note 4)  | -  | 170,000.00   | 170,000.00  | 14,352.04                                     | 81,827.12   | (88,172.88)  | 48.13%  | It is expected to be completed in August 2017            | -  | -                                   | No   | -  | -  | -  |
| BBMG Zhongguo Town residential project (金澤中北鎮住宅項目) (Note 5)  | -  | 50,000.00  | 50,000.00   | 3,841.51                                      | 39,765.52   | (10,234.48)  | 79.53%  | It has been basically completed                          | -  | -                                   | No   | -  | -  | -  |
| Nanjing City Jianye District Xinglong Street North A2 project (南京市建邺區興隆大街北側A2項目)   | -  | 100,000.00   | 100,000.00  | 15,396.94                                     | 70,601.21   | (29,398.79)  | 70.60%  | It is expected to be completed in April 2019             | -  | -                                   | No   | -  | -  | -  |
| Replenishment of working capital   | -  | 60,000.00  | 60,000.00   | -   | 60,000.00   | -  | 100.00%   | -  | -  | -                                   | No   | -  | -  | -  |
| Total  | -  | 749,504.00   | 741,261.09  | 88,982.87                                     | 569,683.71  | (171,577.38)   | 76.85%  | -  | -  | -                                   | -  | -  | -  | -  |

## MANAGEMENT DISCUSSION AND ANALYSIS

Note 1: Engineering project of BBMG international logistics park was scheduled to be completed in December 2016. Since Beijing has launched a policy in relation to orderly shift of non-capital core functions and adjusted its overall planning upon approval of the proceeds-financed project, after consideration and approval at the eighteenth meeting of the fourth session of the Board, the eleventh meeting of the fourth session of the Supervisory Board and the 2016 annual general meeting of the Company and making announcement, the following adjustment will be made for the proceeds-financed project: BBMG international logistics park will enhance its position by proactively transforming into a more advanced and international park. The completion time of the project will be extended from the end of December 2016 to the end of December 2018.

Note 2: The difference between committed investment amount before and after fund raising of the production line project with an annual production capacity of 0.8 million pieces of furniture was due to the deduction of issuance expense of RMB20,304,100, as well as the deduction of RMB895,205,900 from the change in proceeds-financed project. The committed investment proceeds for the production line project with an annual production capacity of 0.8 million pieces of furniture changed to RMB900 million. Such change was considered and approved at the 2014 annual general meeting of the Company. The project has been basically completed, but is still required to settle the remaining balance in relation to certain construction, procurement and installation. As of the date of this interim report, the investment progress reached 91.95%.

Note 3: The difference between committed investment amount before and after fund raising of Chaoyang District Chaoyang North Road (Former Star Building Materials Product Factory) B01, B02 and B03 secondary residential, secondary and primary school and nursery project was due to the deduction of issuance expense of RMB62,125,000.

Note 4: Chaoyang District, Dongba Dandian secondary residential and primary school project is expected to be completed in August 2017. The Company currently intends to convene a Board meeting to consider the subsequent use of balance of proceeds.

Note 5: BBMG Zhongbei Town residential project has been basically completed, but is still required to settle the remaining balance in relation to certain construction, procurement and installation. As of the date of this interim report, the investment progress reached 80.50%.

The Company did not have any prepayment for investment projects and replacement in relation to the proceeds during the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF IDLE PROCEEDS FOR TEMPORARY REPLENISHMENT OF WORKING CAPITAL DURING THE REPORTING PERIOD

#### 2013 Proposed Placing

##### **1** *Use of partial idle proceeds for replenishment of working capital*

According to the “resolution for considering the temporary supplement of working capital by certain idle proceeds” considered and passed at the sixteenth meeting of the fourth session of the Board held by the Company on 29 March 2017, the Company agreed to use RMB400.0 million from the idle proceeds as temporary replenishment of working capital for a term not more than 12 months from the date the Board considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds. The sponsor, the independent non-executive Directors and the Supervisory Board of the Company agreed with the resolution and made an announcement accordingly.

##### **2** *Return of partial idle proceeds used for replenishment of working capital upon expiry*

According to the “resolution for considering the temporary supplement of working capital by certain idle proceeds” considered and passed at the fourth meeting of the fourth session of the Board held by the Company on 23 March 2016, the Company agreed to use RMB900 million from the idle proceeds as temporary replenishment of working capital for a term not more than 12 months from the date the Board considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds. The sponsor, the independent non-executive Directors and the Supervisory Board of the Company agreed with the resolution and made an announcement accordingly.

As of 22 March 2017, the Company had returned in full the proceeds of RMB900 million, which were used for the temporary replenishment of working capital, to the designated account for proceeds and made an announcement accordingly.

The Company did not change any of the proceeds-financed projects during the Reporting Period. The Company has promptly, truly, accurately and fully disclosed the relevant information without any non-compliance in management of proceeds.

## MANAGEMENT DISCUSSION AND ANALYSIS

**COMMITMENTS**

|                                 | <b>As at 30<br/>June 2017<br/>(Unaudited)</b> | Unit: RMB<br>As at 31<br>December 2016<br>(Audited) |
|---------------------------------|---|---|
| Contracted but not provided for |   |   |
| Capital commitments             | <b>609,930,337.20</b>                         | 542,376,549.90                                      |
| Property development contracts  | <b>12,711,640,094.12</b>                      | 11,085,389,938.29                                   |
|                                 | <b>13,321,570,431.32</b>                      | 11,627,766,488.19                                   |

**CONTINGENCIES**

|  |        | <b>As at 30<br/>June 2017</b> | Unit: RMB<br>As at 31<br>December 2016 |
|--|--------|-------------------------------|--|
| Provision of guarantee on mortgage<br>to third parties         | Note 1 | <b>13,843,546,707.45</b>      | 11,567,845,119.91                      |
| Provision of guarantee on loans and<br>others to third parties | Note 2 | <b>4,594,000,000.00</b>       | 4,644,000,000.00                       |
|  |        | <b>18,437,546,707.45</b>      | 16,211,845,119.91                      |

Note 1: Certain customers of the Group have purchased the commodity housing developed by the Group by way of bank mortgage (secured loans). According to the bank requirement in respect of the secured loans of the individual purchase of housing, the Group has provided guarantees to secure the periodical and joint obligation of such secured loans granted by banks for home buyers. These guarantees will be released upon obtaining building ownership certificates and completion of formalities of mortgage by the home buyers. The management is of the opinion that in the event of default in payments, the net realizable value of the relevant properties is sufficient to cover the outstanding mortgage principals together with the accrued interests and penalties, and therefore no provision for the guarantees has been made in the financial statements.

Note 2: As at 30 June 2017, Jidong Development Group, a subsidiary of the Group, provided guarantees on the borrowings of RMB2,220,000,000.00 and the borrowings of RMB2,374,000,000.00 for Tangshan Nanhu Eco-City Development and Construction Investment Co., Ltd. (唐山市南湖生態城開發建設投資有限責任公司) and Tangshan Construction Investment Co., Ltd. (唐山建設投資有限責任公司), respectively. The guarantees will expire on 21 May 2029 and 20 April 2018, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

**PLEDGE OF ASSETS**

As at 30 June 2017, certain of the Group's inventories, fixed assets, investment properties, equity interest, intangible assets (land use rights) and bills receivable totaling RMB23,185.9 million (as at 31 December 2016: RMB24,050.9 million) were pledged to secure the short-term and long-term loans of the Group, which accounted for approximately 10.4% of the total assets of the Group (as at 31 December 2016: 11.5%).

**EMPLOYEES**

As at 30 June 2017, the Group had 49,779 employees in total (as at 31 December 2016: 49,721). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB1,556.9 million (for the six months ended 30 June 2016: RMB902.0 million), representing an increase of approximately 72.6%. As compared with the first half of 2016, the aggregate remuneration of employees recorded a significant increase, which was mainly attributable to the completion of the restructuring with Jidong Development Group in the second half of 2016. The Group provides its employees in the PRC with retirement insurance, medical insurance, unemployment insurance, maternity insurance and industrial injury insurance as well as a housing provident fund pursuant to PRC laws and regulations. The Group pays salaries to its employees based on a combination of factors such as their positions, lengths of service and work performance, and reviews these salaries and benefits on a regular basis.

**FOREIGN EXCHANGE RISK MANAGEMENT**

The Group mainly operates its business in the PRC. During the Reporting Period, sales proceeds and procurement expenses of the Group were mainly denominated in RMB. Most of the Group's financial instruments such as accounts and bills receivables, cash and bank balances are denominated in the same currency or a currency that is pegged to the functional currency of the operations to which the transactions are related. Accordingly, it is believed that the Group has minimal foreign exchange risks. The Group has not used any forward contract or currency borrowing to hedge its interest rate risks. Fluctuations of the exchange rates of foreign currencies did not constitute any material challenges to the Group or have any significant effects on its operations or working capital during the Reporting Period. However, the management will continue to monitor foreign exchange risks and adopt prudent measures as appropriate.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **TREASURY POLICIES**

The Group adopts conservative treasury policies and controls tightly its cash and risk management. The Group's cash and bank balances are held mainly in RMB. Surplus cash is generally placed in short term deposits denominated in RMB.

### **SUBSTANTIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the Reporting Period, the Group had not conducted any substantial acquisition or disposal of subsidiaries, associates and joint ventures that were required to be disclosed.

### **SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE**

As at the date of this interim report, the Group did not have any significant event after balance sheet date required to be disclosed.

# OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 June 2017, the total issued share capital of the Company was 10,677,771,134 shares, of which 8,339,006,264 were A Shares and 2,338,764,870 were H Shares. To the best knowledge of the directors of the Company (the "Directors"), the records of interest (being 5% or more of the Company's issued share capital) as registered in the register of interests kept by the Company under section 336 of the Securities and Futures Ordinance (the "SFO") were as follows:

Long positions:

| Type of shareholding | Name of shareholder  | Capacity and nature of interest                                   | Number of shares held   | Percentage of such shareholding in the same type of issued share capital (%) | Percentage of total issued share capital (%) |
|----------------------|--|---|-------------------------|--|--|
| A Shares             | 北京國有資本經營管理中心<br>(Beijing SCOM Center) (Note 1)   | Direct beneficial owner   | 4,797,357,572           | 57.53  | 44.93  |
|                      | 北京京國發股權投資基金(有限合伙)<br>(Beijing Jingguofa Equity Investment Fund (Limited Partnership)) (Note 2)                       | Interest of corporation controlled by the substantial shareholder | 105,749,102             | 1.27   | 0.99   |
|                      | State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (Note 1) | Held by controlled corporation                                    | 4,903,106,674           | 58.80  | 45.92  |
| H Shares             | BlackRock, Inc.  | Interest of corporation controlled by the substantial shareholder | 175,651,992             | 7.51   | 1.65   |
| H Shares             | Sloane Robinson LLP  | Investment manager  | 140,994,000<br>(Note 3) | 6.03   | 1.32   |
| H Shares             | FMR LLC  | Interest of corporation controlled by the substantial shareholder | 135,990,624             | 5.81   | 1.27   |
| H Shares             | Fidelity Investment Trust  | Beneficial owner  | 134,238,500             | 5.74   | 1.26   |

## OTHER INFORMATION

Note 1: The Beijing SCOM Center is a collectively-owned enterprise established under the laws of the PRC with registered capital fully paid up by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

Note 2: The Beijing SCOM Center is interested in 105,749,102 A Shares of the Company through its 57.77% direct equity interest in 北京京國發股權投資基金(有限合伙) (Beijing Jingguofa Equity Investment Fund (Limited Partnership)).

Note 3: As the Company conducted a bonus share issue on the basis of one bonus share for every one existing share on 17 June 2016 (for H Shares) and 7 July 2016 (for A Shares), the number of shares had been calculated by the Company based on the latest filings made by the substantial shareholder as at 30 June 2017, and as appropriate, multiplied by two.

Short positions:

| Type of shareholding | Name of shareholder | Capacity and nature of interest                                   | Number of shares held | Percentage of such shareholding in the same type of issued share capital (%) | Percentage of total issued share capital (%) |
|----------------------|---------------------|---|-----------------------|--|--|
| H Shares             | BlackRock, Inc.     | Interest of corporation controlled by the substantial shareholder | 1,340,000             | 0.06   | 0.01   |

Save as disclosed above, as at 30 June 2017, so far as was known to the Directors, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.



## OTHER INFORMATION

**INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES AND UNDERLYING SHARES**

As at 30 June 2017, the interests or short positions of the Company's Directors, supervisors or chief executive in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register of interests maintained by the Company, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

| Name       | Position | Capacity and nature of interest | Number of shares held | Type of shareholding | Percentage of such shareholding in the same type of issued share capital (%) | Percentage of total issued share capital (%) |
|------------|----------|---------------------------------|-----------------------|----------------------|--|--|
| Jiang Deyi | Director | Beneficial owner                | 63,000 Shares         | A Shares             | 0.00%  | 0.00%  |
| Wu Dong    | Director | Beneficial owner                | 60,000 Shares         | A Shares             | 0.00%  | 0.00%  |

All the shareholding interests listed in the above table are "long" positions.

**MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the model code for securities transactions by the Directors, supervisors and relevant employees on terms no less exacting than the required standards set out in the Model Code. Relevant employees who are likely to be in possession of inside information in relation to the purchase and sale of the securities of the Company are also required to comply with the Model Code.

As at 30 June 2017, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Model Code during the six months ended 30 June 2017. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

## OTHER INFORMATION

### **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The Group did not sell, repurchase or redeem any of the securities of the Company during the six months ended 30 June 2017.

### **CORPORATE GOVERNANCE CODE**

Good corporate governance is conducive to enhancing overall performance and accountability and is essential in modern corporate governance. The Board continuously observes the principles of good corporate governance in the interests of Shareholders and devotes considerable effort identifying and formalizing the best practice. During the Reporting Period, the Company had reviewed its corporate governance documents and the Board is of the view that the Company had fully complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

### **BOARD COMPOSITION**

The balance of power and authorities is ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals. As of the date of this interim report, the Board comprises four executive Directors, one non-executive Director and four independent non-executive Directors. It has a strong independence element in its composition.

The Board received a resignation letter from Mr. Zang Feng because he has reached the age of retirement in respect of his duty as an executive Director of the Company and a member of the Remuneration and Nomination Committee of the Company with effect from 27 June 2017. Upon the resignation of Mr. Zang Feng (who was elected democratically by the staff and workers of the Company as an executive Director), Mr. Guo Yanming was elected democratically by the employees of the Company as the non-executive Director with effect from 27 June 2017 as Mr. Guo Yanming has fulfilled the relevant requirements and his appointment as the non-executive Director is not subject to election at a general meeting. After the Reporting Period, at the 2017 first extraordinary general meeting held on 15 August 2017 (the "2017 First EGM"), Mr. Zeng Jin and Mr. Zheng Baojin were elected as the executive Directors with effect from 15 August 2017.

The Company received notification from Mr. Ngai Wai Fung, an independent non-executive director, regarding his changes in directorships in other companies. On 26 June 2017 and 28 June 2017, Mr. Ngai Wai Fung has resigned as the independent non-executive directors of China Railway Group Limited and China Coal Energy Company Limited respectively, both of which are listed on the main board of the Hong Kong Stock Exchange.

## OTHER INFORMATION

## CHANGES IN SUPERVISORS

Mr. Zhang Dengfeng, Mr. Zhang Yifeng and Mr. Wang Xin (who were being elected democratically by the staff and workers of the Company as the supervisors of the Company (the “**Supervisors**”)) have resigned as the Supervisors of the Company with effect from 27 June 2017 due to work re-designation. On 27 June 2017, in accordance to the relevant requirements of the Company Law of the People’s Republic of China and the Articles of Association of the Company, Mr. Zhuang Zhenguo, Mr. Zhang Guoliang and Mr. Zhang Qicheng were elected democratically by the staff and workers of the Company as the Supervisors and their appointments were not required to be proposed for election at a general meeting. After the Reporting Period, at the 2017 First EGM, Ms. Xu Feng and Mr. Wang Zhicheng were elected as the Supervisors with effect from 15 August 2017 with Ms. Xu Feng being appointed as the chairlady of the Supervisory Board at the same time.

## INVESTOR RELATIONS MANAGEMENT

The Group strongly believes that investor relations are an integral part of maintaining good corporate governance of a listed company. During the Reporting Period, the Group has been actively maintaining contact with investors and keeping them abreast of the industry updates, corporate information and business development in a timely manner, so as to establish a platform for fair, open and transparent information disclosure. The Board Secretary, Zheng Baojin, is responsible for the investor relations of the Group with the full support from the Board and the senior management. During the six months ended 30 June 2016, the Group actively participated in various investor relations activities and provided real-time information to investors through its company website.

### 1. Investor Forums and Conferences

During the six months ended 30 June 2017, the Group attended a number of investor forums, roadshows and presentations held by renowned investment and securities firms in the PRC and Hong Kong, and actively organized one-on-one and group meetings with fund managers and analysts in various regions. During the Reporting Period, the Group has met with various analysts, fund managers and financial commentators and maintained close communications with institutional investors, providing them with up-to-date information about the Group.

### 2. Ongoing Communications with Shareholders, Investors and Analysts

The Group has adopted an active and progressive approach to provide the shareholders and investors of the Group with the opportunity to communicate with the senior management of the Group through one-on-one and group meetings and luncheons to share with them the financial performance, business updates and future prospects of the Group.

## OTHER INFORMATION

### 3. Results Announcement

The Group had prepared detailed result reports upon release of interim and annual results. Investors' presentations and press conferences were also held to provide updates in relation to the market environment, financial performance, operating strategies and future prospects to the public in an accurate and effective manner, so as to maintain the Group's transparent investor relations strategy and strengthen the communications with the public.

### 4. Maintaining Interactive Communications with Media

The Group endeavors to maintain a close relationship with the overseas and local media, and disseminate the Group's updates to the public through various channels, ranging from organizing press conferences for interim and annual results announcements, issuing regular press releases, and arranging news media interviews with the management of the Group, thus increasing the Group's publicity and further strengthening its corporate image and position.

### 5. Timely Dissemination of Latest Corporate Updates

Company website is considered to be one of the quickest means to communicate with investors. Information was disseminated through the Company's website ([www.bbmj.com.cn/listco](http://www.bbmj.com.cn/listco)) as the platform to communicate with the public. The Group regularly updates the website contents, disseminates the latest corporate updates and developments and discloses financial information of the Group so as to enable the public to obtain such information in a timely manner. In addition, the Group also swiftly responds to different enquiries made by the shareholders, investors, analysts and media by means of email, facsimile and telephone, and publishes announcements, press releases and other latest updates on the development of the Group, so as to strengthen the effectiveness of information dissemination.

## INVESTOR INFORMATION

### 1. Share Particulars

#### *A Shares*

|                           |   |
|---------------------------|---|
| Listing date              | 1 March 2011                              |
| Stock Exchange            | Shanghai Stock Exchange                   |
| Board lot                 | 100 shares                                |
| Number of issued A Shares | 8,339,006,264 shares (as at 30 June 2017) |
| Stock code                | 601992.SH                                 |

#### *H Shares*

|                           |   |
|---------------------------|---|
| Listing date              | 29 July 2009                              |
| Stock Exchange            | Hong Kong Stock Exchange                  |
| Board lot                 | 1,000 shares                              |
| Number of issued H Shares | 2,338,764,870 shares (as at 30 June 2017) |
| Stock code                | 02009.HK                                  |

OTHER INFORMATION

**2. Financial Calendar**

|   |                               |
|---|-------------------------------|
| 2016 annual results announcement  | published on 29 March 2017    |
| 2017 first quarterly results announcement   | published on 26 April 2017    |
| 2017 interim results announcement   | published on 29 August 2017   |
| 2016 annual general meeting   | held on 17 May 2017           |
| Closure of register of H shares members to determine the eligibility of shareholders to attend the 2016 annual general meeting              | 18 April 2017 – 17 May 2017   |
| 2017 first extraordinary general meeting  | held on 15 August 2017        |
| Closure of register of H shares members to determine the eligibility of shareholders to attend the 2017 first extraordinary general meeting | 16 July 2017 – 15 August 2017 |
| Financial year end  | 31 December                   |

**3. Dividends**

|  |   |
|--|---|
| 2016 final dividends   | RMB0.046 per share (inclusive of applicable tax) (or equivalent to HK\$0.052 per H share) |
| Closure of register of H shares members to determine the entitlement of shareholders to the 2016 final dividends | 26 May 2017 – 31 May 2017   |
| Payment of 2016 final dividends of H shares  | 18 July 2017  |

For any queries, please contact:

BBMG Corporation  
Room 2220, 22nd Floor, Tower D,  
Global Trade Center  
No. 36 North Third Ring East Road  
Dongcheng District  
Beijing 100013  
The People's Republic of China

Investor Relations Department  
Phone: (8610) 6641 7706  
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Email: [ir@bbmg.com.cn](mailto:ir@bbmg.com.cn)  
Company website: [www.bbmg.com.cn/listco](http://www.bbmg.com.cn/listco)

## OTHER INFORMATION

### **AUDIT COMMITTEE**

The Company has established the Audit Committee pursuant to the provisions of the Listing Rules, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of one non-executive Director and four independent non-executive Directors. At the meeting convened on 29 August 2017, the Audit Committee had reviewed the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2017. The Audit Committee has considered the Group's internal audit report for the first half of 2017, reviewed the accounting principles and practices adopted by the Group, considered the Group's financial statements for the first half of 2017 and recommended their adoption by the Board.

As at the date of this interim report, members of the Audit Committee are Mr. Guo Yanming (non-executive Director), Mr. Wang Guangjin (independent non-executive Director), Mr. Tian Lihui (independent non-executive Director), Mr. Tang Jun (independent non-executive Director) and Mr. Ngai Wai Fung (independent non-executive Director). Mr. Tian Lihui is the chairman of the Audit Committee.

### **AUDITOR**

The Board has engaged Ernst & Young Hua Ming LLP, Certified Public Accountants, to review the interim financial statements of the Company.

## Report on Review of Interim Financial Statements



Ernst & Young Hua Ming (2017) Zhuan Zi No. 60667053\_A11

**To the shareholders of BBMG Corporation:**

We have reviewed the accompanying financial statements of BBMG Corporation, which comprise the consolidated and company balance sheets as at 30 June 2017, and the consolidated and company income statements, the consolidated and company statements of changes in equity and statements of cash flows for the six-month period then ended, and notes to the financial statements (collectively as the “Interim Financial Statements”). The management of BBMG Corporation is responsible for the preparation of the Interim Financial Statements. Our responsibility is to issue a report on the Interim Financial Statements based on our review.

We conducted our review in accordance with Standard on Review Engagements for CPAs of China No. 2101 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain limited assurance as to whether the interim financial statements are free from material misstatement. A review consists primarily of inquiries of the company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express any audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Statements are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting, and cannot present fairly, in all material respects, BBMG Corporation’s financial position, operating performance and cash flows.

**Ernst & Young Hua Ming LLP**

*Chinese Certified Public Accountant:* **Ma Yue**

*Chinese Certified Public Accountant:* **Liu Taiping**

Beijing, the PRC

29 August 2017

## Unaudited Interim Consolidated Balance Sheet

As at 30 June 2017

|   | Note V | 30 June 2017<br>RMB<br>(Unaudited) | 31 December 2016<br>RMB<br>(Audited) |
|---|--------|------------------------------------|--------------------------------------|
| <b>Assets</b>   |        |                                    |                                      |
| Current assets  |        |                                    |                                      |
| Cash and bank balances                                | 1      | 22,781,754,849.60                  | 28,010,211,147.53                    |
| Financial assets at fair value through profit or loss | 2      | 468,323,047.37                     | 615,807,328.90                       |
| Bills receivable                                      | 3      | 5,924,154,845.84                   | 3,857,028,994.07                     |
| Accounts receivable                                   | 4      | 9,278,021,405.06                   | 8,889,912,604.49                     |
| Prepayments   | 5      | 1,841,200,046.31                   | 4,968,682,354.70                     |
| Interests receivable                                  | 6      | 10,415,476.72                      | 11,652,789.72                        |
| Dividends receivable                                  | 7      | 37,513,183.95                      | 3,071,700.00                         |
| Other receivables                                     | 8      | 4,891,855,924.93                   | 6,129,310,409.74                     |
| Inventories   | 9      | 85,539,804,853.50                  | 64,111,234,886.21                    |
| Other current assets                                  | 10     | 3,211,277,889.04                   | 2,881,813,184.06                     |
| Total current assets                                  |        | <u>133,984,321,522.32</u>          | <u>119,478,725,399.42</u>            |
| Non-current assets                                    |        |                                    |                                      |
| Available-for-sale financial assets                   | 11     | 4,155,177,357.45                   | 2,498,348,403.92                     |
| Long-term receivables                                 | 12     | 240,317,944.18                     | 207,709,788.90                       |
| Long-term equity investments                          | 13     | 2,048,693,643.81                   | 2,233,650,974.77                     |
| Investment properties                                 | 14     | 15,171,548,777.53                  | 14,976,628,345.79                    |
| Fixed assets  | 15     | 45,302,865,461.69                  | 45,773,283,593.75                    |
| Construction in progress                              | 16     | 4,143,565,006.47                   | 3,963,622,127.52                     |
| Construction materials                                | 17     | 221,408,192.09                     | 313,968,043.93                       |
| Intangible assets                                     | 18     | 11,146,458,282.85                  | 11,350,165,626.93                    |
| Development expenditure                               | 19     | 3,005,021.48                       | –                                    |
| Goodwill  | 20     | 2,749,770,521.44                   | 2,749,770,521.44                     |
| Long-term deferred expenditures                       | 21     | 969,159,788.61                     | 960,198,551.90                       |
| Deferred income tax assets                            | 22     | 2,658,374,447.43                   | 2,695,681,312.01                     |
| Other non-current assets                              | 23     | 1,176,215,310.73                   | 1,195,364,185.45                     |
| Total non-current assets                              |        | <u>89,986,559,755.76</u>           | <u>88,918,391,476.31</u>             |
| Total assets  |        | <u>223,970,881,278.08</u>          | <u>208,397,116,875.73</u>            |

The accompanying notes form an integral part of these financial statements.



## Unaudited Interim Consolidated Balance Sheet (continued)

As at 30 June 2017

|   | Note V | 30 June 2017<br>RMB<br>(Unaudited) | 31 December 2016<br>RMB<br>(Audited) |
|---|--------|------------------------------------|--------------------------------------|
| <b>Liabilities and shareholders' equity</b> |        |                                    |                                      |
| Current liabilities                         |        |                                    |                                      |
| Short-term loans                            | 25     | <b>36,188,435,740.00</b>           | 32,027,734,141.83                    |
| Bills payable                               | 26     | <b>950,253,015.59</b>              | 2,313,321,400.81                     |
| Accounts payable                            | 27     | <b>13,416,798,219.15</b>           | 12,311,643,681.22                    |
| Receipts in advance                         | 28     | <b>25,672,582,599.24</b>           | 23,462,497,764.75                    |
| Wages payable                               | 29     | <b>277,012,439.59</b>              | 400,092,413.18                       |
| Tax payable                                 | 30     | <b>1,256,581,116.21</b>            | 1,829,789,141.33                     |
| Interest payable                            | 31     | <b>969,129,768.57</b>              | 799,032,866.63                       |
| Dividends payable                           | 32     | <b>801,070,175.72</b>              | 202,581,371.25                       |
| Other payables                              | 33     | <b>6,153,331,807.49</b>            | 5,980,694,327.60                     |
| Short-term financing bonds payable          | 37     | <b>3,798,549,680.74</b>            | 3,000,000,000.00                     |
| Non-current liabilities due within one year | 34     | <b>12,406,933,816.16</b>           | 6,897,420,505.71                     |
| Other current liabilities                   | 35     | <b>6,089,116,710.10</b>            | 5,739,382,129.82                     |
| Total current liabilities                   |        | <b>107,979,795,088.56</b>          | 94,964,189,744.13                    |
| Non-current liabilities                     |        |                                    |                                      |
| Long-term loans                             | 36     | <b>24,082,840,000.00</b>           | 18,087,685,000.00                    |
| Bonds payable                               | 37     | <b>19,493,492,149.68</b>           | 21,279,396,543.45                    |
| Long-term payables                          | 38     | <b>1,221,312,237.35</b>            | 3,740,891,436.82                     |
| Long-term wages payable                     | 39     | <b>661,996,220.59</b>              | 722,768,832.46                       |
| Accrued liabilities                         | 40     | <b>401,496,536.50</b>              | 371,279,348.97                       |
| Deferred income                             | 41     | <b>820,352,358.48</b>              | 860,067,751.75                       |
| Deferred income tax liabilities             | 22     | <b>4,639,131,674.07</b>            | 4,800,870,600.03                     |
| Other non-current liabilities               | 42     | <b>660,456,831.52</b>              | 660,456,831.52                       |
| Total non-current liabilities               |        | <b>51,981,078,008.19</b>           | 50,523,416,345.00                    |
| Total liabilities                           |        | <b>159,960,873,096.75</b>          | 145,487,606,089.13                   |

The accompanying notes form an integral part of these financial statements.

## Unaudited Interim Consolidated Balance Sheet (continued)

As at 30 June 2017

|  | Note V | 30 June 2017<br>RMB<br>(Unaudited) | 31 December 2016<br>RMB<br>(Audited) |
|--|--------|------------------------------------|--------------------------------------|
| Equity attributable to shareholders                                    |        |                                    |                                      |
| Share capital  | 43     | 10,677,771,134.00                  | 10,677,771,134.00                    |
| Other equity instruments   | 44     | 4,982,000,000.00                   | 4,982,000,000.00                     |
| Capital reserve  | 45     | 5,862,805,387.74                   | 5,865,195,783.46                     |
| Other comprehensive income   | 46     | 243,707,674.49                     | 231,839,701.65                       |
| Specific reserve   | 47     | 11,231,483.23                      | 8,655,529.41                         |
| Surplus reserve  | 48     | 1,276,866,688.51                   | 1,276,866,688.51                     |
| General risk reserve   | 49     | 269,682,185.44                     | 178,039,195.99                       |
| Retained earnings  | 50     | 22,056,712,179.67                  | 20,980,120,619.08                    |
| Total equity attributable to the shareholders<br>of the parent company |        | 45,380,776,733.08                  | 44,200,488,652.10                    |
| Minority interests   |        | 18,629,231,448.25                  | 18,709,022,134.50                    |
| Total equity attributable to shareholders                              |        | 64,010,008,181.33                  | 62,909,510,786.60                    |
| Total liabilities and equity attributable to shareholders              |        | 223,970,881,278.08                 | 208,397,116,875.73                   |

The financial statements have been signed by:

Legal representative:

**Jiang Deyi**

CFO:

**Chen Guogao**

Head of the accounting department:

**Hu Juan**

The accompanying notes form an integral part of these financial statements.

## Unaudited Interim Consolidated Income Statement

For the six months ended 30 June 2017

|  | Note V | For the<br>six months ended<br>30 June 2017<br>RMB<br>(Unaudited) | For the<br>six months ended<br>30 June 2016<br>RMB<br>(Unaudited)<br>(Restated) |
|--|--------|---|---|
| Operating revenue  | 51     | <b>29,465,846,282.85</b>  | 23,446,783,708.59   |
| Less: Operating costs  | 51     | <b>21,479,871,148.31</b>  | 17,621,384,491.95   |
| Tax and surcharges   | 52     | <b>973,940,364.57</b>   | 942,036,658.20  |
| Selling expenses   | 53     | <b>1,162,126,683.93</b>   | 724,144,708.76  |
| Administrative expenses  | 54     | <b>2,693,696,711.50</b>   | 1,472,017,683.18  |
| Finance costs  | 55     | <b>1,332,763,468.39</b>   | 708,011,578.48  |
| Asset impairment losses  | 56     | <b>146,941,218.69</b>   | 235,358,195.62  |
| Add: Gains from changes in fair value                                  | 57     | <b>126,425,614.70</b>   | 447,182,996.11  |
| Investment gains/(losses)  | 58     | <b>271,046,580.10</b>   | (11,593,967.67)   |
| Including: Share of gains/(losses) of associates<br>and joint ventures |        | <b>52,810,274.02</b>  | (11,768,428.97)   |
| Other gains  | 59     | <b>255,474,156.38</b>   | —   |
| Operating profit   |        | <b>2,329,453,038.64</b>   | 2,179,419,420.84  |
| Add: Non-operating revenue   | 60     | <b>133,314,243.83</b>   | 209,466,642.57  |
| Including: Gains from disposal of non-current assets                   |        | <b>9,690,578.72</b>   | 7,329,967.04  |
| Less: Non-operating expenses   | 61     | <b>35,081,639.54</b>  | 27,464,754.78   |
| Including: Loss on disposal of non-current assets                      |        | <b>25,089,286.32</b>  | 2,516,014.49  |
| Total profit   |        | <b>2,427,685,642.93</b>   | 2,361,421,308.63  |
| Less: Income tax expenses  | 63     | <b>645,662,574.87</b>   | 760,138,314.35  |
| Net profit   |        | <b>1,782,023,068.06</b>   | 1,601,282,994.28  |
| Net profit attributable to the shareholders<br>of the parent company   |        | <b>1,846,371,188.87</b>   | 1,821,145,314.54  |
| Minority interests   |        | <b>(64,348,120.81)</b>  | (219,862,320.26)  |

The accompanying notes form an integral part of these financial statements.

## Unaudited Interim Consolidated Income Statement (continued)

For the six months ended 30 June 2017

|   | Note V | For the<br>six months ended<br>30 June 2017<br>RMB<br>(Unaudited) | For the<br>six months ended<br>30 June 2016<br>RMB<br>(Unaudited)<br>(Restated) |
|---|--------|---|---|
| Net other comprehensive income after tax  |        |   |   |
| Net other comprehensive income after tax attributable to shareholders of the parent company   | 46     |   |   |
| Other comprehensive income not allowed to be reclassified into profit or loss in subsequent accounting periods  |        |   |   |
| Changes arising from re-measurement of net liabilities of defined benefit plans   |        | 29,061,622.00   | –   |
| Other comprehensive income to be reclassified into profit or loss upon satisfaction of specified conditions in subsequent accounting periods  |        |   |   |
| Exchange differences on translation of financial statements prepared in foreign currency  |        | (661,099.26)  | 2,796,927.67  |
| Changes in fair value of available-for-sale financial assets  |        | (5,235,630.29)  | –   |
| Share of investee's other comprehensive income to be reclassified into profit or loss under the equity method   |        | (1,102,557.87)  | –   |
| The difference between the fair value on the date of transfer and the carrying value of the investment properties transferred from the disposal of self-occupied properties or inventories and measured with the fair value model |        | (10,194,361.74)   | –   |
| Net other comprehensive income after deducting impact of income tax   |        | 11,867,972.84   | 2,796,927.67  |
| Net other comprehensive income after tax attributable to minority shareholders  | 46     | (28,641,350.50)   | –   |
| Total comprehensive income  |        | 1,765,249,690.40  | 1,604,079,921.95  |
| Including:  |        |   |   |
| Total comprehensive income attributable to the shareholders of the parent company   |        | 1,858,239,161.71  | 1,823,942,242.21  |
| Total comprehensive income attributable to minority shareholders  |        | (92,989,471.31)   | (219,862,320.26)  |

The accompanying notes form an integral part of these financial statements.

## Unaudited Interim Consolidated Income Statement (continued)

For the six months ended 30 June 2017

|  | Note V | For the<br>six months ended<br>30 June 2017<br>RMB<br>(Unaudited) | For the<br>six months ended<br>30 June 2016<br>RMB<br>(Unaudited)<br>(Restated) |
|--|--------|---|---|
| Earnings per share                     | 64     |   |   |
| Basic earnings per share (RMB/share)   |        | <u>0.17</u>   | <u>0.17*</u>  |
| Diluted earnings per share (RMB/share) |        | <u>0.17</u>   | <u>0.17*</u>  |

\* Restated (see Note V. 64 for details).

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

The accompanying notes form an integral part of these financial statements.

# Unaudited Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

| Unaudited  | Equity attributable to shareholders of the parent company |   |                  |                            |                  |                  |                      |                   |                   |                    |                   |
|--|---|---|------------------|----------------------------|------------------|------------------|----------------------|-------------------|-------------------|--------------------|-------------------|
|  | Share capital   | Other equity instruments including: Perpetual bonds | Capital reserve  | Other comprehensive income | Specific reserve | Surplus reserve  | General risk reserve | Retained earnings | Subtotal          | Minority interests | Total equity      |
| RMB  |   |   |                  |                            |                  |                  |                      |                   |                   |                    |                   |
| 1. Balance at the beginning of the period                | 10,677,771,134.00   | 4,982,000,000.00                                    | 5,865,195,783.46 | 231,839,701.65             | 8,655,529.41     | 1,276,866,688.51 | 178,039,195.99       | 20,990,120,619.08 | 44,200,688,652.10 | 18,709,022,134.50  | 62,909,510,786.60 |
| 2. Movements during the period                           | -   | -   | -                | 11,867,972.84              | -                | -                | -                    | 1,846,371,188.87  | 1,858,239,161.71  | (92,989,471.31)    | 1,765,249,690.40  |
| (1) Total comprehensive income                           |   |   |                  |                            |                  |                  |                      |                   |                   |                    |                   |
| (2) Capital contribution and reduction from shareholders |   |   |                  |                            |                  |                  |                      |                   |                   |                    |                   |
| 1. Capital contribution from minority shareholders       | -   | -   | -                | -                          | -                | -                | -                    | -                 | -                 | 98,675,000.00      | 98,675,000.00     |
| (3) Profit distribution                                  |   |   |                  |                            |                  |                  |                      |                   |                   |                    |                   |
| 1. Dividend to shareholders                              | -   | -   | -                | -                          | -                | -                | -                    | (491,177,472.16)  | (491,177,472.16)  | (6,488,800.00)     | (497,666,272.16)  |
| 2. Appropriation of general risk reserve                 | -   | -   | -                | -                          | -                | -                | 91,642,989.45        | (91,642,989.45)   | -                 | -                  | -                 |
| 3. Others-interest on perpetual bonds                    | -   | -   | -                | -                          | -                | -                | -                    | (186,959,166.67)  | (186,959,166.67)  | (86,284,931.50)    | (273,244,098.17)  |
| (4) Specific reserve                                     |   |   |                  |                            |                  |                  |                      |                   |                   |                    |                   |
| 1. Appropriated during the period                        | -   | -   | -                | -                          | 27,774,851.07    | -                | -                    | -                 | 27,774,851.07     | 46,350,755.86      | 74,125,606.93     |
| 2. Paid during the period                                | -   | -   | -                | -                          | (25,198,897.25)  | -                | -                    | -                 | (25,198,897.25)   | (40,652,246.83)    | (65,851,144.08)   |
| (5) Others   | -   | -   | (2,390,395.72)   | -                          | -                | -                | -                    | -                 | (2,390,395.72)    | 1,599,007.53       | (791,388.19)      |
| 3. Balance at the end of the period                      | 10,677,771,134.00   | 4,982,000,000.00                                    | 5,862,805,387.74 | 243,707,674.49             | 11,231,483.23    | 1,276,866,688.51 | 269,682,185.44       | 22,056,712,179.67 | 45,380,776,733.08 | 18,629,231,448.25  | 64,010,008,181.33 |

The financial statements have been signed by:

Legal representative:

**Jiang Deyi**

CFO:

**Chen Guogao**

Head of the accounting department:

**Hu Juan**

The accompanying notes form an integral part of these financial statements.

# Unaudited Interim Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2016

| Unaudited  | Equity attributable to shareholders of the parent company |   |                   |                            |                  |                  |                      |                   |                   |                    | Total equity      |  |
|--|---|---|-------------------|----------------------------|------------------|------------------|----------------------|-------------------|-------------------|--------------------|-------------------|--|
|  | Share capital   | Other equity instruments including: Perpetual bonds | Capital reserve   | Other comprehensive income | Specific reserve | Surplus reserve  | General risk reserve | Retained earnings | Subtotal          | Minority interests |                   |  |
| RMB  |   |   |                   |                            |                  |                  |                      |                   |                   |                    |                   |  |
| 1. Balance at the beginning of the period                | 5,338,885,567.00  | 990,000,000.00                                      | 11,579,704,575.56 | 206,047,349.73             | 8,885,481.87     | 1,053,285,969.67 | 59,993,193.86        | 18,846,160,038.86 | 38,082,973,176.55 | 4,098,901,220.25   | 42,181,874,396.80 |  |
| 2. Movements during the period                           | -   | -   | -                 | 2,796,927.67               | -                | -                | -                    | 1,821,145,314.54  | 1,823,942,242.21  | (219,862,320.26)   | 1,604,079,921.95  |  |
| (1) Total comprehensive income                           |   |   |                   |                            |                  |                  |                      |                   |                   |                    |                   |  |
| (2) Capital contribution and reduction from shareholders |   |   |                   |                            |                  |                  |                      |                   |                   |                    |                   |  |
| 1. Capital contribution from minority shareholders       | -   | -   | -                 | -                          | -                | -                | -                    | -                 | -                 | 12,000,000.00      | 12,000,000.00     |  |
| 2. Acquisition of minority interests in subsidiaries     | -   | -   | 1,959,412.81      | -                          | -                | -                | -                    | -                 | 1,959,412.81      | (16,107,358.02)    | (14,147,945.21)   |  |
| (3) Profit distribution                                  |   |   |                   |                            |                  |                  |                      |                   |                   |                    |                   |  |
| 1. Dividend to shareholders                              | -   | -   | -                 | -                          | -                | -                | -                    | (160,166,567.01)  | (160,166,567.01)  | (133,376,471.38)   | (293,543,038.39)  |  |
| 2. Appropriation of general risk reserve                 | -   | -   | -                 | -                          | -                | -                | 14,531,411.14        | (14,531,411.14)   | -                 | -                  | -                 |  |
| (4) Specific reserve                                     |   |   |                   |                            |                  |                  |                      |                   |                   |                    |                   |  |
| 1. Appropriated during the period                        | -   | -   | -                 | -                          | 13,885,811.86    | -                | -                    | -                 | 13,885,811.86     | 2,825,167.67       | 16,710,979.53     |  |
| 2. Paid during the period                                | -   | -   | -                 | -                          | (12,187,491.21)  | -                | -                    | -                 | (12,187,491.21)   | (1,782,648.92)     | (13,970,140.13)   |  |
| 3. Balance at the end of the period                      | 5,338,885,567.00  | 990,000,000.00                                      | 11,581,663,988.37 | 208,844,277.40             | 10,594,802.52    | 1,053,285,969.67 | 74,524,605.00        | 20,492,607,375.25 | 39,750,106,585.21 | 3,742,997,989.34   | 43,493,004,174.55 |  |

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

The accompanying notes form an integral part of these financial statements.

## Unaudited Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

|  | Note V | For the<br>six months ended<br>30 June 2017<br>RMB<br>(Unaudited) | For the<br>six months ended<br>30 June 2016<br>RMB<br>(Unaudited) |
|--|--------|---|---|
| <b>I. Cash flows from operating activities</b>   |        |   |   |
| Cash received from sale of goods or rendering of services  |        | <b>28,785,905,124.32</b>  | 19,539,144,727.71   |
| Refunds of taxes   |        | <b>105,897,637.27</b>   | 72,296,804.15   |
| Net decrease in deposits placed with the Central Bank  |        | <b>852,312,723.52</b>   | –   |
| Cash received from other operating activities  | 65     | <b>1,251,840,148.49</b>   | 451,648,385.56  |
| Subtotal of cash inflows from operating activities   |        | <b>30,995,955,633.60</b>  | 20,063,089,917.42   |
| Cash paid for goods and services   |        | <b>34,448,415,925.36</b>  | 15,741,110,900.86   |
| Net increase in deposits placed with the Central Bank  |        | –   | 221,180,113.25  |
| Cash paid to and on behalf of employees  |        | <b>2,872,321,782.69</b>   | 1,613,404,627.11  |
| Cash paid for all types of taxes   |        | <b>3,524,205,151.47</b>   | 2,154,499,455.22  |
| Cash paid for other operating activities   | 65     | <b>1,493,647,445.08</b>   | 1,978,023,104.46  |
| Subtotal of cash outflows from operating activities  |        | <b>42,338,590,304.60</b>  | 21,708,218,200.90   |
| Net cash flows used in operating activities  | 66(1)  | <b>(11,342,634,671.00)</b>  | (1,645,128,283.48)  |
| <b>II. Cash flows from investing activities</b>  |        |   |   |
| Cash received from redemption of investments   |        | <b>102,549,482.30</b>   | –   |
| Cash received from return on investments   |        | <b>135,774,918.39</b>   | 1,236,406.58  |
| Net cash received from disposal of fixed assets,<br>intangible assets and other long-term assets |        | <b>126,086,788.00</b>   | 13,487,630.08   |
| Net cash received from disposal of subsidiaries<br>and other operating units                     | 66(2)  | <b>634,885,099.31</b>   | –   |
| Cash received from other investing activities  | 65     | <b>1,162,488,000.00</b>   | –   |
| Subtotal of cash inflows from investing activities   |        | <b>2,161,784,288.00</b>   | 14,724,036.66   |
| Cash paid for acquisition of fixed assets, intangible<br>assets and other long-term assets       |        | <b>1,297,925,168.78</b>   | 767,358,455.35  |
| Cash paid for investments  |        | <b>105,516,033.55</b>   | 3,014,147,945.21  |
| Net cash paid for acquisition of subsidiaries and other<br>operating units                       | 66(2)  | <b>210,840,422.98</b>   | –   |
| Cash paid for other investing activities   | 65     | <b>2,861,135,077.01</b>   | 970,000,000.00  |
| Subtotal of cash outflows from investing activities  |        | <b>4,475,416,702.32</b>   | 4,751,506,400.56  |
| Net cash flows used in investing activities  |        | <b>(2,313,632,414.32)</b>   | (4,736,782,363.90)  |

The accompanying notes form an integral part of these financial statements.



## Unaudited Interim Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2017

|  | Note V | For the<br>six months ended<br>30 June 2017<br>RMB<br>(Unaudited) | For the<br>six months ended<br>30 June 2016<br>RMB<br>(Unaudited) |
|--|--------|---|---|
| III. Cash flows from financing activities  |        |   |   |
| Cash received from capital contributions   |        | 98,675,000.00   | 12,000,000.00   |
| <i>Including: Cash received by subsidiaries from minority interests</i>            |        | 98,675,000.00   | 12,000,000.00   |
| Cash received from borrowings  |        | 27,756,851,756.00   | 8,694,800,000.00  |
| Cash received from issuance of bonds   |        | 10,800,000,000.00   | 10,000,000,000.00   |
| Cash received from other financing activities                                      | 65     | 357,259,000.00  | —   |
| Subtotal of cash inflows from financing activities                                 |        | 39,012,785,756.00   | 18,706,800,000.00   |
| Cash paid for repayment of borrowings  |        | 17,123,784,762.83   | 7,966,123,248.80  |
| Cash paid for distribution of dividends or profits or for interest expenses        |        | 2,199,872,165.12  | 1,109,955,510.23  |
| <i>Including: Dividends and profits paid by subsidiaries to minority interests</i> |        | 6,844,279.81  | 7,195,626.95  |
| Cash paid for redemption of bonds  |        | 6,585,305,000.00  | 5,900,000,000.00  |
| Cash paid for other financing activities   | 65     | 2,731,947,406.30  | —   |
| Subtotal of cash outflows from financing activities                                |        | 28,640,909,334.25   | 14,976,078,759.03   |
| Net cash flows from financing activities   |        | 10,371,876,421.75   | 3,730,721,240.97  |
| IV. Effect of changes in exchange rate on cash and cash equivalents                |        | 18,255,095.79   | 2,626,890.83  |
| V. Net decrease in cash and cash equivalents                                       |        | (3,266,135,567.78)  | (2,648,562,515.58)  |
| Add: Cash and cash equivalents at the beginning of the period                      |        | 18,110,782,535.76   | 11,213,584,868.55   |
| VI. Cash and cash equivalents at the end of the period                             | 66(3)  | 14,844,646,967.98   | 8,565,022,352.97  |

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

The accompanying notes form an integral part of these financial statements.

## Unaudited Interim Balance Sheet

As at 30 June 2017

|   | Note XV | 30 June 2017<br>RMB<br>(Unaudited) | 31 December 2016<br>RMB<br>(Audited) |
|---|---------|------------------------------------|--------------------------------------|
| <b>Assets</b>                               |         |                                    |                                      |
| Current assets                              |         |                                    |                                      |
| Cash and bank balances                      |         | 7,157,559,521.90                   | 6,954,119,259.97                     |
| Accounts receivable                         |         | 1,358,245.90                       | 1,358,245.90                         |
| Interests receivable                        |         | 620,355,381.46                     | 556,193,459.72                       |
| Dividends receivable                        |         | 2,507,794,391.09                   | 2,277,673,338.00                     |
| Other receivables                           | 1       | 44,808,134,905.76                  | 33,425,504,048.71                    |
| Other current assets                        |         | 9,436,764.33                       | 7,907,358.45                         |
| Total current assets                        |         | <b>55,104,639,210.44</b>           | 43,222,755,710.75                    |
| Non-current assets                          |         |                                    |                                      |
| Available-for-sale financial assets         |         | 200,000.00                         | 200,000.00                           |
| Long-term equity investments                | 2       | 34,693,937,432.18                  | 34,340,871,900.99                    |
| Investment properties                       | 3       | 10,031,512,732.52                  | 9,895,924,295.76                     |
| Fixed assets                                |         | 1,261,261,578.20                   | 1,296,631,935.94                     |
| Intangible assets                           |         | 420,021,335.34                     | 426,142,908.38                       |
| Deferred income tax assets                  |         | 71,839,309.03                      | 156,090,145.69                       |
| Total non-current assets                    |         | <b>46,478,772,387.27</b>           | 46,115,861,186.76                    |
| Total assets                                |         | <b>101,583,411,597.71</b>          | 89,338,616,897.51                    |
| <b>Liabilities and shareholders' equity</b> |         |                                    |                                      |
| Current liabilities                         |         |                                    |                                      |
| Short-term loans                            |         | 21,931,000,000.00                  | 17,520,000,000.00                    |
| Accounts payable                            |         | 13,762,384.48                      | 13,762,384.48                        |
| Receipts in advance                         |         | 115,441,742.47                     | 104,481,435.49                       |
| Wages payable                               |         | 85,430.15                          | 13,876,243.10                        |
| Tax payable                                 |         | 35,818,182.51                      | 33,682,970.56                        |
| Interest payable                            |         | 725,126,104.98                     | 531,667,058.63                       |
| Dividends payable                           |         | 347,093,114.20                     | 21,492,928.09                        |
| Other payables                              |         | 3,700,187,910.98                   | 2,887,069,917.38                     |
| Short-term financing bonds payable          |         | 3,000,000,000.00                   | 3,000,000,000.00                     |
| Non-current liabilities due within one year |         | 7,500,000,000.00                   | 2,280,000,000.00                     |
| Other current liabilities                   |         | 717,233.77                         | 717,233.77                           |
| Total current liabilities                   |         | <b>37,369,232,103.54</b>           | 26,406,750,171.50                    |

The accompanying notes form an integral part of these financial statements.

## Unaudited Interim Balance Sheet (continued)

As at 30 June 2017

|   | Note XV | 30 June 2017<br>RMB<br>(Unaudited) | 31 December 2016<br>RMB<br>(Audited) |
|---|---------|------------------------------------|--------------------------------------|
| Non-current liabilities                                   |         |                                    |                                      |
| Long-term loans   |         | 11,970,600,000.00                  | 9,531,600,000.00                     |
| Bonds payable   |         | 14,463,528,023.41                  | 14,976,484,492.30                    |
| Long-term wages payable                                   |         | 376,130,379.45                     | 414,196,150.45                       |
| Deferred income tax liabilities                           |         | 1,916,623,946.33                   | 2,014,326,837.14                     |
| Total non-current liabilities                             |         | 28,726,882,349.19                  | 26,936,607,479.89                    |
| Total liabilities   |         | 66,096,114,452.73                  | 53,343,357,651.39                    |
| Equity attributable to shareholders                       |         |                                    |                                      |
| Share capital   |         | 10,677,771,134.00                  | 10,677,771,134.00                    |
| Other equity instruments                                  |         | 4,982,000,000.00                   | 4,982,000,000.00                     |
| Capital reserve   |         | 6,674,854,902.82                   | 6,674,854,902.82                     |
| Other comprehensive income                                |         | 77,988,463.79                      | 49,398,221.79                        |
| Surplus reserve   |         | 1,276,866,688.51                   | 1,276,866,688.51                     |
| Retained earnings   |         | 11,797,815,955.86                  | 12,334,368,299.00                    |
| Total equity attributable to shareholders                 |         | 35,487,297,144.98                  | 35,995,259,246.12                    |
| Total liabilities and equity attributable to shareholders |         | 101,583,411,597.71                 | 89,338,616,897.51                    |

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

The accompanying notes form an integral part of these financial statements.

## Unaudited Interim Income Statement

For the six months ended 30 June 2017

|  | Note XV | For the<br>six months ended<br>30 June 2017<br>RMB<br>(Unaudited) | For the<br>six months ended<br>30 June 2016<br>RMB<br>(Unaudited) |
|--|---------|---|---|
| Operating revenue  | 4       | <b>468,492,202.30</b>   | 488,636,066.12  |
| Less: Operating costs  | 4       | <b>43,359,840.95</b>  | 33,313,749.98   |
| Tax and surcharges   |         | <b>59,653,930.18</b>  | 19,057,385.40   |
| Selling expenses   |         | <b>24,557,920.90</b>  | 16,105,773.00   |
| Administrative expenses  |         | <b>54,931,703.34</b>  | 103,452,887.82  |
| Finance costs  |         | <b>477,856,928.21</b>   | 388,710,398.51  |
| Reversal of provisions for assets impairment                   |         | –   | (1,330,781.12)  |
| Add: Gains from changes in fair value                          |         | <b>135,588,436.76</b>   | 299,651,892.11  |
| Investment income  | 5       | <b>180,178,400.59</b>   | 687,123,912.32  |
| Including: Share of losses of associates and<br>joint ventures |         | <b>(18,671,179.76)</b>  | (11,534,797.68)   |
| Operating profit   |         | <b>123,898,716.07</b>   | 916,102,456.96  |
| Add: Non-operating revenue                                     |         | <b>4,397,055.17</b>   | 6,581,956.02  |
| Including: Gains from disposal of non-current assets           |         | <b>9,635.00</b>   | –   |
| Less: Non-operating expenses                                   |         | <b>163,529.71</b>   | 1,681.50  |
| Including: Loss on disposal of non-current assets              |         | <b>121,217.12</b>   | 1,681.50  |
| Total profit   |         | <b>128,132,241.53</b>   | 922,682,731.48  |
| Less: Income tax expenses                                      |         | <b>(13,452,054.15)</b>  | 59,349,532.08   |
| Net profit   |         | <b>141,584,295.68</b>   | 863,333,199.40  |

The accompanying notes form an integral part of these financial statements.

## Unaudited Interim Income Statement (continued)

For the six months ended 30 June 2017

|   | For the<br>six months ended<br>30 June 2017 | For the<br>six months ended<br>30 June 2016 |
|---|---|---|
| Note XV   | RMB<br>(Unaudited)                          | RMB<br>(Unaudited)                          |
| Net other comprehensive income after tax  |   |   |
| Other comprehensive income not allowed to be reclassified<br>into profit or loss in subsequent accounting periods |   |   |
| Changes arising from re-measurement of net liabilities<br>of defined benefit plans                                | <u>28,590,242.00</u>                        | —   |
| Total comprehensive income  | <u>170,174,537.68</u>                       | <u>863,333,199.40</u>                       |

The financial statements have been signed by:

Legal representative:

**Jiang Deyi**

CFO:

**Chen Guogao**

Head of the accounting department:

**Hu Juan**

The accompanying notes form an integral part of these financial statements.

## Unaudited Interim Statement of Changes in Equity

For the six months ended 30 June 2017

### Unaudited

|  | Share capital     | Other equity<br>instruments<br>Including:<br>Perpetual bonds | Capital reserve  | Other comprehensive |                  | Retained<br>earnings | Total equity      |
|--|-------------------|--|------------------|---------------------|------------------|----------------------|-------------------|
|  |                   |  |                  | income              | Surplus reserve  |                      |                   |
| RMB  |                   |  |                  |                     |                  |                      |                   |
| I. Balance at the beginning<br>of the period | 10,677,771,134.00 | 4,982,000,000.00   | 6,674,854,902.82 | 49,398,221.79       | 1,276,866,688.51 | 12,334,368,299.00    | 35,995,259,246.12 |
| II. Movements during the period              |                   |  |                  |                     |                  |                      |                   |
| (1) Total comprehensive income               | -                 | -  | -                | 28,590,242.00       | -                | 141,584,295.68       | 170,174,537.68    |
| (2) Profit distribution                      |                   |  |                  |                     |                  |                      |                   |
| 1. Dividend to shareholders                  | -                 | -  | -                | -                   | -                | (491,177,472.16)     | (491,177,472.16)  |
| 2. Interest on perpetual bonds               | -                 | -  | -                | -                   | -                | (186,959,166.66)     | (186,959,166.66)  |
| 3. Balance at the end of the period          | 10,677,771,134.00 | 4,982,000,000.00   | 6,674,854,902.82 | 77,988,463.79       | 1,276,866,688.51 | 11,797,815,955.86    | 35,487,297,144.98 |

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

The accompanying notes form an integral part of these financial statements.

## Unaudited Interim Statement of Changes in Equity (continued)

For the six months ended 30 June 2016

Unaudited

|  | Share capital    | Other equity<br>instruments<br>Including:<br>Perpetual bonds | Capital reserve   | Other<br>comprehensive<br>income | Surplus reserve  | Retained<br>earnings | Total equity      |
|--|------------------|--|-------------------|----------------------------------|------------------|----------------------|-------------------|
| RMB  |                  |  |                   |                                  |                  |                      |                   |
| I. Balance at the beginning<br>of the period | 5,338,885,567.00 | 990,000,000.00   | 12,013,740,469.82 | 31,669,377.79                    | 1,053,285,969.67 | 10,533,208,396.44    | 29,960,789,780.72 |
| II. Movements during the period              |                  |  |                   |                                  |                  |                      |                   |
| (1) Total comprehensive income               | -                | -  | -                 | -                                | -                | 863,333,199.40       | 863,333,199.40    |
| (2) Profit distribution                      |                  |  |                   |                                  |                  |                      |                   |
| 1. Dividend to shareholders                  | -                | -  | -                 | -                                | -                | (160,166,567.01)     | (160,166,567.01)  |
| 3. Balance at the end of the period          | 5,338,885,567.00 | 990,000,000.00   | 12,013,740,469.82 | 31,669,377.79                    | 1,053,285,969.67 | 11,236,375,028.83    | 30,663,956,413.11 |

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

The accompanying notes form an integral part of these financial statements.

## Unaudited Interim Statement of Cash Flows

For the six months ended 30 June 2017

|  | Note XV | For the<br>six months ended<br>30 June 2017<br>RMB<br>(Unaudited) | For the<br>six months ended<br>30 June 2016<br>RMB<br>(Unaudited) |
|--|---------|---|---|
| <b>I. Cash flows from operating activities</b>   |         |   |   |
| Cash received from sale of goods or rendering of services  |         | <b>534,548,179.19</b>   | 497,205,397.37  |
| Cash received from other operating activities  | 6       | <b>23,046,775,269.09</b>  | 11,871,418,743.94   |
| Subtotal of cash inflows from operating activities   |         | <b>23,581,323,448.28</b>  | 12,368,624,141.31   |
| Cash paid for goods and services   |         | <b>40,612,490.71</b>  | 7,120,426.14  |
| Cash paid to and on behalf of employees  |         | <b>33,026,490.68</b>  | 30,822,821.86   |
| Cash paid for all types of taxes   |         | <b>76,811,610.70</b>  | 70,895,019.92   |
| Cash paid for other operating activities   | 6       | <b>33,357,893,207.72</b>  | 13,423,945,973.53   |
| Subtotal of cash outflows from operating activities  |         | <b>33,508,343,799.81</b>  | 13,532,784,241.45   |
| Net cash flows used in operating activities  | 7(1)    | <b>(9,927,020,351.53)</b>   | (1,164,160,100.14)  |
| <b>II. Cash flows from investing activities</b>  |         |   |   |
| Cash received from return on investments   |         | –   | 19,796,000.00   |
| Net cash received from disposal of fixed assets,<br>intangible assets and other long-term assets |         | <b>9,635.00</b>   | –   |
| Subtotal of cash inflows from investing activities   |         | <b>9,635.00</b>   | 19,796,000.00   |
| Cash paid for acquisition of fixed assets, intangible assets<br>and other long-term assets       |         | <b>720,753.00</b>   | 2,775,470.02  |
| Cash paid for investments  |         | –   | 4,480,748,742.19  |
| Net cash paid for acquisition of subsidiaries and other<br>operating units                       |         | <b>211,406,183.00</b>   | –   |
| Subtotal of cash outflows from investing activities  |         | <b>212,126,936.00</b>   | 4,483,524,212.21  |
| Net cash flows used in investing activities  |         | <b>(212,117,301.00)</b>   | (4,463,728,212.21)  |

The accompanying notes form an integral part of these financial statements.



# Unaudited Interim Statement of Cash Flows (continued)

For the six months ended 30 June 2017

|   | For the<br>six months ended<br>30 June 2017<br>RMB<br>(Unaudited) | For the<br>six months ended<br>30 June 2016<br>RMB<br>(Unaudited) |
|---|---|---|
| III. Cash flows from financing activities                                   |   |   |
| Cash received from borrowings   | 12,851,000,000.00   | 7,680,000,000.00  |
| Cash received from issuance of bonds  | 10,000,000,000.00   | 10,000,000,000.00   |
| Subtotal of cash inflows from financing activities                          | <u>22,851,000,000.00</u>  | <u>17,680,000,000.00</u>  |
| Cash paid for repayment of borrowings                                       | 5,362,000,000.00  | 7,774,000,000.00  |
| Cash paid for distribution of dividends or profits or for interest expenses | 1,340,674,860.90  | 967,746,438.85  |
| Cash paid for redemption of bonds   | 6,000,000,000.00  | 5,900,000,000.00  |
| Cash paid for other financing activities                                    | 15,600,000.00   | —   |
| Subtotal of cash outflows from financing activities                         | <u>12,718,274,860.90</u>  | <u>14,641,746,438.85</u>  |
| Net cash flows from financing activities                                    | <u>10,132,725,139.10</u>  | <u>3,038,253,561.15</u>   |
| IV. Effect of changes in exchange rate on cash and cash equivalents         | —   | —   |
| V. Net decrease in cash and cash equivalents                                | <b>(6,412,513.43)</b>   | (2,589,634,751.20)  |
| Add: Cash and cash equivalents at the beginning of the period               | <u>6,904,569,211.47</u>   | <u>8,258,522,946.00</u>   |
| VI. Cash and cash equivalents at the end of the period                      | <u>7(2) 6,898,156,698.04</u>                                      | <u>5,668,888,194.80</u>   |

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**CFO:  
**Chen Guogao**Head of the accounting department:  
**Hu Juan**

The accompanying notes form an integral part of these financial statements.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### I. BASIC INFORMATION OF THE GROUP

BBMG Corporation (the “**Company**”) is a joint stock company with limited liability incorporated in Beijing, the People’s Republic of China and was established on 22 December 2005. The Renminbi-denominated ordinary shares (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 (“**Stock Exchange of Hong Kong**”), respectively. The Company’s headquarters is located at No. 36, North Third Ring East Road, Dongcheng District, Beijing.

The principal business activities of the Company and its subsidiaries (collectively, the “**Group**”) includes: manufacture and sale of cement and building materials, construction and decoration, trade and logistics, tourism services, real estate development, property investment and management.

The Group’s parent and ultimate holding company is Beijing BBMG Group Co., Ltd. (“**BBMG Group**”), a company established in the People’s Republic of China, originally. On 11 November 2016, State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality agreed the gratuitous transfer of 4,797,357,572 A shares of the Company held by BBMG Group to Beijing SCOM Center (hereinafter referred to as “**BSCOMC**”). On 29 December 2016, the transfer registration formalities for the gratuitous transfer of the A shares of the Company were completed, afterwhich, BSCOMC directly held 4,797,357,572 state-owned shares of BBMG, representing 44.93% of the total share capital of BBMG, and became the controlling shareholder of the Company.

These financial statements were approved by a resolution of the board of directors of the Company on 29 August 2017. In accordance with the Articles of Association of the Company, these financial statements will be proposed to the general meeting for review.

The scope of consolidated financial statements was determined on the basis of control.

### II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements are prepared in accordance with the requirements of Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting issued by the Ministry of Finance (the “**MOF**”), and hence do not include all the information and disclosures of the audited financial statements for 2016. Accordingly, the interim financial statements should be read in conjunction with the Group’s audited financial statements for 2016 which were prepared in accordance with Accounting Standards for Business Enterprises.

The financial statements are presented on a going concern basis.

Except for certain financial instruments and investment properties, the financial statements have been prepared under the historical cost convention. If the assets are impaired, corresponding provisions for impairment shall be provided according to relevant provisions.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES

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, inventory valuation method, the useful live and residual values of fixed assets, classification between investment properties and inventories, classification between investment properties and fixed assets, the recognition and allocation of development costs on properties under construction.

#### 1. Statement of compliance with Accounting Standards for Business Enterprises

The interim financial statements are in compliance with the requirements of the Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting and present truly and fully the financial position of the Company and the Group as at 30 June 2017 and their operating results and cash flows for the six months ended 30 June 2017. The accounting policies adopted in the preparation of the interim financial statements are the same as those adopted in the financial statements of last year which were prepared in accordance with the Accounting Standards for Business Enterprises.

#### 2. Accounting period

The accounting year for the Group is from 1 January to 31 December of each calendar year. The accounting period for this report is from 1 January 2017 to 30 June 2017.

#### 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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 4. Business combinations

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations under common control and business combinations not under common control.

##### ***Business combinations under common control***

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquiring party, while that other entity participating in the combination is a party being acquired. The combination date is the date on which the acquiring party effectively obtains control of the party being acquired.

Assets and liabilities (including the goodwill arising from acquisition of the party being acquired by the ultimate controlling party) that are obtained by the acquirer in a business combination under common control shall be subject to relevant accounting treatment on the basis of their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted against share premium under capital reserve and the balance of capital reserve transferred in under the old accounting system. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 4. Business combinations *(continued)*

##### ***Business combinations not under common control***

A business combination not under common control is a business combination in which the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired in a business combination not under common control are measured at their fair values on the acquisition date.

Where the aggregate of the fair value of the consideration paid (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, the difference shall be recognised as goodwill. Goodwill is subsequently measured at cost less any accumulated impairment losses. Where the aggregate of the fair value of the consideration paid (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, reassessment of the measurement of these items is conducted first, if the sum of the fair value of this consideration and other items mentioned above is still lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, the difference is recognised in profit or loss for the current period.

For a business combination not under common control achieved in stages, the equity interest in the acquiree before the acquisition date will be remeasured at fair value on the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current period; previously held equity interests in the acquiree involving other comprehensive income under the equity method will be subject to accounting treatment on the same basis as direct disposal of underlying assets or liabilities by the investee, and other changes in shareholders' equity will be reclassified as profit or loss for the period in which the acquisition date falls, except for net profit or loss, other comprehensive income and profit distribution.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 5. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all of its subsidiaries for the accounting period for the six months ended 30 June 2017. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural entity controlled by the Company, etc.) that is controlled by the Company.

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

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

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

For subsidiaries acquired through a business combination under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the beginning of the combination period. In preparing consolidated financial statements, adjustments shall be made to related items of prior year's financial statements, as if the reporting entities after the combination had existed from the date when the combining entities first came under control of the ultimate controlling party.

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

A change in minority interests, without a loss of control, is accounted for as an equity transaction.

#### 6. Classification of joint arrangements and joint operation

Joint arrangements are divided into joint operation and joint venture. Joint operation refers to a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations of the liabilities relating to the arrangement. Joint venture refers to a joint arrangement whereby the parties that have joint control of the arrangement only have rights to the net assets of the arrangement.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(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 the amounts of foreign currency transactions occurred into its functional currency.

Foreign currency transactions are recorded, on initial recognition, in their functional currencies by translating the foreign currency amounts at the spot exchange rates at the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rates at the balance sheet date. All the resulting exchange differences are taken to profit or loss, except for those relating to foreign currency borrowings specifically for acquisition and construction of assets qualified for capitalisation, which are capitalised in accordance with the principle of capitalisation of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rates prevailing on the transaction dates, while the amounts denominated in the functional currencies do not change. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rates prevailing on the date on which the fair values are determined. The resulting exchange differences are recognised in profit or loss or as other comprehensive income for the current period, depending on the nature of the non-monetary item.

For foreign operations, the Group translates their functional currency amounts into Renminbi in preparing the financial statements as follows: asset and liability items in the balance sheet are translated using the spot exchange rates at the balance sheet date, and equity items other than "retained earnings" are translated using the spot exchange rates on the transaction dates; revenue and expense items in the income statement are translated using the weighted average exchange rate for the period during which the transactions occur. The resulting exchange differences are recognised as other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is transferred to profit or loss in the period during which the disposal occurs. If the disposal only involves a portion of a particular foreign operation, the calculations will be made on a pro-rata basis.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the average exchange rate for the period during which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 9. Financial instruments

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

##### ***Recognition and derecognition of financial instruments***

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

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

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

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

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



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 9. Financial instruments *(continued)*

##### *Classification and measurement of financial assets*

Financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge. A financial asset is recognised initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit and loss for the current period; transaction costs relating to financial assets of other categories are included in the amounts initially recognised.

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

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. A financial asset held for trading is a financial asset that meets one of the following conditions: (i) the financial asset is acquired for the purpose of selling in the near term; (ii) the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the entity recently manages this portfolio for the purpose of short-term profit-taking; (iii) the financial asset is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) and the fair value of which cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement. All the realised or unrealised gains or losses on these financial assets are recognised in profit or loss for the current period. Dividend income or interest income related to financial assets at fair value through profit or loss is credited to profit or loss for the current period.

##### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that an entity has the positive intention and ability to hold them to maturity. Such kind of financial assets are subsequently measured at amortised cost using the effective interest rate method. Gains or losses arising from amortisation or impairment and derecognition are recognized in profit or loss for the current period.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such kinds of financial assets are subsequently measured at amortised cost using the effective interest rate method. Gains or losses arising from amortisation or impairment are recognised in profit or loss for the current period.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 9. Financial instruments *(continued)*

##### ***Classification and measurement of financial assets*** *(continued)*

###### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as any of the other categories at initial recognition. Available-for-sale financial assets are subsequently measured at fair value. The discount/premium is amortised using the effective interest rate method and recognised as interest income or expense. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised as other comprehensive income, except that impairment losses and foreign exchange gains or losses from monetary financial assets are recognised as profit or loss for the current period, until the financial asset is derecognised or determined to be impaired, at which time its accumulated gain or loss is transferred to profit or loss for the current period. Interest and dividends relating to an available-for-sale financial asset are recognised in profit or loss for the current period.

Equity instruments without a quoted price from an active market and the fair value of which cannot be reliably measured are carried at cost.

##### ***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, other financial liabilities or derivatives designated as hedging instruments in an effective hedge. 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 other financial liabilities 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 and those designated upon initial recognition at fair value through profit or loss. A financial liability held for trading is a financial liability that meets one of the following conditions: (i) the financial liability is assumed for the purpose of repurchasing in the near term; (ii) the financial liability is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the entity recently manages this portfolio for the purpose of short-term profit-taking; (iii) the financial liability is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) and the fair value of which cannot be reliably measured. For such kinds of financial liabilities, fair values are adopted for subsequent measurement. All the realised or unrealised gains or losses on these financial liabilities are recognised in profit or loss for the current period.

###### *Other financial liabilities*

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 9. Financial instruments *(continued)*

##### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet to the extent that there is a currently enforceable legal right to offset the recognised amounts and that there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### *Impairment of financial assets*

The Group assesses at the balance sheet date the carrying amount of each financial asset. If there is objective evidence indicating a financial asset may be impaired, a provision is made for the impairment. Objective evidence that a financial asset is impaired is one or more events that occur after the initial recognition of the asset and have an impact (which can be reliably estimated) on the expected future cash flows of the financial asset. Objective evidence that a financial asset is impaired includes: significant financial difficulty of the issuer or obligor; a breach of contract by the obligor, such as a default or delinquency in interest or principal payments; it becoming probable that the obligor will become bankrupt or carry out other financial reorganisations; and observable data indicating that there is a measurable decrease in the estimated future cash flows of the obligor.

##### *Financial assets carried at amortised cost*

If impairment on a financial asset has occurred, the carrying amount of the asset is reduced to the present value of the expected future cash flows through a deduction item (excluding future credit losses that have not been incurred). Impairment is recognised in profit or loss for the current period. The present value of the expected future cash flows is discounted at the financial asset's original effective interest rate (i.e. effective interest rate computed on initial recognition) and includes the value of any related collateral. Interest income of the impaired financial assets is recognised using the rate of interest used to discount future cash flows for the purpose of measuring the related impairment loss. Loans and receivables together with any associated provision for impairment are written off when there is no realistic prospect of future recovery and all collaterals have been realised or have been transferred to the Group.

For a financial asset that is individually significant, the asset is individually assessed for impairment, and the amount of impairment is recognised in profit or loss for the current period if there is objective evidence of impairment. For a financial asset that is not individually significant, it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment or is individually assessed for impairment. If no objective evidence of impairment occurs for an individually assessed financial asset (whether the financial asset is individually significant or not individually significant), it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets for which an impairment loss is individually recognised is not included in a group of financial assets with similar credit risk characteristics for collective assessment for impairment.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 9. Financial instruments *(continued)*

##### *Impairment of financial assets (continued)*

###### *Financial assets carried at amortised cost (continued)*

If, subsequent to the Group's recognition of an impairment loss on a financial asset carried at amortised cost, there is objective evidence of a recovery in value of the financial asset and the recovery can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in profit or loss for the current period. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment loss not been recognised on the date the impairment is reversed.

###### *Available-for-sale financial assets*

If there is objective evidence that an available-for-sale asset is impaired, the accumulated losses arising from decline in fair value previously recognised in other comprehensive income are removed and recognised in profit or loss for the current period. The accumulated losses removed from other comprehensive income are the difference between the initial acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on the financial asset previously recognised in profit or loss.

Objective evidence that an available-for-sale equity instrument investment is impaired includes a significant or prolong decline in fair value. "Significant" is evaluated against the extent that the fair value is less than the cost, while "prolong" is evaluated by the length of duration when the fair value is less than the cost. Where there is objective evidence that a financial asset is impaired, the transferred cumulative loss is calculated using its acquisition cost less its current fair value and any impairment loss previously recognised in profit or loss. Impairment losses for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss. Increase in their fair value after impairment is recognised directly in other comprehensive income.

The determination of what is "significant" and "prolonged" requires judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the previously recognised impairment loss was recognised, the previously recognised impairment loss is reversed with the amount of the reversal recognised in profit or loss for the current period.

###### *Financial assets carried at cost*

If there is objective evidence that such an asset is impaired, the difference between its carrying amount and the present value of the expected future cash flows which are discounted at the current market rate of return of similar financial assets is recognised as an impairment loss in profit or loss for the current period. Once an impairment loss is recognised, it is not reversed.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 9. Financial instruments *(continued)*

##### *Transfers of financial assets*

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

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

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

#### 10. Receivables

##### **(1) Receivables that are individually significant and individually assessed for bad debt provision**

At the balance sheet date, balances of accounts receivable and other receivables greater than RMB10,000,000 individually are considered as significant and are subject to separate impairment assessment. If there is objective evidence that an impairment loss has been incurred, impairment loss is recognised and bad debt provision is made based on the shortfall of the present value of the estimated future cash flows as compared to the carrying amount of the receivable.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 10. Receivables *(continued)*

##### (2) *Receivables that are assessed for bad debt provision by group of credit risk characteristics*

Except for receivables that are impaired through individual assessment, the Group considers receivables due from governmental institutions, BBMG Group and its affiliates as a group with special credit risk characteristics. According to assessment, the risk of these receivables is low and therefore the Group generally makes no provisions for bad debt for such receivables. As for other receivables, the Group determines the receivable group based on the aging as the credit risk characteristics. The provisions for bad debt of accounts receivable and other receivable are determined based on the aging analysis and the accrual percentages are stated as follows:

|                                     | <b>Accounts<br/>receivable<br/>Percentage of<br/>provision<br/>(%)</b> | <b>Other<br/>receivables<br/>Percentage of<br/>provision<br/>(%)</b> |
|-------------------------------------|--|--|
| 1 year or less                      | –  | –  |
| 1 to 2 years (inclusive of 2 years) | 30   | 30   |
| 2 to 3 years (inclusive of 3 years) | 60   | 60   |
| 3 to 4 years (inclusive of 4 years) | 85   | 85   |
| 4 to 5 years (inclusive of 5 years) | 100  | 100  |
| More than 5 years                   | 100  | 100  |

##### (3) *Receivables that are not individually significant but individually assessed for bad debt provision*

Receivable that is not individually significant but with objective evidence that an impairment loss may have been incurred is separated from the relevant group and individually assessed for impairment loss. The bad debt provision is made according to the difference between the present value of the estimated future cash flows and the carrying amount of the receivable.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 11. Inventories

Inventories include raw materials, work in progress, finished goods, goods in stock, turnover materials, properties under development and completed properties held for sale.

Inventories are initially carried at cost. Except for properties under development and completed properties held for sale, cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined by using the weighted average method. Turnover materials include low value consumables and packing materials. Low value consumables and packing materials are amortised by using the immediate write-off method. Costs of properties under development and completed properties held for sale consist of land acquisition cost, construction cost, interests capitalised and other direct and indirect development expenses. Cost of properties under development is transferred to cost of completed properties held for sale upon completion of development.

Within the construction cost, public ancillary facilities represent government-approved public ancillary projects, i.e. roads. The relevant costs are recognised under the properties under development, and are accounted for and allotted by cost object and cost item. Land use rights for development purpose are classified as part of properties under development.

The Group adopts a perpetual inventory system.

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

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 12. 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 cost on acquisition. For a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the carrying amount of the absorbing party's share of the owner's equity of the party being absorbed on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost and the carrying amount of the consideration paid for the combination shall be adjusted against capital reserve (where the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings). Other comprehensive income prior to the date of the merger is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss for the current period upon such disposal, of which the investment which remains long-term equity investment upon the disposal is transferred in proportion, and the investment which is converted into financial instruments upon the disposal is transferred in full. The initial investment cost of the long-term equity investment is the cost of acquisition for a business combination not under common control (for a business combination not under common control achieved in stages, the initial investment cost is measured at the carrying amount of the equity investments in the acquiree before the acquisition date plus the additional investment cost incurred on the acquisition date). The cost of combination includes the assets transferred and the liabilities incurred or assumed by the acquirer, and the fair value of equity securities issued. Other comprehensive income held prior to the date of the acquisition and recognised using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss for the current period upon such disposal, of which the investment which remains long-term equity investment upon the disposal is transferred in proportion, and the investment which is converted into financial instruments upon the disposal is transferred in full. Any change in accumulated fair value of the equity investment held prior to the date of the acquisition included in other comprehensive income as financial instruments are transferred to profit or loss for the current period in full when the cost method is adopted. For a long-term equity investment acquired other than through a business combination, the initial investment cost is determined as follows: (i) if acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; (ii) if acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; (iii) if acquired by exchange of non-monetary assets, the initial investment cost is determined in accordance with Accounting Standards for Business Enterprises No. 7 – Exchange of Non-Monetary Assets.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 12. Long-term equity investments *(continued)*

For a long-term equity investment where the Company can exercise control over the investee, the long-term equity investment is accounted for using the cost method in the Company's separate financial statements. Control refers to having the power over the investee, the entitlement to variable returns through the participation in the relevant activities of the investee, and the ability to affect the amount of returns by using its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. If investment is increased or withdrawn, the cost of long-term equity investment shall be adjusted. Cash dividends or profit distributions declared by the investee are recognised as investment income for the current period.

The equity method is adopted when the Group holds joint control, or exercises significant influence on the investee. Joint control is the relevant agreed sharing of control over an arrangement, and relevant activities of such arrangement shall be decided upon the unanimous consent of the parties sharing control. Significant influence is the power to participate in decision making of the financial and operating policies of the investee, but without the power to control or jointly control with other parties the formulation of those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, long-term equity investment is measured at the initial investment cost. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises, upon acquisition of the long-term equity investment, its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits or losses, except for those from dispensing or selling businesses constituted by assets, based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates and joint ventures, attributable to the investing party according to its entitled ratio (but impairment losses for assets arising from internal transactions shall be recognised in full). 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 net losses of the investee is recognised to the extent 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 incurred obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit distributions) and includes the corresponding adjustments in the shareholders' equity.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 12. Long-term equity investments *(continued)*

On disposal of a long-term investment, the difference between the carrying amount of the investment and the sales proceeds actually received is recognised in profit or loss for the current period. For long-term equity investments accounted for using the equity method, where the equity method is no longer adopted, the relevant other comprehensive income previously accounted for using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss in full for the current period; where the equity method is still adopted, the relevant other comprehensive income previously accounted for using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee and transferred to profit or loss in proportion for the current period, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss in corresponding proportion for the current period.

#### 13. Investment properties

Investment properties are held to earn rentals or for capital appreciation or both. Investment properties include land use right that is leased out, land use right held for transfer upon capital appreciation, and building that is leased out. The Group's investment properties are held for long term purposes and are leased to earn rentals.

An investment property is measured initially at cost. Subsequent costs incurred for an investment property are included in its cost only when the economic benefits associated with the asset will probably flow in and the cost can be measured reliably. Otherwise, subsequent costs are recognised in profit or loss for the period during which they are incurred.

The Group uses the fair value model for subsequent measurement of its investment properties. Fair value changes are included in "Gains from changes in fair value" in the income statement. Reasons for the adoption of the fair value model as the accounting policy for subsequent measurement by the Group are as follows:

- (1) The investment properties are located in places where the property markets are active.

The Group's current investment properties, most of which are commercial properties at developed commercial districts, are primarily located at core districts of Beijing where the property markets are relatively active. The Group is able to obtain market price and other related information of properties of the same category or similar nature. It is practicable for the Group to adopt the fair value model for subsequent measurement of the investment properties.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 13. Investment properties *(continued)*

- (2) The Group is able to obtain market price and other related information of properties of the same category or similar nature from the property markets, by which the Group makes a reasonable estimation of the fair value of its investment properties.

The Group has engaged a valuer with relevant qualifications to make valuation on the fair value of the investment properties of the Group using the income method and with reference to the prices in the open market. The result of such valuation is used as the fair value of the investment properties of the Group.

Key assumptions and major uncertain factors adopted by the Group for the estimation of the fair value of the investment properties of the Group mainly include: assuming the investment properties are traded in the open market and will continue to be used for their existing purposes; there will be no significant changes in the macro-economic policies of the PRC and the social and economic environment, tax policies, credit interest rates and foreign exchange rates in the places where the investment properties are located; and there is no other force majeure and unforeseeable factor that may have a material impact on the Group's operation.

#### 14. Fixed assets

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

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 14. Fixed assets *(continued)*

Except for those fixed assets formed by using production safety fees accrued, 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:

|                          | Useful life | Estimated net residual value | Annual depreciation rate (%) |
|--------------------------|-------------|------------------------------|------------------------------|
| Buildings                | 20-35 years | 5%                           | 2.71-4.75%                   |
| Machinery and equipment  | 15 years    | 5%                           | 6.33%                        |
| Transportation equipment | 8-10 years  | 5%                           | 9.50-11.88%                  |
| Other equipment          | 5 years     | 5%                           | 19.00%                       |

Different depreciation rates are applied where the components of fixed assets have different useful lives or provide the entity with economic benefits in different patterns.

A fixed asset under finance lease is depreciated according to the same policy as that of a self-owned fixed asset. If it is reasonably certain that ownership of the leased asset can be obtained upon expiry of the lease term, the leased asset is depreciated over its useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its useful life.

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

#### 15. Construction in progress

The cost of construction in progress is determined according to the actual costs incurred for the construction, including all necessary construction costs incurred during the construction period, borrowing costs that shall be capitalised before the construction gets ready for its intended use and other relevant expenses.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 16. Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing. Borrowing costs include interest, amortisation of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

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 in profit or loss for the period in which they are incurred. Qualifying assets are assets (fixed assets, investment properties, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- (1) expenditures for the asset are being incurred;
- (2) borrowing costs are being incurred;
- (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

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

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

- (1) where funds are borrowed for a specific purpose, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any temporary 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.
- (2) where funds are borrowed for a general purpose, the amount of interest to be capitalised on such borrowings is determined by multiplying a weighted average interest rate of the funds borrowed for a general purpose by the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than three months. Borrowing costs incurred during these periods are recognised in profit or loss for the period during which they are incurred until the acquisition, construction or production is resumed.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 17. Intangible assets

An intangible asset shall be recognised only when it is probable that the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination which is not under common control and with a fair value that can be measured reliably are recognized separately as intangible assets and measured at fair value.

The useful life of an intangible asset is determined according to the period over which it is estimated to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when the period over which the asset is estimated to generate economic benefits for the Group is uncertain.

The intangible assets of the Group consist of land use rights, mining rights, trademarks and software use right.

Land use rights that are purchased by the Group for purposes other than real estate development are generally accounted for as intangible assets. For buildings such as plants that are developed and constructed by the Group, the relevant land use rights and buildings are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets. Land use rights of the Group are amortised on the straight-line basis over the term stipulated on the certificates of land use rights obtained by the Group.

Costs of mining rights include costs incurred to obtain the mining licence and estimated mine restoration cost. Amortisation is calculated using the production method based on the relevant recoverable mining reserves.

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at least once at the end of each financial year and makes adjustment if necessary.

Intangible assets with indefinite use life (mainly trademarks) are tested for impairment each year, irrespective of whether there is any indication that the asset may be impaired. An intangible asset with indefinite useful life shall not be amortised, for which the useful life is reassessed in each accounting period. If there is evidence indicating that the useful life of that intangible asset becomes finite, it shall be accounted for by applying the accounting policy for intangible assets with a finite useful life.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 17. Intangible assets *(continued)*

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

#### 18. Impairment of assets

The Group determines the impairment of assets other than inventories, investment properties measured under the fair value model, deferred tax assets, financial assets and assets classified as held for sale using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs test for impairment. Goodwill arising from a business combination and intangible assets with indefinite useful life are tested for impairment at least once at the end of each year, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

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

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 18. Impairment of assets *(continued)*

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is not possible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset group or set of asset groups is an asset group or set of asset groups that is able to benefit from the synergy of the business combination and shall not be larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment test, if there is any indication of impairment, the Group first tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compare the recoverable amount with the related carrying amount and recognise any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is lower than its carrying amount, the amount of the impairment loss is first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then by the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the above impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

#### 19. 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 costs of leasehold improvements, renovation expenses, stripping cost of mines and lease prepayments. A long-term deferred expenditure is amortised using the straight-line method according to the period over which it is estimated to generate economic benefits for the Group.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 20. Employee benefits

Employee benefits are all forms of considerations or compensations given by the Group in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by the Group to the spouses, children and dependents of employees as well as families and other beneficiaries of deceased employees are also classified as employee benefits.

##### ***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.

##### ***Post-employment benefits (the defined contribution plan)***

The employees of the Group participate in the pension insurance and unemployment insurance scheme administered by the local government and also enterprise annuity, and the corresponding expenses are included in the costs of underlying assets when incurred or recognised in profit or loss for the current period.

##### ***Post-employment benefits (the defined benefit plan)***

The Group operates various defined benefit pension plans, which includes providing certain eligible retirees of the Company and its subsidiaries with supplementary allowance benefits. No capital has been injected into the plan. The benefits cost under the defined benefit plan is calculated using the projected accumulative benefit unit method.

The items to be remeasured as a result of the defined benefit pension plan, which include actuarial gains or losses, movements arising from assets cap (net of amounts included in net interest of liabilities in the defined benefit plan) and return on plan assets (net of amounts included in net interest of liabilities in the defined benefit plan), are all immediately recognised in the balance sheet, and are included in shareholders' equity through other comprehensive income during the period in which they are incurred. They will not be reversed to profit or loss in subsequent periods.

The past service costs are recognised as expenses for the current period when the defined benefit plan is modified or when the Group recognises relevant restructuring costs or termination benefits, whichever occurs earlier.

Net interest is calculated by multiplying net liabilities or net assets of the defined benefit by the discount rate. The Group recognises changes in net liabilities of the defined benefit under finance expenses in the income statement. Service cost includes current service cost, past service cost and gains or losses on settlement; net interest includes interest income on plan assets, interest expenses on plan obligations and interest arising from assets cap.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 20. Employee benefits *(continued)*

##### *Termination benefits*

Where the Group provides termination benefits to employees, the employee benefits liabilities arising from termination benefits are recognised and accounted for in profit or loss for the current period at the earlier of the following dates: when the Group cannot unilaterally withdraw the offer of these termination benefits as a result of termination of employment plan or downsizing proposal, and when the Group recognises restructuring costs involving the payment of termination benefits.

#### 21. Provisions

Except for contingent consideration and contingent liability assumed in a business combination not under common control, the Group recognises an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

#### 22. Preference shares, perpetual bonds and other financial instruments

The financial instruments issued by the Group, such as perpetual bonds and preference shares, are classified as equity instruments when all of the following conditions are satisfied:

- (1) The financial instruments have no contractual obligation to pay in cash or other financial assets to other parties nor to exchange financial assets or financial liabilities under potential adverse condition with other parties;
- (2) If the financial instrument will or may be settled in the entity's own equity instruments, it is a non-derivative instrument that includes no contractual obligations to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or other financial asset for a fixed number of its own equity instruments.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 22. Preference shares, perpetual bonds and other financial instruments *(continued)*

Other than financial instruments classified as equity instruments according to the above conditions, other financial instruments issued by the Group shall be classified as financial liabilities.

The financial instruments issued by the Group which are compound financial instruments are recognized as a liability based on the fair value of the liability component, and the amount net of the fair value of the liability component from the actual amount received is recognised as "other equity instruments". Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of gross proceeds.

For financial instruments classified as financial liabilities (such as perpetual bonds and preference shares), except borrowing costs qualifying for capitalisation, its related interest, dividends, gains or losses, and gains or losses arising from redemption or refinancing are credited to profit or loss for the current period.

For financial instruments classified as equity instruments (such as perpetual bonds and preference shares), its issue (including refinancing), repurchase, sale or cancellation are treated by the Group as changes in equity, with related transaction costs deducted from equity. The Group's distribution to holders of equity instruments are treated as a distribution of profits. Changes in the fair value of equity instruments are not recognised by the Group.

#### 23. Revenue

Revenue is recognised only when it is probable that the associated economic benefits will flow to the Group, when the revenue can be measured reliably, and when the following conditions are satisfied.

##### ***Revenue from the sales of goods***

The Group recognises the revenue from the sales of goods when it has transferred the significant risks and rewards of ownership of the goods to the buyer; and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and the associated costs incurred or to be incurred can be measured reliably. The amount of revenue arising from the sales of goods is determined in accordance with the consideration received or receivable from the buyer under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair. Where the consideration receivable under contract or agreement is deferred so that the arrangement is in substance of a financing nature, the amount of revenue arising on the sales of goods is measured at the fair value of the consideration receivable.

Revenue from the sales of completed properties is recognised when the significant risks and rewards of property ownership have been transferred to the buyer, i.e., when the properties has been completed and delivered to the buyer pursuant to the sale agreement and the collection of the consideration determined under the purchase and sales contract can be assured reasonably. The deposits and instalments of sold properties and proceeds from presale collected prior to the revenue recognition will be presented under receipts in advance in the balance sheet.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 23. Revenue *(continued)*

##### ***Revenue from the rendering of services***

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognised using the percentage of completion method; otherwise, the revenue is recognised to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Group; the stage of completion of the transaction can be measured reliably; and the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction involving the rendering of services based on the proportion of services performed to date to the total services to be performed. The total service revenue on a transaction involving the rendering of services is determined in accordance with the consideration received or receivable from the recipient of services under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair.

When the Group has entered into a contract or agreement with other entities comprising both sales of goods and rendering of services, if the sales of goods component and the rendering of services component can be separately identified and measured, they are accounted for separately; if the sales of goods and the rendering of services cannot be separately identified, or can be separately identified but cannot be separately measured, the contract is treated as sales of goods.

##### ***Interest income***

It is determined according to the length of period for which the Group's currency fund is used by others and the effective interest rate.

##### ***Lease income***

Lease income from operating leases is recognised on a straight-line basis over the lease term. Contingent rental income is charged to profit or loss in the period in which it actually arises.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 24. Government grants

Government grants are recognised when all attaching conditions can be complied with and the grant can 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, judgment 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: (a) if the grant is a compensation for related 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 are recognised; and (b) if the grant is a compensation for related expenses or losses already incurred, it is recognised immediately in profit or loss for the current period. A government grant related to an asset shall be recognised as deferred income, and recognised in profit or loss in instalments over the useful life of the related asset in a reasonable and systematic way. If the related assets are disposed of, transferred, scrapped and damaged before the end of the useful life, the remaining deferred income shall be transferred to the profit or loss for the period when the assets are disposed of. However, a government grant measured at a nominal amount is recognised immediately in profit or loss for the current period. A government grant related to both an asset and income is accounted for separately upon distinction, otherwise is classified as a government grant related to income as a whole.

Government grants related to daily corporate activities are included in other gains or used to offset relevant cost and expenses based on the nature of the economic business. Government grants not related to daily corporate activities are included in non-operating revenue and expenses.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 25. Income tax

Income tax comprises current and deferred tax. Income tax is recognised as an income tax expense or income in profit or loss for the current period, or otherwise recognised directly in shareholders' equity if it arises from goodwill on a business combination or relates to a transaction or event which is recognised directly in shareholders' equity.

The Group measures a current tax liability or asset arising from the current and prior periods based on the amount of income tax estimated to be paid by the Group or returned by taxation authority calculated in accordance with the requirements of related tax laws.

Deferred tax is recognised under the balance sheet liability method based on the temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the tax bases and carrying amounts in respect of items not recognised as assets and liabilities, but the tax bases being determinable under tax law.

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

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

A deferred tax asset is recognised for deductible temporary differences, and unused deductible tax losses and tax credits that can be carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, deductible tax losses and tax credits can be utilised, except:

- (1) where the deductible temporary difference arises from a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss.
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilised in the future.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 25. Income tax *(continued)*

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

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

Deferred tax assets and deferred tax liabilities are offset and the net amount reported if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 26. Maintenance and quality guarantee funds

Maintenance fund is collected on behalf of housing administration authorities from property buyers in a certain proportion to the selling price in accordance with relevant regulations. The fund will be remitted to housing administration authorities upon registration of property ownership. Maintenance fund is accounted for under other payables.

Quality guarantee fund is reserved by a certain percentage of the project payment. The fund will be repaid to the constructor after completion inspection of the properties has been completed, and with no quality issue within the agreed warranty period. The fund is accounted for under accounts payable.

#### 27. Leases

Leases that transfer substantially all the risks and rewards of ownership of assets are accounted for as finance leases. An operating lease is a lease other than a finance lease.

##### ***In the case of being the lessee of an operating lease***

Lease payments under an operating lease are recognised by a lessee on a straight-line basis over the lease terms, and either included in the cost of the related asset or charged to profit or loss for the current period. Contingent rental payments are charged to profit or loss in the period in which they actually arise.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 27. Leases *(continued)*

##### *In the case of being the lessor of an operating lease*

Rental income under an operating lease is recognised on a straight-line basis over the lease term through profit or loss for the current period. Contingent rental income is credited to profit or loss in the period in which it actually arises.

##### *In the case of being the lessee of a finance lease*

An asset held under a finance lease is recognised at the lower of its fair value as at the effective date of lease and the present value of the minimum lease payments, and the minimum lease payment is recorded as the carrying amount of long-term payables. The difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognised finance cost, which is amortised using the effective interest rate method during periods over the lease term. Contingent rental payments are charged to profit or loss in the period in which they actually arise.

##### *In the case of being the lessor of a finance lease*

An asset leased under a finance lease is recognised at the sum of the minimum lease payment receivables and initial direct cost as at the effective date of lease as the finance lease receivables and unguaranteed residual value is recorded at the same time. The difference between the sum of minimum lease payment receivables, initial direct cost and the unguaranteed residual value and the sum of its present value are accounted for as unrealised finance income which are recognised using the effective interest rate method during periods over the lease term. Contingent rental income is credited to profit or loss in the period in which it actually arises.

#### 28. Distribution of profit

Cash dividend of the Company is recognised as a liability upon being approved at the shareholders' general meeting.

#### 29. Production safety cost

Production safety cost appropriated pursuant to regulations is recognised in the cost of the relevant products or in profit or loss for the current period, and also in the specific reserve. The use of production safety cost is accounted for separately according to whether a fixed asset is formed; The cost incurred through expenditure will be reduced from the specific reserve; The cost incurred for a fixed asset shall be pooled and recognised as a fixed asset when it reaches the working condition for its intended use, meanwhile, an equivalent amount shall be deducted from the specific reserve and recognised as accumulated depreciation.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 30. Fair value measurement

The Group measures its investment properties 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. The Group's relevant assets and liabilities are measured at fair value based on the presumption that the orderly transaction to sell the asset or transfer the liability takes place in the principal market for the relevant asset or liability, or in the absence of a principal market, in the most advantageous market for the relevant asset or liability. The principal market (or the most advantageous market) must be accessible by the Group at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its best use or by selling it to another market participant that would use the asset in its best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient information and other supporting information are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date; Level 2 inputs – the observable inputs, either directly or indirectly, of the relevant assets or liabilities other than Level 1 inputs; Level 3 inputs – unobservable inputs of the relevant assets or liabilities.

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 31. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, 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. However, 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.

##### *Judgments*

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

##### *Operating lease commitments – Group as lessor*

The Group has entered into lease contracts on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

##### *Classification between investment properties and inventories*

The properties constructed by the Group may be held for sale, earning rental income and/or capital appreciation. The properties are designated as inventories or investment properties according to the intention of holding at the early development stage. During the course of construction, the properties which are intended for sale after their completion are accounted for as inventories – properties under development included in current assets, whereas, the properties which are intended to be held to earn rental income and/or for capital appreciation are accounted for as investment properties under construction included in non-current assets. Upon completion, the properties held for sale are transferred to inventories – completed properties held for sale, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties.

##### *Classification between investment properties and fixed assets*

The Group determines whether a property held qualifies as an investment property, and has developed relevant criteria for making the judgment. Properties held to earn rental income or for capital appreciation or both (including buildings under construction or development which are supposed to be used for rental earning) are classified as investment properties. Therefore, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation while the remaining portion is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portion that is held to earn rentals or for capital appreciation separately if such portion can be sold or leased out separately. Otherwise, the property is classified as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. The Group's judgment is made on an individual basis when determining whether ancillary services are so significant that a property does not qualify as an investment property.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 31. Significant accounting judgments and estimates *(continued)*

##### *Judgments (continued)*

###### *Classification of perpetual bonds*

As described in Note V. 44, the Group issued perpetual bonds of RMB1 billion and RMB4 billion in 2015 and 2016 respectively. According to the Prospectus on 2015 First Tranche of Medium-term Notes of BBMG Corporation, the Prospectus on 2016 First Tranche of Medium-term Notes of BBMG Corporation and the Prospectus on 2016 Second Tranche of Medium-term Notes of BBMG Corporation, the Group has no contractual obligation to repay the principal or pay interest on the bonds, namely the Group has no contractual obligation to pay in cash or other financial assets to the holders of the perpetual bonds nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds. The perpetual bonds are classified by the Group as equity instruments, and the subsequent declared distribution will be treated as distribution to the holders of the equity.

In addition, Jidong Development Group Co., Ltd. (hereinafter referred to as "Jidong Group", being a subsidiary of the Group) issued perpetual bonds of RMB3 billion in 2015. According to the Prospectus on 2015 First Tranche of Medium-term Notes of Jidong Development Group Co., Ltd., Jidong Group has no contractual obligation to repay the principal or pay interest on the bonds, which also means that Jidong Group has no contractual obligation to pay in cash or other financial assets to the holders of the perpetual bonds nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds. The perpetual bonds are classified by Jidong Group as equity instruments, and the subsequent declared distribution will be treated as distribution to the holders of the equity. After business combination not under common control between the Group and Jidong Group in 2016, the perpetual bonds are classified by the Group as minority interests, and the subsequent declared distribution will be treated as distribution to the holders of the equity.

##### *Uncertainty of estimation*

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 discussed below.

###### *Deferred income tax assets*

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 31. Significant accounting judgments and estimates *(continued)*

##### *Uncertainty of estimation (continued)*

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

The Group assesses whether there are any indication 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 indication exists. Other non-current assets other than financial assets are tested for impairment when there is indication that the carrying amounts may not be recoverable. Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e. the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The fair value less costs to sell is determined with reference to the price in sales agreement or observable market price in arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. Estimating the present value of the expected future cash flows requires the management to make an estimation of the expected future cash flows from an asset or asset group and also choose a suitable discount rate in order to calculate the present value of those future cash flows.

###### *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the expected future cash flows from an asset group or set of asset groups to which the goodwill is allocated. Estimating the present value of the expected future cash flows requires the Group to make an estimation of the expected future cash flows from an asset group or set of asset groups and also choose a suitable discount rate in order to calculate the present value of those future cash flows.

###### *Land appreciation tax*

The Group is subject to land appreciation tax ("LAT"). The provision for land appreciation tax is based on the management's best estimates according to their understanding of the requirements set forth in the relevant tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon the settlement of land appreciation tax. The Group has not finalised the assessment for its land appreciation tax calculations and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences are realised.

###### *Fair value of investment properties*

The fair value of investment properties are revalued at the balance sheet date by an independent professional valuer. Such valuations are based on certain assumptions, which are subject to uncertainty and might differ from the actual results. In making the relevant estimation, information from current market rentals for similar properties is considered and assumptions that are mainly based on market conditions existing at the balance sheet date are adopted.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 31. Significant accounting judgments and estimates *(continued)*

##### *Uncertainty of estimation (continued)*

###### *Recognition and allocation of development costs on properties under construction*

Development costs of properties are recorded as inventory during the construction stage and will be transferred to the income statement upon the recognition of the sale of the properties. Before the final settlement of the development cost and other costs relating to the development of the properties, the management of the Group is required to make estimation on these costs according to the budgeted cost and the progress of development. When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the costs of such phase. Costs that are common to different phases are allocated to individual phases based on saleable area. Where the final settlement of costs and the related cost allocation are different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

###### *Impairment of accounts receivable and other receivables*

The impairment of accounts receivable and other receivables is based on the evaluation of the collectability of the outstanding accounts receivable and other receivables. The management's judgment and estimation are required in the recognition of the impairment of accounts receivable and other receivables. Provisions for impairment will be made where there is objective evidence that such receivables are not collectible. If the actual results or future expectation differ from the original estimate, such differences will affect the carrying amount of accounts receivable and other receivables and bad debt provisions/reversal in the period in which the estimate changes.

###### *Provision for decline in value of inventory*

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

#### 31. Significant accounting judgments and estimates *(continued)*

##### *Uncertainty of estimation (continued)*

###### *Measurement of defined benefit obligations*

Supplementary subsidies and benefits paid to certain retired and early retired employees are recognised as a liability. The amounts of those benefit expenses and liabilities are determined using actuarial valuations conducted by an independent professional actuary who conducts annual assessment of the actuarial position of the Group's retirement plans. The actuarial valuation involves making assumptions on discount rates, pension benefit inflation rates, and other factors. Due to their long term nature, such estimates are subject to uncertainties.

###### *Useful lives and residual values of fixed assets*

Fixed assets are depreciated over their estimated useful lives by taking into account of 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 costs shall be adjusted during future periods.

#### 32. Changes in accounting policies and accounting estimates

##### *Change in accounting policy*

In May 2017, the MOF amended and issued Accounting Standards for Business Enterprises No. 16 – Government Grants. The above accounting standard has been implemented since 12 June 2017. For the purpose of these financial statements, the change in the above accounting standard, which led to the corresponding change in the accounting policy of the Company, has been addressed according to relevant regulations in the transition period. Pursuant to relevant regulations, since 1 January 2017, the Group has differentiated government grants included in the current profit or loss into government grants related to and not related to daily corporate activities based on the nature of the economic business, and separately listed the item of "Other gains" above the item of "Operating profit" in the income statement. Government grants related to daily corporate activities would be included in other gains or used to offset relevant cost and expenses, whereas government grants not related to daily corporate activities would be included in non-operating revenue and expenses. Such change in the accounting policy and the adjustment made to the verification of accounting items would have impact on the presentation of financial statements only but not the Group's consolidated shareholders' equity of the Company as at 30 June 2017 and consolidated net profit of the Company for the six months then ended.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

## IV. TAXATION

### (1) Major categories of taxes and respective tax rates

|  |  |
|--|--|
| Value-added tax ("VAT"):               | The VAT payable is determined as the output VAT calculated based on the taxable revenue at the tax rate of 17% less the deductible input VAT for the current period. For small-scale taxpayers, VAT is levied based on the sales revenue at the tax rate of 3%. For the concrete industry, VAT is levied based on the sales revenue at a simplified tax rate of 6%. For financial leasing companies, VAT is levied based on rental incomes at a simplified tax rate of 6%. For sales of real estate of property development enterprises, the VAT payable for general taxpayers is determined as the output VAT calculated based on the taxable revenue at the tax rate of 11% less the deductible input VAT for the current period. General taxpayers who satisfy the requirements under the transition period policy may opt to be levied at a simplified tax rate of 5%. VAT is levied at 6% for tourism and entertainment services, catering and accommodation services, and at 11% for real estate leasing services. |
| Business tax:                          | It is levied at 3%, 5% and 20% of the taxable business turnover. Since 1 May 2016, the tax levied has been changed from business tax to VAT.   |
| City maintenance and construction tax: | It is levied at 7%, 5% and 1% of net VAT and business tax paid.  |
| Education surcharge:                   | It is levied at 3% of net VAT and business tax paid.   |
| 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 of lease 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.  |
| Vehicle and vessel tax:                | It is levied by number for passenger vehicles and by tonnage for trucks on vehicles owned or managed by the Group.   |
| 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 governments.   |
| 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.   |
| Resource tax:                          | Under the relevant tax laws of the PRC, it is levied to the minerals exploited by the Group on a quantity basis before 1 July 2016 and on a quantity or price basis since 1 July 2016.   |
| Corporate income tax:                  | Except BBMG Hong Kong Limited and Jidong Development (HK) International Ltd., which are subject to the tax rate of 16.5% based on the taxable profit and the items listed in (2) below, the tax is levied on the Group at the tax rate of 25% based on the taxable profit.   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### IV. TAXATION *(continued)*

#### (2) Tax preferences

##### 1. Value-added tax (VAT)

Certain subsidiaries of the Group enjoy the following VAT preferences:

- (1) In accordance with the Notice concerning the Issuance of "Directory of Value-added Tax Concessions on Comprehensive Utilization of Goods and Services" (Cai Shui [2015] No. 78) (財稅[2015]78號《關於印發〈資源綜合利用產品和勞務增值稅優惠目錄〉的通知》) promulgated by Ministry of Finance and State Administration of Taxation of the PRC with effect from 1 July 2015, some of the Company's subsidiaries engaged in cement production enjoy 70% VAT refund upon collection preferential policy in respect of their eligible cement products. Such subsidiaries include BBMG Liushui Environmental Protection Technology Co., Ltd., Hebei BBMG Dingxin Cement Co., Ltd., Cangzhou Lingang Jinyu Cement Co., Ltd., Beijing BBMG Qianjing Environmental Protection Technology Co., Ltd., Handan BBMG Taihang Cement Co., Ltd., Handan Shexian BBMG Cement Co., Ltd., Guangling Jinyu Cement Co., Ltd., Zanhuang BBMG Cement Co., Ltd., Zhangjiakou Jinyu Cement Co., Ltd., Zhuolu Jinyu Cement Co., Ltd., Siping BBMG Cement Co., Ltd., Tianjin Zhenxing Cement Co., Ltd., Lanxian BBMG Cement Co., Ltd., Qinyang BBMG Cement Co., Ltd., Lingchuan BBMG Cement Co., Ltd., BBMG Beishui Environmental Protection Technology Co., Ltd., Xuanhua BBMG Cement Co., Ltd., Bo'ai BBMG Cement Co., Ltd., Xingtai BBMG Yongning Cement Co., Ltd., Tangshan Jidong Cement Co., Ltd. (Tangshan branch), Tangshan Jidong Cement Sanyou Co., Ltd., Shenyang Jidong Cement Co., Ltd., Inner Mongolia Yidong Jidong Cement Co., Ltd., Wubu Jidong Special Cement Co., Ltd., Tangshan Dunshi Dry Powder Building Materials Co., Ltd., Jidong Cement Yongji Co., Ltd., Jidong Haitian Cement Wenxi Co., Ltd., Shanxi Shuangliang Dingxin Cement Co., Ltd., Jidong Cement Fengxiang Co., Ltd., Tangshan Jidong Qixin Cement Co., Ltd., Jidong Cement Luan County Co., Ltd., Jidong Cement Fuyu Co., Ltd., and Inner Mongolia Yili Jidong Cement Co., Ltd. Chengde BBMG Cement Co., Ltd. has enjoyed 70% VAT refund upon collection preferential policy in respect of its eligible cement products since January 2016. Shijiazhuang BBMG Xucheng Concrete Co., Ltd. has enjoyed 70% VAT refund upon collection for its mortar produced this year since January 2016. Pingquan Jidong Cement Co., Ltd., Chengde Jidong Cement Co., Ltd. and Inner Mongolia Jidong Cement Co., Ltd. have enjoyed 70% VAT refund upon collection preferential policy in respect of their eligible cement products since April 2017. Linli Jidong Cement Co., Ltd. has enjoyed 70% VAT refund upon collection preferential policy in respect of its eligible cement products since May 2017.
- (2) Since 1 July 2015, in accordance with the Notice concerning the Issuance of "Directory of Value-added Tax Concessions on Comprehensive Utilization of Goods and Services" (Cai Shui [2015] No. 78), BBMG Mortar Co., Ltd., a subsidiary of the Group, enjoyed 70% VAT refund upon collection preferential policy in respect of its small amount of products that meet the requirements on comprehensive utilization of resources.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### IV. TAXATION *(continued)*

#### (2) Tax preferences *(continued)*

##### 1. Value-added tax (VAT) *(continued)*

- (3) In accordance with the Notice Concerning the Value-added Tax Policy for Novel Wall Materials (Cai Shui [2015] No. 73), Beijing Jinyu Aerated Concrete Co., Ltd. and Tangshan Jinyu Aerated Concrete Co., Ltd., both being the Group's subsidiaries, enjoy 50% VAT refund upon collection preferential policy in respect of their eligible novel wall materials.
- (4) In accordance with the Notice on Preferential Policies on VAT, Property Tax and Urban Land Use Tax for Heating Enterprises (Cai Shui [2016] No. 94), Beijing Jinhaiyan Property Management Co., Ltd. and BBMG Dacheng Property Management Co., Ltd., all being the Group's subsidiaries, enjoy the VAT exemption for heating enterprises to receive their heating fees revenue from the heating services to individual residents from 1 January 2016 to the end of the heating season in 2018.
- (5) In accordance with the financial and tax documents, Beijing Bio-Island Science and Technology Co., Ltd., a subsidiary of the Group, is qualified for 50% (for industrial oil produced by waste mineral oil, such as lube base oil, gasoline and diesel) VAT refund upon collection preferential policy.
- (6) In accordance with the Notice of the State Administration of Taxation of the PRC Concerning Temporary Exemption of Value-added Tax and Business Tax of Some Small and Micro-Enterprises (Cai Shui [2013] No. 52), BBMG Human Resources Management Co., Ltd., a subsidiary of the Group, enjoys the VAT exemption as an enterprise or non-enterprise organisation with monthly sales amount of no more than RMB20,000 within small-scale VAT tax payers.
- (7) In accordance with the project cooperation agreement entered into between BBMG Finance Lease Co., Ltd., a subsidiary of the Group, and the Management Committee of Tianjin Dongjiang Free Trade Zone (天津東疆保稅港區管理委員會) and the Notice concerning the Incorporation of the Railway Transportation Industry and the Postal Industry into the Pilot Program of Levying Value-Added Tax in Lieu of Business Tax (Cai Shui [2013] No. 106) (《關於將鐵路運輸和郵政業納入營業稅改增值稅試點的通知》(財稅[2013]106號)), actual tax burden of BBMG Finance Lease Co., Ltd., a subsidiary of the Group, exceeding 3% will be entitled to VAT refund upon collection. In addition, according to the Notice of Tianjin Finance Bureau, Tianjin Municipal Office, SAT and Tianjin Local Taxation Bureau on Relevant Issues Concerning Transitional Financial Subsidy for Pilot Program of Levying Value-Added Tax in Lieu of Business Tax (Jin Cai Shui Zheng [2013] No. 1) (《天津市財政局天津市國家稅務局天津市地方稅務局關於營業稅改增值稅試點過渡性財政扶持資金申請撥付問題的通知》(津財稅政[2013]1號)), if the tax burden of VAT after the reform from business tax to value-added tax ("B2V Reform") is greater than that of business tax before B2V Reform, the financial subsidy for the increased tax burden will be executed according to the relevant requirements of the above documents. Pursuant to the agreement, the Dongjiang Free Trade Zone would undertake 70% of turnover tax from 2015 to 2020 due to the preferential policies.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### IV. TAXATION *(continued)*

#### (2) Tax preferences *(continued)*

##### 1. Value-added tax (VAT) *(continued)*

- (8) According to the requirements of Appendix 3 Requirements of the Transition Policy for the Pilot Program of Levying Value-Added Tax in Lieu of Business Tax (《營業稅改徵增值稅試點過渡政策的規定》) of the Notice concerning the Overall Implementation of the Pilot Program of Levying Value-Added Tax in Lieu of Business (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)), in respect of borrowing and lending, the interests charged on BBMG Finance Co., Ltd., a subsidiary of the Group, at the borrowing interest rates not higher than those paying to financial institutions or the coupon rate of bonds paid are exempted from VAT.
- (9) According to the requirements of the Notice of the Ministry of Finance and State Administration of Taxation on Policy of Value-Added Tax of Software Products (Cai Shui [2011] No. 100) (《財政部國家稅務總局關於軟件產品增值稅政策的通知》(財稅[2011]100號)), part of the sales with actual tax burden exceeding 3% after paying VAT at tax rate of 17% for software products sold by Tangshan Dunshi Information and Technology Co., Ltd., a subsidiary of Jidong Cement (a subsidiary of the Group), will be entitled to enjoy VAT refund upon collection preferential policy.

##### 2. Business tax

The Group, Hebei BBMG Mangrove Environmental Protection Technology Co., Ltd., Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd. and Beijing Bio-Island Science and Technology Co., Ltd., all being the Group's subsidiaries, are exempted from business tax on revenue from disposal of hazardous wastes during the period from 1 January 2016 to 1 May 2016 pursuant to the Reply of the State Administration of Taxation of the PRC regarding Business Tax Exemption on Revenue from Disposal of Hazardous Wastes (Guo Shui Han [2009] No.587), the Notice on Circulating the "Reply of the State Administration of Taxation of the PRC regarding Business Tax Exemption on Revenue from Disposal of Hazardous Wastes" issued by Beijing Local Taxation Bureau (Jing Di Shui Han [2009] No.80) and the Reply of Sanhe Local Taxation Bureau regarding Business Tax Exemption on Revenue from Disposal of Hazardous Wastes (San Di Shui Fa [2011] No.30). Upon the full implementation of B2V Reform since 1 May 2016, the above preferential policy for business tax is no longer applicable.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### IV. TAXATION *(continued)*

#### (2) Tax preferences *(continued)*

##### 3. Corporate income tax

Certain subsidiaries of the Group enjoy the following corporate income tax preferences:

- (1) Certain subsidiaries of the Group are certified as high-tech enterprises by relevant governmental authorities and enjoy a preferential corporate income tax rate of 15% for high-tech enterprises in 2017 pursuant to the implementation rules of the Law on Enterprise Income Tax of the People's Republic of China and the Notice of the State Administration of Taxation of the PRC regarding Corporate Income Tax Preferences for High-tech Enterprises. Such subsidiaries include Tongda Refractory Technology Co., Ltd., Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd., Gongyi Tongda Zhongyuan Refractory Testing Centre Co., Ltd., Beijing Building Materials Academy Co., Ltd., Beijing Building Material Testing Academy Co., Ltd., Beijing Jiandu Design and Research Institute Co., Ltd., Beijing Alavus Building Energy Saving Components Co., Ltd., Beijing BBMG Liushui Environmental Protection Technology Co., Ltd., Beijing BBMG Cement Energy Saving Technology Co., Ltd., Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd., Hebei BBMG Mangrove Environmental Protection Technology Co., Ltd., BBMG Mortar Co., Ltd., Beijing Bio-Island Science and Technology Co., Ltd., Beijing Dynea Chemical Industry Co., Ltd., Beijing Sanchong Mirror Co., Ltd., Beijing Quinette Great Wall Seats Co., Ltd., Beijing Jinyu Energy-Saving Materials & Technology (Dachang) Co., Ltd., Dachang BBMG Coating Co., Ltd. and Tangshan Dunshi Electric Gas Co., Ltd.
- (2) In accordance with the Indices on Corporate Income Tax Preferential Policies for Enterprises engaging in Environmental Protection as well as Energy and Water Saving Projects, Qinyang BBMG Cement Co., Ltd. enjoys the preferential corporate income tax policy of "three-year exemption and three-year 50% reduction" from 1 January 2014 to 31 December 2019.
- (3) BBMG Human Resources Management Co., Ltd. and Gongyi Tongda Zhongyuan Refractory Co., Ltd., both being subsidiaries of the Group, enjoy tax preferences concerning small and thin profit enterprises stipulated by the State Administration of Taxation of the PRC, and are subject to corporate income tax at a rate of 15%.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

### IV. TAXATION *(continued)*

#### (2) Tax preferences *(continued)*

##### 3. Corporate income tax *(continued)*

- (4) Pursuant to the Notice on the Issues concerning the Taxation Policies for Deepening the Implementation of the Western Development Strategy (關於深入實施西部大開發戰略有關稅收政策問題的通知) (Cai Shui [2011] No. 58) and the Announcement No. 12, 2012 of the State Administration of Taxation on the Corporate Income Tax in relation to Deepening the Implementation of the Western Development Strategy (關於深入實施西部大開發戰略有關企業所得稅問題的公告), Inner Mongolia Yili Jidong Cement Co., Ltd., Baotou Jidong Cement Co., Ltd., Jidong Cement Bishan Co., Ltd., Jidong Cement Chongqing Hechuan Co., Ltd., Shaanxi Jidong Logistics Services Co., Ltd. and Jidong Cement Fengxiang Co., Ltd., all being subsidiaries of Tangshan Jidong Cement Co., Ltd. (hereinafter referred to as "Jidong Cement"), a subsidiary of the Group, as well as Chongqing Jushi New Building Materials Co., Ltd., Xinxingzhan (Chongqing) Building Materials Co., Ltd. and Jidong Cement Chongqing Concrete Co., Ltd., all being subsidiaries of Tangshan Jidong Concrete Co., Ltd., a subsidiary of the Group, have obtained the approval from the competent tax authorities and were subject to enterprise income tax at rate of 15%. According to the Notice concerning Further Expansion of the Scope of Tax Preference Policy Enjoyed by Large and Small Enterprises Earning Thin Profits from State Administration of Taxation of Ministry of Finance (Cai Shui [2015] No.99) (《財政部國家稅務總局關於進一步擴大小型微利企業所得稅優惠政策範圍的通知》(財稅[2015]99號)) and Announcement concerning Further Expansion of the Scope of 50% Exemption of Enterprise Income Tax Enjoyed by Large and Small Enterprises Earning Thin Profits from State Administration of Taxation of Ministry of Finance (Announcement No. 61 of 2015 from State Administration of Taxation) (《國家稅務總局關於貫徹落實進一步擴大小型微利企業減半徵收企業所得稅範圍有關問題的公告》(國家稅務總局公告2015年第61號)), as Tangshan Jidong Vocational Skills Training School and Tangshan Jidong Cement Staff's Education and Training Co., Ltd. satisfied the conditions under the tax preference policy relating to small enterprises earning thin profits, they enjoyed a reduced 10% enterprise income tax rate.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Cash and bank balances

|  | 30 June 2017                    | 31 December 2016         |
|--|---------------------------------|--------------------------|
| Cash in stock  | <b>9,595,159.59</b>             | 2,809,075.64             |
| Bank deposits  | <b>21,268,035,571.17</b>        | 25,004,928,092.54        |
| Other monetary fund  | <b>177,790,611.53</b>           | 1,562,227,738.61         |
| Statutory deposit reserve placement with central bank by finance company | <b><u>1,326,333,507.31</u></b>  | <u>1,440,246,240.74</u>  |
|  | <b><u>22,781,754,849.60</u></b> | <u>28,010,211,147.53</u> |

Including the following monetary fund with restrictions:

|  | 30 June 2017                   | 31 December 2016        |
|--|--------------------------------|-------------------------|
| Monetary fund for collateral:  |                                |                         |
| Statutory deposit reserve placement with central bank by finance company | <b>1,326,333,507.31</b>        | 1,440,246,240.74        |
| Deposits for letter of credit  | <b>600,889,327.63</b>          | 455,177,838.33          |
| Quality/performance guarantees   | <b>189,912,354.93</b>          | 185,295,070.68          |
| Deposits for acceptance bills  | <b>255,651,132.46</b>          | 1,742,309,504.84        |
| Other monetary fund with restrictions:                                   |                                |                         |
| Restricted part of property pre-sale funds                               | <b>5,273,390,767.54</b>        | 5,927,843,305.70        |
| Others   | <b><u>290,930,791.75</u></b>   | <u>148,556,651.48</u>   |
|  | <b><u>7,937,107,881.62</u></b> | <u>9,899,428,611.77</u> |

As at 30 June 2017, the monetary fund with restrictions utilized by the Group included bank deposits of RMB6,505,966,074.98 (31 December 2016: RMB6,924,522,401.14), other monetary fund of RMB104,808,299.33 (31 December 2016: RMB1,534,659,969.89) and statutory deposit reserve placement with central bank by finance company of RMB1,326,333,507.31 (31 December 2016: RMB1,440,246,240.74).

Interest income is generated from current savings as determined by the interest rate for the savings in banks. Short-term time deposits with durations from 7 days to 3 months are made in accordance with the Group's need for cash, with interest income generated according to the respective time deposit interest rates.

As at 30 June 2017, the Group's monetary fund deposited overseas amounted to RMB48,180,460.54 (31 December 2016: RMB35,192,680.78).

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 2. Financial assets at fair value through profit or loss

|                                   | 30 June 2017          | 31 December 2016 |
|-----------------------------------|-----------------------|------------------|
| Financial assets held for trading |                       |                  |
| Equity instrument investment      | <b>468,323,047.37</b> | 615,807,328.90   |

As at 30 June 2017, such equity instrument investment mainly referred to the market value of the tradable shares of Zhongzai Resources and Environment (stock code: 600217) held by Jidong Cement, a subsidiary of the Group, as at such date.

#### 3. Bills receivable

|                             | 30 June 2017            | 31 December 2016 |
|-----------------------------|-------------------------|------------------|
| Bank acceptance bills       | <b>5,356,755,141.66</b> | 3,447,240,203.25 |
| Commercial acceptance bills | <b>567,399,704.18</b>   | 409,788,790.82   |
|                             | <b>5,924,154,845.84</b> | 3,857,028,994.07 |

Bills receivable endorsed or discounted but not yet due at the balance sheet date are as follows:

|                             | 30 June 2017            |                         | 31 December 2016 |                     |
|-----------------------------|-------------------------|-------------------------|------------------|---------------------|
|                             | Derecognised            | Not<br>derecognised     | Derecognised     | Not<br>derecognised |
| Bank acceptance bills       | <b>2,338,615,287.24</b> | <b>3,531,758,667.84</b> | 1,711,849,070.99 | 1,445,696,807.64    |
| Commercial acceptance bills | -                       | <b>265,714,364.33</b>   | -                | 216,490,750.67      |
|                             | <b>2,338,615,287.24</b> | <b>3,797,473,032.17</b> | 1,711,849,070.99 | 1,662,187,558.31    |

As at 30 June 2017, bank acceptance bills pledged to secure bank borrowings amounted to RMB23,968,885.00 (31 December 2016: RMB51,872,956.51), details of which are set out in note V. 67.

As at the balance sheet date, there was no transfer of bills receivable into accounts receivable due to default on the part of the drawer.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 4. Accounts receivable

The credit periods of accounts receivable from external third parties are generally 1 to 6 months and amounts due from related parties have no fixed terms of repayment. Accounts receivable are non-interest bearing.

An aging analysis of the accounts receivable based on invoice date is as follows:

|  | 30 June 2017             | 31 December 2016  |
|--|--------------------------|-------------------|
| Within 1 year (inclusive of 1 year)                  | <b>6,886,331,311.92</b>  | 6,894,980,054.45  |
| 1 to 2 years (inclusive of 2 years)                  | <b>2,317,838,488.22</b>  | 2,129,770,460.66  |
| 2 to 3 years (inclusive of 3 years)                  | <b>1,119,982,467.88</b>  | 953,036,198.04    |
| 3 to 4 years (inclusive of 4 years)                  | <b>524,705,637.37</b>    | 469,194,740.39    |
| 4 to 5 years (inclusive of 5 years)                  | <b>400,208,761.17</b>    | 294,129,504.80    |
| Over 5 years   | <b>460,092,763.21</b>    | 399,677,696.18    |
|  | <b>11,709,159,429.77</b> | 11,140,788,654.52 |
| Less: Provision for bad debts of accounts receivable | <b>2,431,138,024.71</b>  | 2,250,876,050.03  |
|  | <b>9,278,021,405.06</b>  | 8,889,912,604.49  |

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

|   | 30 June 2017            | 31 December 2016 |
|---|-------------------------|------------------|
| Opening balance                                 | <b>2,250,876,050.03</b> | 505,467,859.38   |
| Provision for the period/year                   | <b>337,846,150.58</b>   | 284,726,525.58   |
| Transferred in upon acquisition of subsidiaries | <b>42,894.45</b>        | 1,714,725,707.39 |
| Reversal for the period/year                    | <b>(146,723,174.81)</b> | (232,156,263.77) |
| Write-off for the period/year                   | <b>(10,903,895.54)</b>  | (7,541,648.07)   |
| Removed from upon disposal of subsidiaries      | -                       | (14,346,130.48)  |
| Closing balance                                 | <b>2,431,138,024.71</b> | 2,250,876,050.03 |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 4. Accounts receivable *(continued)*

|  | 30 June 2017             |                |                         |                |
|--|--------------------------|----------------|-------------------------|----------------|
|  | Gross carrying amount    |                | Provision for bad debts |                |
|  | Amount                   | Proportion (%) | Amount                  | Proportion (%) |
| Individually significant and subject to separate provision for bad debts     | 202,120,076.76           | 1.73           | 93,676,229.28           | 46.35          |
| Provision for bad debts by credit risk characteristics group                 |                          |                |                         |                |
| Within 1 year (inclusive of 1 year)  | 6,886,331,311.92         | 58.81          | –                       | –              |
| 1 to 2 years (inclusive of 2 years)  | 1,937,770,420.23         | 16.55          | 581,397,126.60          | 30.00          |
| 2 to 3 years (inclusive of 3 years)  | 875,914,808.61           | 7.48           | 525,548,885.10          | 60.00          |
| 3 to 4 years (inclusive of 4 years)  | 436,872,843.47           | 3.73           | 371,381,859.30          | 85.00          |
| 4 to 5 years (inclusive of 5 years)  | 371,165,574.22           | 3.17           | 371,165,574.22          | 100.00         |
| Over 5 years   | 404,957,438.57           | 3.46           | 404,957,438.57          | 100.00         |
|  | 10,913,012,397.02        | 93.20          | 2,254,450,883.79        |                |
| Provision for bad debts by special credit characteristics group              | 252,445,257.00           | 2.15           | –                       | –              |
| Individually not significant but subject to separate provision for bad debts | 341,581,698.99           | 2.92           | 83,010,911.64           | 24.30          |
|  | <u>11,709,159,429.77</u> | <u>100.00</u>  | <u>2,431,138,024.71</u> |                |



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 4. Accounts receivable *(continued)*

|  | 31 December 2016         |                   |                         |                   |
|--|--------------------------|-------------------|-------------------------|-------------------|
|  | Gross carrying amount    |                   | Provision for bad debts |                   |
|  | Amount                   | Proportion<br>(%) | Amount                  | Proportion<br>(%) |
| Individually significant and subject to separate provision for bad debts     | 170,647,210.26           | 1.53              | 81,880,445.33           | 47.98             |
| Provision for bad debts by credit risk characteristics group                 |                          |                   |                         |                   |
| Within 1 year (inclusive of 1 year)  | 6,807,468,434.46         | 61.10             | –                       | –                 |
| 1 to 2 years (inclusive of 2 years)  | 1,689,150,887.47         | 15.16             | 506,745,266.80          | 30.00             |
| 2 to 3 years (inclusive of 3 years)  | 870,976,822.28           | 7.82              | 522,586,093.29          | 60.00             |
| 3 to 4 years (inclusive of 4 years)  | 433,871,045.91           | 3.89              | 368,790,389.29          | 85.00             |
| 4 to 5 years (inclusive of 5 years)  | 277,293,605.22           | 2.49              | 277,293,605.22          | 100.00            |
| Over 5 years   | 364,362,977.02           | 3.27              | 364,362,977.02          | 100.00            |
|  | 10,443,123,772.36        | 93.73             | 2,039,778,331.62        |                   |
| Provision for bad debts by special credit characteristics group              | 283,626,984.23           | 2.55              | –                       | –                 |
| Individually not significant but subject to separate provision for bad debts | 243,390,687.67           | 2.19              | 129,217,273.08          | 53.09             |
|  | <u>11,140,788,654.52</u> | <u>100.00</u>     | <u>2,250,876,050.03</u> |                   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 4. Accounts receivable *(continued)*

As at 30 June 2017, accounts receivable which were individually significant and subject to separate provision for bad debts were as follows:

|        | Gross carrying amount | Provision for bad debts | Percentage of provision (%) | Reasons              |
|--------|-----------------------|-------------------------|-----------------------------|----------------------|
| Unit 1 | 78,993,168.64         | 58,619,361.46           | 74.21                       | Partly uncollectible |
| Unit 2 | 51,900,000.00         | 15,570,000.00           | 30.00                       | Partly uncollectible |
| Unit 3 | 20,323,157.40         | 226,527.02              | 1.11                        | Partly uncollectible |
| Unit 4 | 17,484,567.98         | 17,484,567.98           | 100.00                      | All uncollectible    |
| Unit 5 | 11,665,440.50         | 1,019,105.98            | 8.74                        | Partly uncollectible |
| Unit 6 | 11,511,947.19         | 250,738.10              | 2.18                        | Partly uncollectible |
| Unit 7 | 10,241,795.05         | 505,928.74              | 4.94                        | Partly uncollectible |
|        | <b>202,120,076.76</b> | <b>93,676,229.28</b>    |                             |                      |

As at 31 December 2016, accounts receivable which were individually significant and subject to separate provision for bad debts were as follows:

|        | Gross carrying amount | Provision for bad debts | Percentage of provision (%) | Reasons              |
|--------|-----------------------|-------------------------|-----------------------------|----------------------|
| Unit 1 | 69,005,802.72         | 48,631,995.54           | 70.48                       | Partly uncollectible |
| Unit 2 | 51,900,000.00         | 15,570,000.00           | 30.00                       | Partly uncollectible |
| Unit 4 | 13,565,793.30         | 13,565,793.30           | 100.00                      | All uncollectible    |
| Unit 3 | 12,921,309.90         | 1,509,870.50            | 11.69                       | Partly uncollectible |
| Unit 5 | 11,765,813.04         | 2,576,860.17            | 21.90                       | Partly uncollectible |
| Unit 8 | 11,488,491.30         | 25,925.82               | 0.23                        | Partly uncollectible |
|        | <b>170,647,210.26</b> | <b>81,880,445.33</b>    |                             |                      |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 4. Accounts receivable *(continued)*

As at 30 June 2017, reversal of provision for bad debts of individually significant accounts receivable or recovery of individually significant accounts receivable are as follows:

|        | Reasons for reversal       | Basis of determining<br>the original provisions<br>for bad debts | Accumulated<br>amount of<br>provision for<br>bad debts<br>before recovery | Reversal amount     |
|--------|----------------------------|--|---|---------------------|
| Unit 3 | Payment for goods received | Individual identification  | 1,509,870.50  | 1,283,343.48        |
| Unit 5 | Cash repayment received    | Individual identification  | 2,576,860.17  | 1,557,754.19        |
|        |                            |  | <u>4,086,730.67</u>   | <u>2,841,097.67</u> |

The receivables from Unit 3 and Unit 5 were originally 1 to 2 years respectively, and the management classified it into individually significant accounts receivable and made provision for bad debts. The Group received cash repayments in the current period, and therefore, reversed the provision for bad debts previously made.

As at 31 December 2016, reversal of provision for bad debts of individually significant accounts receivable or recovery of individually significant accounts receivable are as follows:

|         | Reasons for reversal       | Basis of determining<br>the original provisions<br>for bad debts | Accumulated<br>amount of<br>provision for<br>bad debts<br>before recovery | Reversal amount      |
|---------|----------------------------|--|---|----------------------|
| Unit 10 | Payment for goods received | Individual identification  | 9,769,003.63  | 1,330,781.12         |
| Unit 11 | Payment for goods received | Aging analysis   | 17,647,147.67   | 17,647,147.67        |
| Unit 12 | Payment for goods received | Aging analysis   | 8,687,915.04  | 8,687,915.04         |
| Unit 13 | Payment for goods received | Aging analysis   | 9,301,575.93  | 9,301,575.93         |
| Unit 14 | Payment for goods received | Aging analysis   | 7,831,187.04  | 7,831,187.04         |
|         |                            |  | <u>53,236,829.31</u>  | <u>44,798,606.80</u> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 4. Accounts receivable *(continued)*

The receivables from Unit 10 to Unit 14 were originally 1 to 4 years respectively, and the management classified it into the group with credit risk characteristics in aging and made provision for bad debts. The Group received cash repayments in the current year, and therefore, reversed the provision for bad debts previously made.

For the six months ended 30 June 2017, no individually significant accounts receivable were written-off.

As at 30 June 2017, the top 5 of accounts receivable were as follows:

|         | Balance               | Proportion<br>in total<br>accounts<br>receivable<br>(%) | Balance of<br>provision<br>for bad debts<br>as at the end<br>of the period | Net amount            |
|---------|-----------------------|---|--|-----------------------|
| Unit 15 | 138,951,322.57        | 1.19  | 50,209,513.74  | 88,741,808.83         |
| Unit 16 | 90,607,814.99         | 0.77  | 83,135,524.49  | 7,472,290.50          |
| Unit 17 | 81,880,877.85         | 0.70  | 81,880,877.85  | –                     |
| Unit 1  | 78,993,168.64         | 0.68  | 58,619,361.46  | 20,373,807.18         |
| Unit 18 | 67,162,650.04         | 0.57  | –  | 67,162,650.04         |
|         | <b>457,595,834.09</b> | <b>3.91</b>   | <b>273,845,277.54</b>  | <b>183,750,556.55</b> |

As at 31 December 2016, the top 5 of accounts receivable were as follows:

|         | Balance               | Proportion<br>in total<br>accounts<br>receivable<br>(%) | Balance of<br>provision<br>for bad debts<br>as at the end<br>of the year | Net amount            |
|---------|-----------------------|---|--|-----------------------|
| Unit 15 | 92,325,502.31         | 0.83  | 38,199,229.25  | 54,126,273.06         |
| Unit 16 | 89,969,835.49         | 0.81  | 78,351,214.14  | 11,618,621.35         |
| Unit 17 | 81,880,877.85         | 0.73  | 81,880,877.85  | –                     |
| Unit 14 | 79,380,000.00         | 0.71  | –  | 79,380,000.00         |
| Unit 1  | 69,005,802.72         | 0.62  | 48,631,995.54  | 20,373,807.18         |
|         | <b>412,562,018.37</b> | <b>3.70</b>   | <b>247,063,316.78</b>  | <b>165,498,701.59</b> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 5. Prepayments

An aging analysis of prepayments is as follows:

|  | 30 June 2017            |                | 31 December 2016 |                |
|--|-------------------------|----------------|------------------|----------------|
|  | Balance                 | Proportion (%) | Balance          | Proportion (%) |
| Within 1 year (inclusive)                    | 1,749,585,411.61        | 93.10          | 2,420,394,959.05 | 48.32          |
| 1 to 2 years (inclusive)                     | 74,762,749.64           | 3.98           | 286,256,409.26   | 5.72           |
| 2 to 3 years (inclusive)                     | 4,454,498.63            | 0.24           | 51,855,162.70    | 1.04           |
| Over 3 years                                 | 50,375,464.02           | 2.68           | 2,250,277,357.07 | 44.92          |
|  | <b>1,879,178,123.90</b> | <b>100.00</b>  | 5,008,783,888.08 | 100.00         |
| Less: Provision for bad debts of prepayments | 37,978,077.59           |                | 40,101,533.38    |                |
|  | <b>1,841,200,046.31</b> |                | 4,968,682,354.70 |                |

As at 30 June 2017, the significant prepayments aging over 1 year were as follows:

|         | Aging                      | Amount        | Percentage of total prepayments | Reasons for being not yet settled in time                      |
|---------|----------------------------|---------------|---------------------------------|--|
| Unit 19 | 2-3 years and over 3 years | 19,139,500.00 | 1.04%                           | Transaction conditions agreed under the contract not satisfied |
| Unit 20 | 2-3 years and over 3 years | 16,456,000.00 | 0.89%                           | Transaction conditions agreed under the contract not satisfied |

As at 31 December 2016, the significant prepayments aging over 1 year were as follows:

|         | Aging                      | Amount           | Percentage of total prepayments | Reasons for being not yet settled in time                      |
|---------|----------------------------|------------------|---------------------------------|--|
| Unit 19 | 1-2 years and 2-3 years    | 19,139,500.00    | 0.39%                           | Transaction conditions agreed under the contract not satisfied |
| Unit 20 | 1-2 years and 2-3 years    | 16,456,000.00    | 0.33%                           | Transaction conditions agreed under the contract not satisfied |
| Unit 26 | 1-2 years and over 3 years | 2,441,129,537.04 | 49.13%                          | Transaction conditions agreed under the contract not satisfied |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 5. Prepayments *(continued)*

As at 30 June 2017, the top 5 prepayments were as follows:

|         | Amount                | Percentage<br>of total<br>prepayments |
|---------|-----------------------|---------------------------------------|
| Unit 21 | 141,179,496.12        | 7.51%                                 |
| Unit 22 | 96,296,905.78         | 5.12%                                 |
| Unit 23 | 50,000,000.00         | 2.66%                                 |
| Unit 24 | 48,222,957.05         | 2.57%                                 |
| Unit 25 | 32,124,686.00         | 1.71%                                 |
|         | <b>367,824,044.95</b> | <b>19.57%</b>                         |

As at 31 December 2016, the top 5 prepayments were as follows:

|         | Amount                  | Percentage<br>of total<br>prepayments |
|---------|-------------------------|---------------------------------------|
| Unit 26 | 2,764,689,124.24        | 55.64%                                |
| Unit 27 | 297,115,274.00          | 5.98%                                 |
| Unit 21 | 211,249,263.14          | 4.25%                                 |
| Unit 28 | 178,187,259.59          | 3.59%                                 |
| Unit 29 | 80,383,920.79           | 1.62%                                 |
|         | <b>3,531,624,841.76</b> | <b>71.08%</b>                         |

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 6. Interests receivable

|                                       | 30 June 2017         | 31 December 2016 |
|---------------------------------------|----------------------|------------------|
| STAR-USG Building Materials Co., Ltd. | <b>3,026,437.72</b>  | 6,716,763.51     |
| Krono (Beijing) Woods Co., Ltd.       | –                    | 106,581.77       |
| Others                                | <b>7,389,039.00</b>  | 4,829,444.44     |
|                                       | <b>10,415,476.72</b> | 11,652,789.72    |

### 7. Dividends receivable

|  | 30 June 2017         | 31 December 2016 |
|--|----------------------|------------------|
| Zehnder (China) Indoor Climate Co., Ltd        | <b>32,307,000.00</b> | –                |
| Beijing Gaoqiang Concrete Co., Ltd.            | <b>3,071,700.00</b>  | 3,071,700.00     |
| Changchun Light Rail Jidong Concrete Co., Ltd. | <b>2,134,483.95</b>  | –                |
|  | <b>37,513,183.95</b> | 3,071,700.00     |

### 8. Other receivables

An aging analysis of other receivables is as follows:

|  | 30 June 2017            | 31 December 2016 |
|--|-------------------------|------------------|
| Within 1 year (inclusive)                          | <b>2,426,352,097.41</b> | 3,691,288,320.75 |
| 1 to 2 years (inclusive)                           | <b>1,389,162,609.91</b> | 785,493,184.65   |
| 2 to 3 years (inclusive)                           | <b>377,559,916.55</b>   | 514,248,192.58   |
| 3 to 4 years (inclusive)                           | <b>446,208,346.57</b>   | 440,563,002.21   |
| 4 to 5 years (inclusive)                           | <b>219,499,511.30</b>   | 480,076,837.47   |
| Over 5 years                                       | <b>1,340,099,787.52</b> | 1,533,221,873.89 |
|  | <b>6,198,882,269.26</b> | 7,444,891,411.55 |
| Less: Provision for bad debts of other receivables | <b>1,307,026,344.33</b> | 1,315,581,001.81 |
|  | <b>4,891,855,924.93</b> | 6,129,310,409.74 |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 8. Other receivables (continued)

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

|   | 30 June 2017            | 31 December 2016        |
|---|-------------------------|-------------------------|
| Opening balance                                 | 1,315,581,001.81        | 158,213,408.65          |
| Provision for the period/year                   | 22,672,198.55           | 161,994,141.45          |
| Transferred in upon acquisition of subsidiaries | –                       | 1,010,034,125.98        |
| Transferred out upon disposal of subsidiaries   | –                       | (414,614.90)            |
| Reversal for the period/year                    | (29,500,004.69)         | (6,993,762.11)          |
| Write-off for the period/year                   | (1,726,851.34)          | (7,252,297.26)          |
| Closing balance                                 | <u>1,307,026,344.33</u> | <u>1,315,581,001.81</u> |

|  | 30 June 2017            |                |                         |                             |
|--|-------------------------|----------------|-------------------------|-----------------------------|
|  | Gross carrying amount   |                | Provision for bad debts |                             |
|  | Amount                  | Proportion (%) | Amount                  | Percentage of provision (%) |
| Individually significant and subject to separate provision for bad debts     | 1,006,795,393.10        | 16.24          | 541,630,442.44          | 53.80                       |
| Provision for bad debts by credit risk characteristics group                 |                         |                |                         |                             |
| Within 1 year (inclusive)  | 1,597,125,161.30        | 25.76          | –                       | 0.00                        |
| 1 to 2 years (inclusive)   | 162,700,514.05          | 2.62           | 48,810,154.22           | 30.00                       |
| 2 to 3 years (inclusive)   | 24,363,023.27           | 0.40           | 14,617,813.95           | 60.00                       |
| 3 to 4 years (inclusive)   | 93,133,764.75           | 1.50           | 79,163,700.03           | 85.00                       |
| 4 to 5 years (inclusive)   | 72,908,540.44           | 1.18           | 72,908,540.44           | 100.00                      |
| Over 5 years   | 485,330,768.80          | 7.83           | 485,330,768.80          | 100.00                      |
|  | <u>2,435,561,772.61</u> | <u>39.29</u>   | <u>700,830,977.44</u>   |                             |
| Provision for bad debts by special credit characteristics group              | 2,618,868,638.36        | 42.25          | –                       | –                           |
| Individually not significant but subject to separate provision for bad debts | <u>137,656,465.19</u>   | <u>2.22</u>    | <u>64,564,924.45</u>    | 46.90                       |
|  | <u>6,198,882,269.26</u> | <u>100.00</u>  | <u>1,307,026,344.33</u> | 21.08                       |



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 8. Other receivables *(continued)*

|   | 31 December 2016        |                   |                         |                                   |
|---|-------------------------|-------------------|-------------------------|-----------------------------------|
|   | Gross carrying amount   |                   | Provision for bad debts |                                   |
|   | Amount                  | Proportion<br>(%) | Amount                  | Percentage of<br>provision<br>(%) |
| Individually significant and subject to<br>separate provision for bad debts     | 1,017,434,369.36        | 13.67             | 539,584,693.80          | 53.03                             |
| Provision for bad debts by credit<br>risk characteristics group                 |                         |                   |                         |                                   |
| Within 1 year (inclusive)   | 1,220,402,419.52        | 16.39             | –                       | –                                 |
| 1 to 2 years (inclusive)  | 160,780,360.75          | 2.16              | 48,234,108.23           | 30.00                             |
| 2 to 3 years (inclusive)  | 103,239,123.16          | 1.39              | 61,943,473.90           | 60.00                             |
| 3 to 4 years (inclusive)  | 127,219,106.15          | 1.71              | 108,136,240.22          | 85.00                             |
| 4 to 5 years (inclusive)  | 45,073,101.05           | 0.61              | 45,073,101.05           | 100.00                            |
| Over 5 years  | 440,202,091.09          | 5.91              | 440,202,090.13          | 100.00                            |
|   | 2,096,916,201.72        | 28.17             | 703,589,013.53          |                                   |
| Provision for bad debts by special<br>credit characteristics group              | 4,171,003,062.27        | 56.02             | –                       | –                                 |
| Individually not significant but subject<br>to separate provision for bad debts | 159,537,778.20          | 2.14              | 72,407,294.48           | 45.39                             |
|   | <u>7,444,891,411.55</u> | <u>100.00</u>     | <u>1,315,581,001.81</u> | <u>17.67</u>                      |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 8. Other receivables *(continued)*

As at 30 June 2017, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

|             | Gross carrying amount   | Provision for bad debts | Percentage of provision (%) | Reasons              |
|-------------|-------------------------|-------------------------|-----------------------------|----------------------|
| Unit 30     | 193,800,000.00          | 96,900,000.00           | 50.00                       | Partly uncollectible |
| Unit 31     | 126,964,897.64          | 20,757,643.16           | 16.00                       | Partly uncollectible |
| Unit 1      | 108,303,000.00          | 88,811,531.96           | 82.00                       | Partly uncollectible |
| Unit 32     | 99,813,936.45           | 44,311,262.99           | 44.00                       | Partly uncollectible |
| Other units | 477,913,559.01          | 290,850,004.33          | 61.00                       | Partly uncollectible |
|             | <b>1,006,795,393.10</b> | <b>541,630,442.44</b>   |                             |                      |

As at 31 December 2016, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

|             | Gross carrying amount   | Provision for bad debts | Percentage of provision (%) | Reasons              |
|-------------|-------------------------|-------------------------|-----------------------------|----------------------|
| Unit 30     | 193,800,000.00          | 96,900,000.00           | 50.00                       | Partly uncollectible |
| Unit 1      | 108,303,000.00          | 86,518,737.27           | 79.89                       | Partly uncollectible |
| Unit 32     | 101,333,690.45          | 45,116,490.50           | 44.52                       | Partly uncollectible |
| Unit 33     | 90,942,831.86           | 45,471,415.93           | 50.00                       | Partly uncollectible |
| Other units | 523,054,847.05          | 265,578,050.10          | 50.77                       | Partly uncollectible |
|             | <b>1,017,434,369.36</b> | <b>539,584,693.80</b>   |                             |                      |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 8. Other receivables *(continued)*

Other receivables by nature were as follows:

|  | 30 June 2017            | 31 December 2016 |
|--|-------------------------|------------------|
| Current account with other entities          | <b>1,675,482,148.15</b> | 1,793,209,374.36 |
| Disbursements previously made                | <b>737,646,675.53</b>   | 1,422,245,846.81 |
| Consideration receivable for equity transfer | <b>273,791,259.10</b>   | 1,073,891,148.86 |
| Deposits                                     | <b>911,771,348.42</b>   | 926,129,650.30   |
| Government grants receivable                 | <b>213,145,011.97</b>   | 125,635,677.69   |
| Reserve fund                                 | <b>103,797,848.40</b>   | 94,732,549.55    |
| Other current account                        | <b>976,221,633.36</b>   | 693,466,162.17   |
|  | <b>4,891,855,924.93</b> | 6,129,310,409.74 |

As at 30 June 2017, the top 5 other receivables were as follows:

|         | Closing balance         | Proportion in<br>total other<br>receivables<br>(%) | Nature  | Aging                    | Closing balance<br>of provision<br>for bad debts |
|---------|-------------------------|--|---|--------------------------|--|
| Unit 34 | 513,963,268.55          | 8.29   | Disbursements<br>previously made                | Within 1 year, 1-2 years | -  |
| Unit 26 | 290,114,045.28          | 4.68   | Other current account                           | Within 1 year, 3-4 years | -  |
| Unit 35 | 201,831,479.33          | 3.26   | Other current account                           | Within 1 year            | -  |
| Unit 30 | 193,800,000.00          | 3.13   | Consideration receivable<br>for equity transfer | Over 5 years             | 96,900,000.00                                    |
| Unit 31 | 126,964,897.64          | 2.04   | Current account with<br>other entities          | Within 1 year, 1-2 years | 20,757,643.16                                    |
|         | <b>1,326,673,690.80</b> | <b>21.40</b>                                       |   |                          | <b>117,657,643.16</b>                            |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 8. Other receivables *(continued)*

As at 31 December 2016, the top 5 other receivables were as follows:

|         | Closing balance         | Proportion in total other receivables (%) | Nature                                       | Aging                       | Closing balance of provision for bad debts |
|---------|-------------------------|---|--|-----------------------------|--|
| Unit 34 | 1,191,784,692.71        | 16.01                                     | Disbursements previously made                | Within 1 year, over 5 years | -  |
| Unit 36 | 834,548,506.03          | 11.21                                     | Consideration receivable for equity transfer | Within 1 year               | 95,441.55                                  |
| Unit 37 | 380,735,613.67          | 5.11                                      | Current account with other entities          | 1-2 years, over 5 years     | -  |
| Unit 35 | 201,831,479.33          | 2.71                                      | Other current account                        | Within 1 year               | -  |
| Unit 30 | 193,800,000.00          | 2.60                                      | Consideration receivable for equity transfer | 4-5 years                   | 96,900,000.00                              |
|         | <u>2,802,700,291.74</u> | <u>37.64</u>                              |  |                             | <u>96,995,441.55</u>                       |

As at 30 June 2017, government grants receivable were as follows:

|             | Description of government grants | Amount                | Aging                    | Expected time of receipt |
|-------------|----------------------------------|-----------------------|--------------------------|--------------------------|
| Unit 38     | Refunds of VAT                   | 77,652,937.25         | Within 1 year, 1-3 years | 2018                     |
| Unit 39     | Refunds of VAT                   | 43,939,084.36         | Within 1 year            | 2018                     |
| Unit 40     | Refunds of VAT                   | 34,913,443.45         | Within 1 year            | 2018                     |
| Unit 41     | Refunds of VAT                   | 12,966,556.26         | Within 1 year, 1-2 years | 2018                     |
| Unit 42     | Refunds of VAT                   | 8,959,618.49          | Within 1 year            | 2018                     |
| Unit 43     | Refunds of VAT                   | 6,293,373.77          | Within 1 year            | 2018                     |
| Unit 44     | Refunds of VAT                   | 5,194,924.17          | Within 1 year            | 2018                     |
| Unit 45     | Refunds of VAT                   | 4,922,202.22          | Within 1 year            | 2018                     |
| Unit 46     | Refunds of VAT                   | 4,429,185.63          | Within 1 year            | 2018                     |
| Unit 47     | Refunds of VAT                   | 4,275,914.43          | Within 1 year            | 2018                     |
| Other units | Refunds of VAT                   | <u>56,148,379.11</u>  | Within 1 year            | 2018                     |
|             |                                  | <u>259,695,619.14</u> |                          |                          |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 8. Other receivables *(continued)*

As at 31 December 2016, government grants receivable were as follows:

|             | Description of government grants | Amount                | Aging   | Expected time of receipt |
|-------------|----------------------------------|-----------------------|---|--------------------------|
| Unit 38     | Refunds of VAT                   | 87,182,138.66         | Within 1 year, 1-2 years,<br>2-3 years, 3-4 years | 2017                     |
| Unit 48     | Refunds of VAT                   | 16,783,317.01         | Within 1 year                                     | 2017                     |
| Unit 49     | Refunds of VAT                   | 4,086,029.84          | Within 1 year                                     | 2017                     |
| Unit 50     | Refunds of VAT                   | 3,434,800.38          | Within 1 year                                     | 2017                     |
| Unit 41     | Refunds of VAT                   | 3,355,945.72          | Within 1 year                                     | 2017                     |
| Unit 51     | Refunds of VAT                   | 2,950,074.73          | Within 1 year                                     | 2017                     |
| Unit 52     | Refunds of VAT                   | 1,933,821.10          | Within 1 year                                     | 2017                     |
| Unit 46     | Refunds of VAT                   | 1,593,974.61          | Within 1 year                                     | 2017                     |
| Unit 47     | Refunds of VAT                   | 1,498,351.45          | Within 1 year                                     | 2017                     |
| Unit 53     | Refunds of VAT                   | 758,753.57            | Within 1 year                                     | 2017                     |
| Other units | Refunds of VAT                   | <u>2,058,470.62</u>   |   |                          |
|             |                                  | <u>125,635,677.69</u> |   |                          |

As set out in Note IV. (2) Tax preferences, certain companies of the Group enjoy the policy of immediate refund of VAT levied. As at the balance sheet date, the value-added tax receivable refund policies have been verified by various tax bureaus, and the management expects that the amounts will be fully recovered next year.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 9. Inventories

|                            | 30 June 2017             |                                |                          |
|----------------------------|--------------------------|--------------------------------|--------------------------|
|                            | Gross carrying amount    | Provision for decline in value | Carrying value           |
| Raw materials              | 2,000,330,654.07         | (82,409,795.18)                | 1,917,920,858.89         |
| Items in production        | 1,170,245,827.58         | (70,299,702.51)                | 1,099,946,125.07         |
| Finished goods             | 1,872,494,434.54         | (73,276,234.30)                | 1,799,218,200.24         |
| Turnover materials         | 82,471,326.62            | (81,472.31)                    | 82,389,854.31            |
| Goods in stock             | 481,473,447.53           | (395,486.62)                   | 481,077,960.91           |
| Development costs          | 70,709,731,007.38        | (7,169,850.12)                 | 70,702,561,157.26        |
| Products under development | 9,649,117,570.66         | (192,426,873.84)               | 9,456,690,696.82         |
|                            | <b>85,965,864,268.38</b> | <b>(426,059,414.88)</b>        | <b>85,539,804,853.50</b> |

|                            | 31 December 2016         |                                |                          |
|----------------------------|--------------------------|--------------------------------|--------------------------|
|                            | Gross carrying amount    | Provision for decline in value | Carrying value           |
| Raw materials              | 2,065,180,305.69         | (73,982,451.78)                | 1,991,197,853.91         |
| Items in production        | 1,182,178,258.06         | (72,674,203.82)                | 1,109,504,054.24         |
| Finished goods             | 1,224,843,883.86         | (80,504,007.51)                | 1,144,339,876.35         |
| Turnover materials         | 71,580,440.68            | (337,616.84)                   | 71,242,823.84            |
| Goods in stock             | 453,792,881.65           | (1,122,050.29)                 | 452,670,831.36           |
| Development costs          | 48,699,606,647.31        | (40,401,250.12)                | 48,659,205,397.19        |
| Products under development | 10,976,675,796.38        | (293,601,747.06)               | 10,683,074,049.32        |
|                            | <b>64,673,858,213.63</b> | <b>(562,623,327.42)</b>        | <b>64,111,234,886.21</b> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 9. Inventories (continued)

The movements in provision for decline in value of inventories are as follows:

For the six months ended 30 June 2017

|                            | Opening<br>balance    | Increase in<br>business<br>combination<br>not under<br>common control | Provision for<br>the period | Decrease in the period |                      | Closing<br>balance    |
|----------------------------|-----------------------|---|-----------------------------|------------------------|----------------------|-----------------------|
|                            |                       |   |                             | Reversal               | Write-off            |                       |
| Raw materials              | 73,982,451.78         | 956,633.12  | 7,586,899.48                | 54,248.54              | 61,940.66            | 82,409,795.18         |
| Items in production        | 72,674,203.82         | -   | 502,551.85                  | 2,608,082.36           | 268,970.80           | 70,299,702.51         |
| Finished goods             | 80,504,007.51         | -   | 25,497.95                   | 6,021,082.32           | 1,232,188.84         | 73,276,234.30         |
| Turnover materials         | 337,616.84            | -   | -                           | 256,144.53             | -                    | 81,472.31             |
| Goods in stock             | 1,122,050.29          | -   | -                           | 726,563.67             | -                    | 395,486.62            |
| Development costs          | 40,401,250.12         | -   | -                           | -                      | 33,231,400.00        | 7,169,850.12          |
| Products under development | 293,601,747.06        | -   | -                           | 39,288,189.71          | 61,886,683.51        | 192,426,873.84        |
|                            | <u>562,623,327.42</u> | <u>956,633.12</u>   | <u>8,114,949.28</u>         | <u>48,954,311.13</u>   | <u>96,681,183.81</u> | <u>426,059,414.88</u> |

2016

|                            | Opening<br>balance    | Provision<br>for the year | Disposal of<br>subsidiaries | Decrease in the year |                       | Closing<br>balance    |
|----------------------------|-----------------------|---------------------------|-----------------------------|----------------------|-----------------------|-----------------------|
|                            |                       |                           |                             | Reversal             | Write-off             |                       |
| Raw materials              | 11,855,003.79         | 70,292,697.69             | 3,384,229.44                | 170,489.25           | 11,378,989.89         | 73,982,451.78         |
| Items in production        | 22,921,437.80         | 64,217,801.31             | 31,448.94                   | 70,000.00            | 14,426,484.23         | 72,674,203.82         |
| Finished goods             | 20,746,086.99         | 52,153,156.35             | 30,877,804.75               | 65,649.31            | 23,207,391.27         | 80,504,007.51         |
| Turnover materials         | 4,569,291.97          | -                         | 81,472.31                   | -                    | 4,313,147.44          | 337,616.84            |
| Goods in stock             | 1,092,050.29          | -                         | 30,000.00                   | -                    | -                     | 1,122,050.29          |
| Development costs          | 103,385,674.96        | -                         | 33,231,400.00               | 58,382,744.75        | 37,833,080.09         | 40,401,250.12         |
| Products under development | 210,002,295.72        | 122,507,305.80            | 56,375,105.23               | 19,877,938.20        | 75,405,021.49         | 293,601,747.06        |
|                            | <u>374,571,841.52</u> | <u>309,170,961.15</u>     | <u>124,011,460.67</u>       | <u>78,566,821.51</u> | <u>166,564,114.41</u> | <u>562,623,327.42</u> |

As at 30 June 2017, the balance of development costs included the capitalised borrowing costs of RMB3,535,637,822.65 (31 December 2016: RMB2,589,740,822.63). Borrowing costs of RMB914,934,789.81 were capitalised in the period (2016: RMB1,176,744,779.00), and the rate of interest capitalisation was 4.57% (31 December 2016: 5.29%).

Details of pledge of inventories are set out in Note V. 67.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 9. Inventories (continued)

(1) The following sets out the breakdown of costs of property development:

| Project name                                  | Time of commencement         | Estimated completion time of the next phase | Aggregate investment       | 30 June 2017            | 31 December 2016 |
|---|------------------------------|---|----------------------------|-------------------------|------------------|
| Hangzhou – Jingfangsanbao                     | December 2016                | Planning not yet completed                  | 10,389,880,000.00          | <b>7,370,614,483.26</b> | 430,000,000.00   |
| Tianjing – Airport Economic Area              | December 2017<br>(Estimated) | December 2018                               | 9,119,780,000.00           | <b>6,052,415,223.94</b> | 870,425,000.00   |
| Beijing – Fengtai Project                     | December 2015                | June 2018                                   | 6,821,640,000.00           | <b>5,509,315,648.83</b> | 5,160,344,380.51 |
| Beijing – Houshayu Project                    | October 2016                 | September 2018                              | 2,396,580,000.00           | <b>2,193,763,371.91</b> | 2,061,377,563.12 |
| Beijing – Tianzhu Town, Shunyi District       | Planning not yet completed   | Planning not yet completed                  | Planning not yet completed | <b>1,930,000,000.00</b> | –                |
| Ningbo – Gaoxin District                      | Planning not yet completed   | Planning not yet completed                  | Planning not yet completed | <b>817,788,200.00</b>   | –                |
| Hefei – Plot at Baohu District                | December 2016                | April 2020                                  | 7,832,880,000.00           | <b>4,740,766,703.10</b> | 800,000,000.00   |
| Nanjing – Plot G07 at Dairy Farm              | December 2016                | November 2018                               | 7,209,200,000.00           | <b>4,540,677,107.88</b> | 4,397,936,605.46 |
| Nanjing – Plot A2 of Xinglong Street North    | March 2014                   | September 2017                              | 4,540,170,000.00           | <b>4,032,700,906.93</b> | 3,910,427,220.40 |
| Chongqing – Xinduhui Project                  | November 2017<br>(Estimated) | September 2019                              | 20,117,351,300.00          | <b>4,013,509,910.14</b> | 3,940,158,970.41 |
| Anhui – Forklift Factory Project              | November 2015                | March 2019                                  | 8,697,690,000.00           | <b>5,194,199,372.99</b> | 5,034,952,658.04 |
| Beijing – Dacheng Changrun Penglai Project    | May 2015                     | November 2017                               | 2,028,840,000.00           | <b>3,497,031,966.71</b> | –                |
| Shanghai – Jiading Juyuan                     | November 2015                | May 2018                                    | 5,500,000,000.00           | <b>2,866,944,975.37</b> | 3,673,257,016.72 |
| Qingdao – Qingdao Project                     | March 2015                   | December 2017                               | 3,404,000,000.00           | <b>2,067,540,270.75</b> | 1,911,991,191.46 |
| Hangzhou – Plot at Laochengxiang              | July 2014                    | May 2018                                    | 2,291,327,400.00           | <b>1,731,788,061.81</b> | 1,663,791,321.65 |
| Chengdu – Wuhou Longxijun Project             | June 2015                    | December 2017                               | 2,761,300,000.00           | <b>1,712,087,730.80</b> | 1,641,038,032.55 |
| Haikou – Haidianxi Project                    | April 2016                   | October 2017                                | 3,557,265,274.00           | <b>1,645,713,354.54</b> | 1,470,720,237.00 |
| Chongqing – Nanshanjun                        | December 2011                | July 2017                                   | 4,374,991,427.00           | <b>1,430,568,265.38</b> | 1,402,607,558.73 |
| Beijing – Plot at Western Xijiao Gravel Plant | May 2016                     | December 2018                               | 2,648,303,200.00           | <b>1,329,929,029.73</b> | 1,134,273,463.68 |
| Tangshan – Jin'anhongbao                      | February 2015                | October 2017                                | 552,507,290.58             | <b>1,096,060,283.92</b> | 1,071,857,554.53 |
| Tangshan – Qixing 1889#                       | April 2014                   | April 2019                                  | 810,889,940.35             | <b>1,020,827,736.51</b> | 253,421,513.66   |
| Chongqing – Shidaiduhui                       | December 2011                | March 2018                                  | 4,036,912,780.00           | <b>864,291,143.58</b>   | 1,118,132,596.64 |
| Tangshan – Jinyu Lefu                         | March 2011                   | October 2017                                | 1,900,176,778.32           | <b>660,121,256.85</b>   | 765,788,042.96   |
| Inner Mongolia – Jinyu Global Finance Centre  | July 2013                    | September 2017                              | 4,276,051,600.00           | <b>622,373,110.89</b>   | 759,502,919.70   |
| Tianjin – Jinyu Yuecheng                      | September 2010               | October 2017                                | 5,157,217,800.00           | <b>516,449,388.52</b>   | 851,640,529.34   |
| Beijing – Phase II of Dandian                 | April 2014                   | September 2017                              | 4,406,665,057.79           | <b>474,998,126.95</b>   | 460,817,457.82   |



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For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 9. Inventories *(continued)*

(1) *The following sets out the breakdown of costs of property development: (continued)*

| Project name  | Time of commencement | Estimated completion time of the next phase | Aggregate investment | 30 June 2017             | 31 December 2016  |
|---|----------------------|---|----------------------|--------------------------|-------------------|
| Hangzhou – 2D Plot                                    | May 2013             | December 2017                               | 644,267,397.16       | <b>459,086,824.86</b>    | 414,553,168.33    |
| Beijing – Nankou Project                              | May 2016             | September 2018                              | 682,973,619.00       | <b>269,169,982.71</b>    | 166,513,842.87    |
| Beijing – Jinyu Hongshizuo                            | March 2012           | December 2017                               | 928,663,517.09       | <b>256,322,075.68</b>    | 248,553,386.87    |
| Beijing – Public Rental Apartments of Technology Park | June 2015            | March 2019                                  | 1,377,090,000.00     | <b>237,965,398.02</b>    | 65,697,288.23     |
| Ma'anshan – Project at the Eastern Foot of Jiashan    | May 2013             | September 2017                              | 1,060,105,900.00     | <b>211,644,488.89</b>    | 209,432,768.83    |
| Beijing – Chaoyang New City                           | August 2013          | December 2017                               | 4,184,808,038.41     | <b>182,376,278.30</b>    | 181,306,766.31    |
| Tianjin – Elegancy City                               | May 2013             | December 2017                               | 2,294,700,000.00     | <b>170,277,732.61</b>    | 170,080,323.21    |
| Beijing – Kanghuiyuan                                 | February 2009        | March 2019                                  | 1,923,699,963.82     | <b>130,589,060.98</b>    | 126,759,088.18    |
| Beijing – Changyang Polytechnic University Land No.1  | May 2013             | December 2017                               | 2,500,000,000.00     | <b>121,846,559.36</b>    | 1,215,379,825.89  |
| Hangzhou – 2G/F Plot                                  | July 2016            | December 2020                               | N/A                  | <b>121,721,612.37</b>    | 121,721,612.37    |
| Baoding – Laishui Dormitory                           | March 2009           | December 2017                               | 49,479,634.00        | <b>46,259,744.33</b>     | 43,883,283.18     |
| Beijing – Jinyu Vanke City                            | March 2008           | Planning of Plot A7 not yet completed       | 4,011,000,000.00     | <b>25,409,747.95</b>     | 24,843,994.77     |
| Beijing – Phase II of Xingpai                         | April 2014           | December 2017                               | 3,111,138,531.52     | <b>24,753,018.72</b>     | 23,393,996.43     |
| Others  |                      |   |                      | <b>512,663,001.19</b>    | 862,624,217.34    |
|   |                      |   |                      | <b>70,702,561,157.26</b> | 48,659,205,397.19 |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 9. Inventories (continued)

(2) The following sets out the breakdown of completed properties:

| Project name                             | Completion date<br>of the latest phase | Opening balance  | Increase<br>in the period | Decrease<br>in the period | Closing balance |
|--|--|------------------|---------------------------|---------------------------|-----------------|
| Beijing – Jinyu Shanshu                  | October 2014                           | 58,473,651.79    | –                         | (240,920.63)              | 58,232,731.16   |
| Beijing – Chaoyang New City              | June 2015                              | 775,122,392.30   | –                         | (8,088,954.95)            | 767,033,437.35  |
| Beijing – Meihuyuan                      | June 2010                              | 5,634,489.44     | –                         | –                         | 5,634,489.44    |
| Beijing – Kanghuiyuan                    | March 2011                             | 126,055,470.49   | –                         | (2,262,521.53)            | 123,792,948.96  |
| Beijing – Jiaheyuan                      | August 2016                            | 49,670,002.47    | –                         | (41,002,790.10)           | 8,667,212.37    |
| Beijing – Tuqiao Project                 | August 2016                            | 218,438,839.76   | –                         | (86,256,372.34)           | 132,182,467.42  |
| Beijing – Guanlan Times                  | June 2013                              | 5,063,529.23     | –                         | –                         | 5,063,529.23    |
| Beijing – Binheyuan                      | June 2014                              | 86,930,459.18    | –                         | (11,829,957.36)           | 75,100,501.82   |
| Beijing – Taiheyuan                      | December 2013                          | 45,975,220.53    | –                         | –                         | 45,975,220.53   |
| Hangzhou – Guanlan Times                 | February 2015                          | 850,779,512.38   | –                         | (220,535,387.44)          | 630,244,124.94  |
| Beijing – Chang'an New City              | December 2007                          | 57,406,570.26    | –                         | (4,131,708.94)            | 53,274,861.32   |
| Beijing – Dachengjun                     | August 2012                            | 38,471,104.47    | –                         | (62,474.40)               | 38,408,630.07   |
| Beijing – Dacheng Shidai                 | November 2010                          | 95,414,114.52    | –                         | –                         | 95,414,114.52   |
| Beijing – Liyuan Jincheng Center         | December 2013                          | 9,282,530.11     | –                         | (1,198,900.03)            | 8,083,630.08    |
| Hainan – Dacheng Business Apartments     | February 2005                          | 39,007,053.77    | –                         | –                         | 39,007,053.77   |
| Haikou – Meilinghu                       | December 2013                          | 13,830,730.52    | –                         | (11,700,523.85)           | 2,130,206.67    |
| Tianjin – Jinyu Yuecheng                 | January 2017                           | 151,040,979.13   | 470,677,353.18            | (445,844,274.63)          | 175,874,057.68  |
| Beijing – Jianxinyuan Affordable Housing | December 2008                          | 15,961,739.07    | –                         | (7,165,847.63)            | 8,795,891.44    |
| Beijing – Tiantan Gongguan               | June 2008                              | 9,979,590.96     | –                         | (791,007.72)              | 9,188,583.24    |
| Tangshan – Jinyu Lefu                    | June 2017                              | 819,148,124.18   | 129,516,916.58            | (180,926,574.58)          | 767,738,466.18  |
| Beijing – Ruiheyuan                      | October 2014                           | 21,873,764.49    | –                         | –                         | 21,873,764.49   |
| Beijing – Jinyu Feili                    | April 2016                             | 1,026,832,841.37 | –                         | (704,314,537.14)          | 322,518,304.23  |
| Beijing – I Cube                         | February 2015                          | 29,860,305.60    | –                         | (2,551,548.15)            | 27,308,757.45   |
| Chongqing – Nanshanjun                   | December 2015                          | 656,320,985.95   | –                         | (66,753,305.94)           | 589,567,680.01  |
| Beijing – Dacheng International          | December 2011                          | 30,603,408.75    | –                         | (961,573.40)              | 29,641,835.35   |
| Inner Mongolia – Elegancy City           | March 2016                             | 261,213,200.04   | –                         | (17,796,177.01)           | 243,417,023.03  |
| Chongqing – Shidaiduhui                  | May 2017                               | 331,632,488.00   | 359,187,010.34            | (233,366,952.60)          | 457,452,545.74  |
| Hangzhou – Banshan Tianyuan              | March 2016                             | 982,989,703.80   | –                         | (276,422,300.95)          | 706,567,402.85  |
| Beijing – Guogongzhuang                  | December 2014                          | 92,075,667.54    | –                         | (14,886,583.03)           | 77,189,084.51   |
| Beijing – Ziyouzhu                       | December 2016                          | 9,935,294.75     | –                         | (2,479,711.76)            | 7,455,582.99    |
| Chengdu – Dachengjun                     | January 2015                           | 326,674,368.17   | –                         | (16,279,232.45)           | 310,395,135.72  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 9. Inventories *(continued)*

(2) *The following sets out the breakdown of completed properties: (continued)*

| Project name  | Completion date<br>of the latest phase | Opening balance          | Increase<br>in the period | Decrease<br>in the period | Closing balance         |
|---|--|--------------------------|---------------------------|---------------------------|-------------------------|
| Haikou – Xixili   | December 2016                          | 310,474,621.33           | -                         | (34,530,400.76)           | 275,944,220.57          |
| Beijing – Jiapin MALL                                   | September 2015                         | 811,471,711.72           | -                         | -                         | 811,471,711.72          |
| Qingdao – Elegancy City                                 | November 2015                          | 40,770,060.52            | -                         | (16,792,110.10)           | 23,977,950.42           |
| Ma' anshan – Jiashanshu                                 | June 2016                              | 108,581,143.81           | -                         | (57,370,849.84)           | 51,210,293.97           |
| Beijing – Huijingyuan                                   | June 2016                              | 59,317,479.34            | -                         | (15,595,009.48)           | 43,722,469.86           |
| Beijing – Huixingyuan                                   | June 2016                              | 28,986,628.81            | -                         | (5,762,046.79)            | 23,224,582.02           |
| Tianjin Ligang – Jinyu Mantang                          | December 2015                          | 444,362,167.37           | -                         | (240,021,614.35)          | 204,340,553.02          |
| Inner Mongolia – Jinyu Times City                       | June 2014                              | 90,968,930.27            | -                         | (5,704,599.88)            | 85,264,330.39           |
| Beijing – Jinyu Lanwan                                  | October 2016                           | 274,506,382.88           | -                         | (223,207,683.29)          | 51,298,699.59           |
| Beijing – Tuqiao Phase III                              | August 2016                            | 75,052,011.85            | -                         | (4,696,943.51)            | 70,355,068.34           |
| Beijing – BBMG International                            | April 2005                             | 85,111,715.33            | -                         | -                         | 85,111,715.33           |
| Beijing – Changyang Polytechnic University<br>Land No.1 | June 2017                              | 230,447,744.75           | 1,041,872,399.31          | (793,916,774.65)          | 478,403,369.41          |
| Shanghai – Juyuan Xinqu                                 | June 2017                              | -                        | 1,221,072,014.77          | (810,222,790.87)          | 410,849,223.90          |
| Inner Mongolia – Global Center                          | June 2017                              | -                        | 445,890,147.37            | (82,822,085.88)           | 363,068,061.49          |
| Tanshan – Qixin 1889# Phase I                           | January 2016                           | 298,417,801.69           | -                         | (91,219,169.09)           | 207,198,632.60          |
| Tanshan – Jin'anhongbao                                 | January 2016                           | 442,652,863.34           | -                         | (181,139,537.59)          | 261,513,325.75          |
| InnerMongolia – Lixinjiayuan                            | September 2016                         | 118,078,793.37           | -                         | (44,779,659.68)           | 73,299,133.69           |
| Others  |  | 22,175,859.92            | 71,032,220.27             | -                         | 93,208,080.19           |
|   |  | <u>10,683,074,049.32</u> | <u>3,739,248,061.82</u>   | <u>(4,965,631,414.32)</u> | <u>9,456,690,696.82</u> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 10. Other current assets

|  | 30 June 2017            | 31 December 2016 |
|--|-------------------------|------------------|
| Prepaid enterprise income tax  | <b>779,928,798.98</b>   | 709,909,333.90   |
| Prepaid land appreciation tax  | <b>717,950,889.24</b>   | 662,655,374.49   |
| Prepaid business tax and other tax   | <b>745,920,834.75</b>   | 716,050,902.71   |
| VAT recoverable  | <b>582,061,811.64</b>   | 528,218,009.56   |
| VAT certifiable  | <b>2,543,913.82</b>     | 30,632,353.75    |
| Prepaid expenses   | <b>147,030,133.75</b>   | 23,170,067.68    |
| Others   | <b>183,487,275.06</b>   | 158,572,745.01   |
| Amortisation of long-term prepaid expenses<br>within one year (Note V. 21) | <b>52,354,231.80</b>    | 52,604,396.96    |
|  | <b>3,211,277,889.04</b> | 2,881,813,184.06 |

#### 11. Available-for-sale financial assets

|                                       |     | 30 June 2017            | 31 December 2016 |
|---------------------------------------|-----|-------------------------|------------------|
| Available-for-sale debt instruments   | (1) | <b>3,206,109,477.05</b> | 1,506,972,400.00 |
| Available-for-sale equity instruments |     |                         |                  |
| Measured at fair value                | (2) | <b>942,370,429.44</b>   | 984,678,552.96   |
| Measured at cost                      | (3) | <b>6,697,450.96</b>     | 6,697,450.96     |
|                                       |     | <b>4,155,177,357.45</b> | 2,498,348,403.92 |

(1) As at 30 June 2017, Jidong Development Group International Trading Co., Ltd. (冀東發展集團國際貿易有限公司), Jidong Sand Gravel Aggregate Co., Ltd. (冀東砂石骨料有限公司), Tangshan Dunshi Real Estate Development Co. Ltd. (唐山盾石房地產開發有限公司), Hebei Building Material Industry Design & Research Institution (河北省建築材料工業設計研究院) and Jidong Development Logistics Co., Ltd. (冀東發展物流有限責任公司), all being subsidiaries of the Company, held collective trust of Noble Sky Wenjian Phase I from Yunan International Trust Co., Ltd. (雲南國際信託有限公司), amounting to RMB1,506,972,400.00 in aggregate (31 December 2016: RMB1,506,972,400.00).

As at 30 June 2017, BBMG Finance Co., Ltd, a subsidiary of the Company, held an aggregate amount of negotiable certificates of deposit of RMB1,699,137,077.05 from Shanghai Pudong Development Bank, Industrial Bank, Ping An Bank, Heng Feng Bank and China Everbright Bank.

(2) As at 30 June 2017, BBMG Finance Lease Co., Ltd., a subsidiary of the Company, held investment-related financial products including Huazheng Value No. 330 amounting to RMB104,000,000.00 and FTSE New Hope No. 1 amounting to RMB287,280,000.00.

Jidong Cement, a subsidiary of the Group, held 108,482,368 shares of Yatai (Group) (stock code: 600881). As at 30 June 2017, the share price and market value were RMB5.08 and RMB551,090,429.44 respectively. The lock-up period of such shares will expire in April 2018.

(3) As at 30 June 2017 and 31 December 2016, the fair value of domestic non-listed equity investments held by the Group could not be reliably measured due to lack of a quoted price in an active market, and these equity investments were measured at cost. The specific details are as follows:

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 11. Available-for-sale financial assets (continued)

For the six months ended 30 June 2017:

|  | Gross carrying amount |                        |                 | Provision for impairment |                        |                 | Percentage of shareholding (%) | Cash dividend for the period |
|--|-----------------------|------------------------|-----------------|--------------------------|------------------------|-----------------|--------------------------------|------------------------------|
|  | Opening balance       | Increase in the period | Closing balance | Opening balance          | Increase in the period | Closing balance |                                |                              |
| Tianjia (Tianjin) Building Materials Company Limited (天嘉天津建材有限公司)                    | 1,000,000.00          | -                      | 1,000,000.00    | 1,000,000.00             | -                      | 1,000,000.00    | 10.00                          | -                            |
| Chengguan Rural Credit Cooperatives, Fangshan District, Beijing (北京市房山區城關農村信用合作社)    | 101,000.00            | -                      | 101,000.00      | -                        | -                      | -               | -                              | -                            |
| Zhongyou Jinyu (Beijing) Oil Sales Co., Ltd. (中油金隅(北京)石油銷售有限公司)                      | 3,000,000.00          | -                      | 3,000,000.00    | -                        | -                      | -               | 10.00                          | 266,086.09                   |
| *Beijing Beizhuan Gas Station (北京市北磚加油站)   | 648,297.22            | -                      | 648,297.22      | 291,047.22               | -                      | 291,047.22      | 62.50                          | -                            |
| *Beijing Xinjanxinyuan Farmer's Market Co., Ltd. (北京市鑫建欣苑農貿市場有限公司)                   | 380,000.00            | -                      | 380,000.00      | -                        | -                      | -               | 95.00                          | -                            |
| Beijing Tianyun Trading (北京天雲實業)   | 75,000.00             | -                      | 75,000.00       | -                        | -                      | -               | -                              | -                            |
| Beijing Yadu Science and Technology Co., Ltd. (北京亞都科技股份有限公司)                         | 200,000.00            | -                      | 200,000.00      | -                        | -                      | -               | 0.20                           | -                            |
| *Hainan Dihao Furniture Co., Ltd. (海南帝豪傢俱公司)   | 2,645,418.54          | -                      | 2,645,418.54    | 2,645,418.54             | -                      | 2,645,418.54    | 55.00                          | -                            |
| Beijing Tsinghua Unisplendor Founder High-Tech Ceramics Co. Ltd. (北京清華紫光方大高技術陶瓷有限公司) | 3,267,700.00          | -                      | 3,267,700.00    | 3,267,700.00             | -                      | 3,267,700.00    | 27.14                          | -                            |
| Beijing Capital Engineering Co., Ltd. (北京首都工程有限公司)                                   | 100,000.00            | -                      | 100,000.00      | 100,000.00               | -                      | 100,000.00      | 0.34                           | -                            |
| Hebei ZCJY (河北眾誠建築)  | 500,000.00            | -                      | 500,000.00      | -                        | -                      | -               | 16.00                          | -                            |
| Tangshan Productivity Promotion Center Co., Ltd. (唐山市生產力促進中心有限公司)                    | 194,200.96            | -                      | 194,200.96      | -                        | -                      | -               | 16.67                          | -                            |
| Sinoma Hanjiang Cement Co., Ltd. (中材漢江水泥股份有限公司)                                      | 600,000.00            | -                      | 600,000.00      | -                        | -                      | -               | 0.22                           | -                            |
| Xi'an High-Tech Industry Company (西安高科實業公司)  | 1,220,000.00          | -                      | 1,220,000.00    | -                        | -                      | -               | 1.12                           | -                            |
| Shaanxi Yao County Cement Factory Properties Co., Ltd. (陝西耀縣水泥廠置業有限公司)               | 70,000.00             | -                      | 70,000.00       | -                        | -                      | -               | 0.29                           | -                            |
| **Tangshan Jidong Huijian Cement Co., Ltd. (唐山冀東灰劍水泥有限公司)                            | -                     | -                      | -               | -                        | -                      | -               | 51.00                          | -                            |
| **Hebei Shenglun Corporation Ltd. (河北聖倫股份有限公司)                                       | -                     | -                      | -               | -                        | -                      | -               | 0.25                           | -                            |
|  | 14,001,616.72         | -                      | 14,001,616.72   | 7,304,165.76             | -                      | 7,304,165.76    |                                | 266,086.09                   |

## Notes to Unaudited Interim Financial Statements

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 11. Available-for-sale financial assets (continued)

2016

|  | Gross carrying amount |                      |                 | Provision for impairment |                      |                 | Percentage of shareholding (%) | Cash dividend for the year |
|--|-----------------------|----------------------|-----------------|--------------------------|----------------------|-----------------|--------------------------------|----------------------------|
|  | Opening balance       | Increase in the year | Closing balance | Opening balance          | Increase in the year | Closing balance |                                |                            |
| Tianjia (Tianjin) Building Materials Company Limited (天嘉天津建材有限公司)                    | 1,000,000.00          | -                    | 1,000,000.00    | 746,000.00               | 254,000.00           | 1,000,000.00    | 10.00                          | -                          |
| Chengguan Rural Credit Cooperatives, Fangshan District, Beijing (北京市房山區城關農村信用合作社)    | 101,000.00            | -                    | 101,000.00      | -                        | -                    | -               | -                              | 8,888.00                   |
| Zhongyou Jinyu (Beijing) Oil Sales Co., Ltd. (中油金隅(北京)石油銷售有限公司)                      | 3,000,000.00          | -                    | 3,000,000.00    | -                        | -                    | -               | 10.00                          | 174,461.30                 |
| *Beijing Beizhuan Gas Station (北京市北磚加油站)   | 648,297.22            | -                    | 648,297.22      | 291,047.22               | -                    | 291,047.22      | 62.50                          | 1,152,381.01               |
| *Beijing Xinjianxin Yuan Farmer's Market Co., Ltd. (北京市鑫建欣苑農貿市場有限公司)                 | 380,000.00            | -                    | 380,000.00      | -                        | -                    | -               | 95.00                          | -                          |
| Beijing Tianyun Trading (北京天雲實業)   | 75,000.00             | -                    | 75,000.00       | -                        | -                    | -               | -                              | -                          |
| Beijing Yadu Science and Technology Co., Ltd. (北京亞都科技股份有限公司)                         | 200,000.00            | -                    | 200,000.00      | -                        | -                    | -               | 0.20                           | -                          |
| *Hainan Dihao Furniture Co., Ltd. (海南帝豪傢俱公司)   | 2,645,418.54          | -                    | 2,645,418.54    | 2,645,418.54             | -                    | 2,645,418.54    | 55.00                          | -                          |
| Beijing Tsinghua Unisplendor Founder High-Tech Ceramics Co. Ltd. (北京清華紫光方大高技術陶瓷有限公司) | 3,267,700.00          | -                    | 3,267,700.00    | 3,267,700.00             | -                    | 3,267,700.00    | 27.14                          | -                          |
| Beijing Capital Engineering Co., Ltd. (北京首都工程有限公司)                                   | 100,000.00            | -                    | 100,000.00      | 100,000.00               | -                    | 100,000.00      | 0.34                           | -                          |
| Hebei ZCJY (河北眾誠建築)  | -                     | 500,000.00           | 500,000.00      | -                        | -                    | -               | 16.00                          | -                          |
| Tangshan Productivity Promotion Center Co., Ltd. (唐山市生產力促進中心有限公司)                    | -                     | 194,200.96           | 194,200.96      | -                        | -                    | -               | 16.67                          | 121,914.00                 |
| Sinoma Hanjiang Cement Co., Ltd. (中材漢江水泥股份有限公司)                                      | -                     | 600,000.00           | 600,000.00      | -                        | -                    | -               | 0.22                           | -                          |
| Xi'an High-Tech Industry Company (西安高科實業公司)  | -                     | 1,220,000.00         | 1,220,000.00    | -                        | -                    | -               | 1.12                           | -                          |
| Shaanxi Yao County Cement Factory Properties Co., Ltd. (陝西耀縣水泥廠置業有限公司)               | -                     | 70,000.00            | 70,000.00       | -                        | -                    | -               | 0.29                           | -                          |
| **Tangshan Jidong Huijian Cement Co., Ltd. (唐山冀東灰劍水泥有限公司)                            | -                     | -                    | -               | -                        | -                    | -               | 51.00                          | -                          |
| **Hebei Shenglun Corporation Ltd. (河北聖倫股份有限公司)                                       | -                     | -                    | -               | -                        | -                    | -               | 0.25                           | -                          |
|  | 11,417,415.76         | 2,584,200.96         | 14,001,616.72   | 7,050,165.76             | 254,000.00           | 7,304,165.76    |                                | 1,457,644.31               |

\* The Group holds more than 50% of the equity interests in these companies but is unable to participate in their operation and decision-making, which are therefore accounted for as available-for-sale financial assets.

\*\* Tangshan Jidong Huijian Cement Co., Ltd. and Hebei Shenglun Corporation Ltd. are investees of Jidong Cement. Jidong Cement had losted its control over Tangshan Jidong Huijian Cement Co., Ltd. and made full provision for impairment prior to 31 March 2016.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 12. Long-term receivables

|                                  | 30 June 2017          | 31 December 2016 |
|----------------------------------|-----------------------|------------------|
| Finance lease receivables        | –                     | 4,750,000.00     |
| Receivables from related parties | <b>240,317,944.18</b> | 202,959,788.90   |
|                                  | <b>240,317,944.18</b> | 207,709,788.90   |

Receivables from related parties referred to the borrowings and interests receivable provided to Cross Point Trading 274 (Pty) Ltd (RF), a joint venture of African Rhino Co., Ltd. (非洲犀牛有限公司) which is a subsidiary of the Group. Pursuant to the agreement between both parties, such receivables will be recovered before March 2044.

An aging analysis of the long-term receivables is as follows:

|  | 30 June 2017          | 31 December 2016 |
|--|-----------------------|------------------|
| Within 1 year  | <b>28,270,491.81</b>  | 19,991,482.94    |
| 1-2 years  | <b>20,811,906.86</b>  | 50,056,538.37    |
| 2-3 years  | <b>46,616,816.97</b>  | 137,661,767.59   |
| Over 3 years   | <b>144,618,728.54</b> | –                |
|  | <b>240,317,944.18</b> | 207,709,788.90   |
| Less: Provision for bad debts of long-term receivables | –                     | –                |
|  | <b>240,317,944.18</b> | 207,709,788.90   |

As at the balance sheet date, as evaluated by the management of the Group, no provision for impairment was needed for long-term receivables.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 13. Long-term equity investments

For the six months ended 30 June 2017:

|   | Opening balance  | Increase/<br>(Decrease) in<br>investment | Movements during the period                       |   |                            |                             |   | Carrying amount<br>at the end of<br>the period | Provision for<br>impairment at the<br>end of the period | Closing<br>net value |
|---|------------------|--|---|---|----------------------------|-----------------------------|---|--|---|----------------------|
|   |                  |  | Investment gain<br>or loss under<br>equity method | Other<br>movements of<br>equity interests | Cash dividends<br>declared | Provision for<br>impairment |   |  |   |                      |
| Joint ventures  |                  |  |   |   |                            |                             |   |  |   |                      |
| STAR-JSG Building Materials Co., Ltd.<br>(星牌嘉時吉建築材料有限公司)  | -                | -  | 3,716,224.08                                      | -   | -                          | -                           | - | -  | 3,716,224.08  | 3,716,224.08         |
| BBMG Landao Commercial Operation<br>Management Co., Ltd.<br>(北京金藍高福業管理有限公司)                                       | 3,725,369.48     | -  | -   | -   | (60,126.03)                | -                           | - | -  | 3,665,243.45  | 3,665,243.45         |
| BBMG TUS Technology Incubator Co., Ltd.<br>(北京金樂歐迪科技孵化器有限公司)  | 3,683,994.60     | -  | 60,026.89   | -   | -                          | -                           | - | -  | 3,744,021.49  | 3,744,021.49         |
| Jidong Heidelberg (Fufeng) Cement Co., Ltd.<br>(冀東海德堡扶風水泥有限公司)  | 490,907,685.52   | -  | 22,787,951.38                                     | 520,151.70                                | (72,165,000.00)            | -                           | - | -  | 442,050,788.60  | 442,050,788.60       |
| Jidong Heidelberg (Jingjiang) Cement Co., Ltd.<br>(冀東海德堡涇陽水泥有限公司)   | 531,865,534.19   | -  | 29,641,535.64                                     | 353,921.71                                | (50,000,000.00)            | -                           | - | -  | 511,860,991.54  | 511,860,991.54       |
| Tangshan Caoleidian Dunshi New Building<br>Material Co., Ltd.<br>(唐山曹妃甸石新建材有限公司)                                  | 100,944,300.10   | -  | 13,441,790.15                                     | -   | -                          | -                           | - | -  | 114,386,090.25  | 114,386,090.25       |
| Anshan Jidong Cement Co., Ltd.<br>(鞍山冀東水泥有限公司)  | 234,064,065.95   | -  | 454,686.90  | -   | -                          | -                           | - | -  | 234,518,752.85  | 234,518,752.85       |
| Jidong Pacific (Beijing) Environmental<br>Protection Engineering Technology<br>Co., Ltd.<br>(冀東太平洋(北京)環保工程技術有限公司) | 11,129,657.22    | -  | 218,029.52  | -   | -                          | -                           | - | -  | 11,347,686.74   | 11,347,686.74        |
| Cross Point Trading 274 (Pty) Ltd (RF)  | 72,671,080.66    | -  | (90,976.75)                                       | (3,573,352.36)                            | -                          | -                           | - | -  | 69,006,751.55   | 69,006,751.55        |
| Subtotal of joint ventures  | 1,448,991,687.72 | -  | 70,229,267.81                                     | (2,699,278.95)                            | (122,225,126.03)           | -                           | - | -  | 1,394,296,550.55  | 1,394,296,550.55     |



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 13. Long-term equity investments (continued)

For the six months ended 30 June 2017: (continued)

|  | Opening balance | Increase/<br>(Decrease) in<br>investment | Movements during the period                       |   |                            |                             | Carrying amount<br>at the end of<br>the period | Provision for<br>impairment at the<br>end of the period | Closing<br>net value |
|--|-----------------|--|---|---|----------------------------|-----------------------------|--|---|----------------------|
|  |                 |  | Investment gain<br>or loss under<br>equity method | Other<br>movements of<br>equity interests | Cash dividends<br>declared | Provision for<br>impairment |  |   |                      |
| Associates   |                 |  |   |   |                            |                             |  |   |                      |
| Krono (Beijing) Woods Co., Ltd.<br>(柯諾(北京)木業有限公司)  | 72,371,175.20   | (68,401,982.43)                          | (3,969,192.77)                                    | -   | -                          | -                           | -  | -   |                      |
| Zehnder (China) Indoor Climate Co., Ltd.<br>(森德(中國)暖通設備有限公司)   | 142,904,803.94  | -  | (16,262,987.22)                                   | -   | (32,307,000.00)            | 94,334,816.72               | -  | 94,334,816.72   |                      |
| OCV Reinforcements (Beijing) Co., Ltd.<br>(歐文斯科學複合材料(北京)有限公司)  | 63,680,856.42   | -  | 602,419.49  | -   | -                          | 64,283,275.91               | -  | 64,283,275.91   |                      |
| Beijing Gaopiang Concrete Co., Ltd.<br>(北京市高強混凝土有限公司)  | 25,067,432.00   | -  | (1,421,052.81)                                    | -   | -                          | 23,646,379.19               | -  | 23,646,379.19   |                      |
| Beijing Sincobide Technology Co., Ltd.<br>(北京金時佰德技術有限公司)   | 10,592,819.89   | -  | 730,745.26  | -   | -                          | 11,323,565.15               | -  | 11,323,565.15   |                      |
| Hebei Ruisuo Solid Waste Engineering<br>Technology Research Institute Co., Ltd.<br>(河北睿素固廢工程技術研究院有限公司) | 16,128,846.71   | -  | 37,885.40   | -   | -                          | 16,166,732.11               | -  | 16,166,732.11   |                      |
| Tangshan Conch Profiles Co., Ltd.<br>(唐山海獅型材有限公司)  | 143,126,171.52  | -  | (1,336,590.52)                                    | -   | -                          | 141,789,581.00              | -  | 141,789,581.00  |                      |
| Beijing Youth Camp Jinyu Fengshan<br>Education Technology Co., Ltd.<br>(北京青年營金鷹鳳山教育科技(北京)有限公司)         | 1,502,187.19    | -  | (16,881.68)                                       | -   | -                          | 1,485,305.51                | -  | 1,485,305.51  |                      |
| Baogang Jidong Cement Co., Ltd.<br>(包鋼冀東水泥有限公司)  | 97,818,593.99   | -  | 1,026,579.39                                      | -   | -                          | 98,845,173.38               | -  | 98,845,173.38   |                      |
| Jidong Cement Fuleng Transportation Co., Ltd.<br>(冀東水泥法風運輸有限公司)  | 6,471,985.71    | -  | (278,146.37)                                      | 266.35                                    | -                          | 6,194,105.69                | -  | 6,194,105.69  |                      |
| Jilin Changjitu Investment Co., Ltd.<br>(吉林省長吉圖投資有限公司)   | 148,817,651.91  | -  | (2,353,664.25)                                    | -   | -                          | 146,463,987.66              | -  | 146,463,987.66  |                      |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 13. Long-term equity investments (continued)

For the six months ended 30 June 2017: (continued)

|   | Movements during the period |                                    |   |                                     |                         |                          |  | Closing net value |   |
|---|-----------------------------|------------------------------------|---|-------------------------------------|-------------------------|--------------------------|--|-------------------|---|
|   | Opening balance             | Increase/ (Decrease) in investment | Investment gain or loss under equity method | Other movements of equity interests | Cash dividends declared | Provision for impairment | Carrying amount at the end of the period |                   | Provision for impairment at the end of the period |
| SINUI TRADING PTE LTD<br>(新實聯私人有限公司)  | 5,081,441.23                | -                                  | (211,500.62)                                | -                                   | -                       | -                        | 4,869,940.61                             | -                 | 4,869,940.61                                      |
| Zhongqiang Huarui (Tangshan) Real Estate Co., Ltd.  | 4,999,973.07                | -                                  | 1,652.47                                    | -                                   | -                       | -                        | 4,991,625.54                             | -                 | 4,991,625.54                                      |
| Changchun Light Rail Jicong Concrete Co., Ltd.<br>(长春轻轨东混凝土有限公司)                              | 46,105,348.27               | -                                  | 6,031,740.43                                | -                                   | (12,134,483.91)         | -                        | 40,002,604.79                            | -                 | 40,002,604.79                                     |
| Tangshan Haigang Datang Tongzhou Construction Materials Company Limited<br>(唐山海港大唐同达建材有限公司)** | -                           | -                                  | -   | -                                   | -                       | -                        | -  | -                 | -   |
| Tangshan Hangqiao Heavy Industry Co., Ltd.<br>(唐山航重工有限公司)**                                   | -                           | -                                  | -   | -                                   | -                       | -                        | -  | -                 | -   |
| Beijing Xiuyan Concrete Co., Ltd.<br>(北京新源混凝土有限公司)**  | -                           | -                                  | -   | -                                   | -                       | -                        | -  | -                 | -   |
| Xianyang Jidong High-New Concrete Co., Ltd.<br>(咸阳冀新高混凝土有限公司)**                               | -                           | -                                  | -   | -                                   | -                       | -                        | -  | -                 | -   |
| Tangshan City Fengrun First Transportation Company<br>(唐山市豐潤區第一運輸公司)**                        | -                           | -                                  | -   | -                                   | -                       | -                        | -  | -                 | -   |
| Subtotal of associates  | 784,659,287.05              | (68,401,982.43)                    | (17,418,993.80)                             | 266.35                              | (44,441,483.91)         | -                        | 654,397,093.26                           | -                 | 654,397,093.26                                    |
| Total   | 2,233,650,974.77            | (68,401,982.43)                    | 52,810,274.01                               | (2,699,012.60)                      | (166,666,609.94)        | -                        | 2,048,693,643.81                         | -                 | 2,048,693,643.81                                  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 13. Long-term equity investments (continued)

2016

|   | Movement during the year                                     |                                   |   |                                    |                         |                          |  | Closing net value |
|---|--|-----------------------------------|---|------------------------------------|-------------------------|--------------------------|--|-------------------|
|   | Obtained from business combinations not under common control | Increase/(Decrease) in investment | Investment gain or loss under equity method | Other movements of equity interest | Cash dividends declared | Provision for impairment | Carrying amount at the end of the year |                   |
| Joint ventures  |  |                                   |   |                                    |                         |                          |  |                   |
| STAR-USG Building Materials Co., Ltd.<br>(星牌/威士吉建築材料有限公司)   | 2,318,884.75   | -                                 | (2,318,884.75)                              | -                                  | -                       | -                        | -                                      | -                 |
| BBMG Landao Commercial Operation Management Co., Ltd.<br>(北京金藍商運管理有限公司)                                   | 3,874,677.55   | -                                 | 61,637.20                                   | -                                  | (210,945.27)            | -                        | 3,725,369.48                           | 3,725,369.48      |
| BBMG TIUS Technology Incubator Co., Ltd.<br>(北京金博創速科技孵化器有限公司)   | -  | 4,000,000.00                      | (316,005.40)                                | -                                  | -                       | -                        | 3,683,994.60                           | 3,683,994.60      |
| Jidong Heidelberg (Fufeng) Cement Co., Ltd.<br>(冀東海德堡(扶風)水泥有限公司)  | -  | 463,141,065.16                    | 27,748,333.76                               | 18,286.60                          | -                       | -                        | 490,907,685.52                         | 490,907,685.52    |
| Jidong Heidelberg (Jingyang) Cement Co., Ltd.<br>(冀東海德堡(瀋陽)水泥有限公司)  | -  | 511,332,767.62                    | 20,675,759.32                               | (142,992.75)                       | -                       | -                        | 531,865,534.19                         | 531,865,534.19    |
| Tangshan Caoleidian Dunshi New Building Material Co., Ltd.<br>(唐山曹妃甸盾石新型建材有限公司)                           | -  | 98,524,651.18                     | 2,419,648.92                                | -                                  | -                       | -                        | 100,944,300.10                         | 100,944,300.10    |
| Anshan Jidong Cement Co., Ltd.<br>(鞍山冀東水泥有限公司)  | -  | 236,223,702.63                    | (2,159,636.68)                              | -                                  | -                       | -                        | 234,064,065.95                         | 234,064,065.95    |
| Jidong Pacific (Beijing) Environmental Protection Engineering Technology Co., Ltd.<br>(冀東太平洋北京環保工程技術有限公司) | -  | 11,200,813.97                     | (71,156.75)                                 | -                                  | -                       | -                        | 11,129,657.22                          | 11,129,657.22     |
| Cross Point Trading 274 (Pty) Ltd (RF)  | -  | 74,107,228.23                     | (1,436,147.57)                              | -                                  | -                       | -                        | 72,671,080.66                          | 72,671,080.66     |
| Subtotal of joint ventures  | 6,193,562.30   | 1,394,530,228.79                  | 44,603,548.05                               | (124,706.15)                       | (210,945.27)            | -                        | 1,448,991,687.72                       | 1,448,991,687.72  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 13. Long-term equity investments (continued)

2016 (continued)

|   | Opening balance | Obtained from business combinations not under common control | Movement during the year          |   |                                    |                         |                          | Carrying amount at the end of the year | Provision for impairment at the end of the year | Closing net value |
|---|-----------------|--|-----------------------------------|---|------------------------------------|-------------------------|--------------------------|--|---|-------------------|
|   |                 |  | Increase/(Decrease) in investment | Investment gain or loss under equity method | Other movements of equity interest | Cash dividends declared | Provision for impairment |  |   |                   |
| Associates  |                 |  |                                   |   |                                    |                         |                          |  |   |                   |
| Krono (Beijing) Flooring Co., Ltd.<br>(柯諾北京地板有限公司)  | 5,469,434.67    | -  | (5,469,434.67)                    | -   | -                                  | -                       | -                        | -                                      | -   | -                 |
| Krono (Beijing) Woods Co., Ltd.<br>(柯諾北京木業有限公司)   | 86,783,222.28   | -  | -                                 | (14,412,047.08)                             | -                                  | -                       | -                        | -                                      | -   | 72,371,175.20     |
| Zehnder (China) Indoor Climate Co., Ltd.<br>(森德(中國)暖通設備有限公司)  | 99,135,472.21   | -  | -                                 | 67,553,877.20                               | -                                  | (23,784,545.47)         | -                        | -                                      | -   | 142,904,803.94    |
| OCV Reinforcements (Beijing) Co., Ltd.<br>(歐文斯科學複合材料(北京)有限公司)                                       | 64,172,528.49   | -  | -                                 | 7,145,248.47                                | -                                  | (7,636,920.54)          | -                        | -                                      | -   | 63,680,856.42     |
| Beijing Gaoqiang Concrete Co., Ltd.<br>(北京市高強混凝土有限公司)   | 24,153,611.73   | -  | -                                 | 913,820.27                                  | -                                  | -                       | -                        | -                                      | -   | 25,067,432.00     |
| Beijing Sincabide Technology Co., Ltd.<br>(北京金時佰德技術有限公司)  | 9,234,002.76    | -  | -                                 | 1,358,817.13                                | -                                  | -                       | -                        | -                                      | -   | 10,592,819.89     |
| Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.<br>(河北睿素固廢工程技術研究院有限公司) | 16,021,098.90   | -  | -                                 | 107,747.81                                  | -                                  | -                       | -                        | -                                      | -   | 16,128,846.71     |
| Tangshan Conch Profiles Co., Ltd.<br>(唐山海樂型材有限公司)   | -               | 169,347,372.93   | -                                 | (2,221,201.41)                              | -                                  | (24,000,000.00)         | -                        | -                                      | -   | 143,126,171.52    |
| Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.<br>(北京青年營金嶺山教育科技有限公司)              | -               | -  | 1,500,000.00                      | 2,187.19                                    | -                                  | -                       | -                        | -                                      | -   | 1,502,187.19      |
| Baogang Jidong Cement Co., Ltd.<br>(包鋼冀東水泥有限公司)   | -               | 96,660,143.62  | -                                 | 1,158,450.37                                | -                                  | -                       | -                        | -                                      | -   | 97,818,593.99     |
| Jidong Cement Fulieng Transportation Co., Ltd.<br>(冀東水泥扶風運輸有限公司)                                    | -               | 6,370,201.90   | -                                 | 103,672.91                                  | (1,889.10)                         | -                       | -                        | -                                      | -   | 6,471,985.71      |
| Jilin Changliu Investment Co., Ltd.<br>(吉林省長流投資有限公司)  | -               | 149,516,696.53   | -                                 | (699,044.62)                                | -                                  | -                       | -                        | -                                      | -   | 148,817,651.91    |
| SINU TRADING PTE LTD<br>(新貿貿易私人有限公司)  | -               | 4,865,614.21   | -                                 | 215,827.02                                  | -                                  | -                       | -                        | -                                      | -   | 5,081,441.23      |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 13. Long-term equity investments (continued)

2016 (continued)

|  | Movement during the year |  |                                   |   |                                    |                         |                          | Closing net value |  |   |
|--|--------------------------|--|-----------------------------------|---|------------------------------------|-------------------------|--------------------------|-------------------|--|---|
|  | Opening balance          | Obtained from business combinations not under common control | Increase/(Decrease) in investment | Investment gain or loss under equity method | Other movements of equity interest | Cash dividends declared | Provision for impairment |                   | Carrying amount at the end of the year | Provision for impairment at the end of the year |
| Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.<br>(中房華瑞唐山置業有限公司)                                    | -                        | 5,064,564.92   | -                                 | (74,591.85)                                 | -                                  | -                       | -                        | 4,989,973.07      | -                                      | 4,989,973.07                                    |
| Tangshan Haigang Dajiang Tongzhou Construction Materials Company Limited**<br>(長春華聯業業混凝土有限公司)          | -                        | -  | -                                 | -   | -                                  | -                       | -                        | -                 | -                                      | -   |
| Changchun Light Rail Jidong Concrete Co., Ltd.<br>(長春輕軌業業混凝土有限公司)                                      | -                        | 42,961,149.96  | -                                 | 3,144,198.31                                | -                                  | -                       | -                        | 46,105,348.27     | -                                      | 46,105,348.27                                   |
| Tangshan Hargao Heavy Industry Co., Ltd.**<br>Beijing Xiyuan Concrete Co., Ltd.**                      | -                        | -  | -                                 | -   | -                                  | -                       | -                        | -                 | -                                      | -   |
| Xianyang Jidong High-tech Concrete Co., Ltd.**<br>Tangshan City Fengrun First Transportation Company** | -                        | -  | -                                 | -   | -                                  | -                       | -                        | -                 | -                                      | -   |
| Feitan Jidong Licen Machinery (Beijing) Co., Ltd.<br>(飛帆康業利岑機械北京有限公司)                                  | -                        | 4,145,439.05   | (4,145,439.05)                    | -   | -                                  | -                       | -                        | -                 | -                                      | -   |
| Subtotal of associates   | 304,969,371.04           | 478,931,183.12   | (8,114,873.72)                    | 64,296,961.72                               | (1,889.10)                         | (55,421,466.01)         | -                        | 784,659,287.05    | -                                      | 784,659,287.05                                  |
| Total  | 311,162,933.34           | 1,873,461,411.91   | (4,114,873.72)                    | 108,900,509.77                              | (126,595.25)                       | (55,632,411.28)         | -                        | 2,233,650,974.77  | -                                      | 2,233,650,974.77                                |

\* See details in Note VI. 1.

\*\* Such companies are joint ventures and associates of Jidong Group. Fair values of such companies at the time and date when BBMG Corporation acquired Jidong Group were nil.

The Group's long-term equity investments in joint ventures and associates are unlisted investments, which are accounted for using equity method.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 14. Investment properties

Fair value model is applied to investment properties of the Group for subsequent measurement:

**For the six months ended 30 June 2017:**

|                         | Buildings                |
|-------------------------|--------------------------|
| Opening balance         | 14,976,628,345.79        |
| Disposal and retirement | (62,526,015.74)          |
| Changes in fair value   | <u>257,446,447.48</u>    |
| Closing balance         | <u>15,171,548,777.53</u> |

2016

|                         | Buildings                |
|-------------------------|--------------------------|
| Opening balance         | 14,444,803,327.98        |
| Disposal and retirement | (65,031,909.32)          |
| Changes in fair value   | <u>596,856,927.13</u>    |
| Closing balance         | <u>14,976,628,345.79</u> |

All the above investment properties are located in the PRC and held under operating commercial leases.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 14. Investment properties *(continued)*

The Group's investment properties were valued by Savills Valuation and Professional Services Limited, an independent valuer with professional qualifications, using future earnings method and market-based approach on an open market and existing use basis, the appraised value of which as at 30 June 2017 was RMB15,171,548,777.53 (31 December 2016: RMB14,976,628,345.79).

As at the balance sheet date, procedures for the title certificates for certain investment properties were yet to be completed. These investment properties were acquired through the business combination under common control in 2011, and the Group was in the process of handling the procedures for changing the relevant titles. The management was of the view that the Group had the legitimate and valid right to occupy and use or dispose of the above properties and the above matters would not impose material adverse effect on the overall financial position of the Group as at 30 June 2017.

Investment properties for which the procedures for title certificates were yet to be completed were as follows:

|                    | 30 June 2017          | 31 December 2016 |
|--------------------|-----------------------|------------------|
| Jianjin Building   | <b>192,800,000.00</b> | 167,100,000.00   |
| Jinhuanyu Building | <b>157,500,000.00</b> | 136,700,000.00   |
|                    | <b>350,300,000.00</b> | 303,800,000.00   |

Details of pledge of investment properties are set out in Note V. 67.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 15. Fixed assets

For the six months ended 30 June 2017

|   | Buildings                | Machinery and equipment  | Transportation equipment | Other equipments      | Total                    |
|---|--------------------------|--------------------------|--------------------------|-----------------------|--------------------------|
| <b>Cost</b>                                   |                          |                          |                          |                       |                          |
| Opening balance                               | 28,236,098,712.18        | 25,424,018,671.00        | 2,067,898,477.06         | 645,256,766.95        | 56,373,272,627.19        |
| Addition                                      | 73,194,949.31            | 92,657,847.55            | 30,971,130.55            | 24,156,391.89         | 220,980,319.30           |
| Transfer from construction in progress        | 445,571,797.62           | 467,675,984.18           | 102,625.29               | 1,852,669.23          | 915,203,076.32           |
| Business combination not under common control | -                        | 336,450,184.26           | 610,619.00               | 580,137.90            | 337,640,941.16           |
| Disposal or retirement                        | (116,013,173.97)         | (45,330,841.67)          | (63,636,706.15)          | (17,228,789.82)       | (242,209,511.61)         |
| Disposal of subsidiaries                      | -                        | -                        | -                        | (8,950,420.80)        | (8,950,420.80)           |
| Closing balance                               | <u>28,638,852,285.14</u> | <u>26,275,471,845.32</u> | <u>2,035,946,145.75</u>  | <u>645,666,755.35</u> | <u>57,595,937,031.56</u> |
| <b>Accumulated depreciation</b>               |                          |                          |                          |                       |                          |
| Opening balance                               | 3,614,797,393.14         | 5,644,174,493.05         | 641,847,766.21           | 430,907,331.58        | 10,331,726,983.98        |
| Provision for the period                      | 660,773,158.60           | 963,082,153.71           | 165,053,363.24           | 29,091,389.45         | 1,818,000,065.00         |
| Disposal or retirement                        | (11,660,514.46)          | (53,618,893.53)          | (47,313,964.21)          | (8,334,401.83)        | (120,927,774.03)         |
| Disposal of subsidiaries                      | -                        | -                        | -                        | (1,276,914.19)        | (1,276,914.19)           |
| Closing balance                               | <u>4,263,910,037.28</u>  | <u>6,553,637,753.23</u>  | <u>759,587,165.24</u>    | <u>450,387,405.01</u> | <u>12,027,522,360.76</u> |
| <b>Provision for impairment</b>               |                          |                          |                          |                       |                          |
| Opening balance                               | 76,123,698.84            | 182,592,424.18           | 7,472,042.08             | 2,073,884.36          | 268,262,049.46           |
| Provision for the period                      | 2,148,480.93             | 890,992.17               | 892,673.78               | -                     | 3,932,146.88             |
| Disposal or retirement                        | (39,064.60)              | (25,075.03)              | (6,475,307.40)           | (105,540.20)          | (6,644,987.23)           |
| Closing balance                               | <u>78,233,115.17</u>     | <u>183,458,341.32</u>    | <u>1,889,408.46</u>      | <u>1,968,344.16</u>   | <u>265,549,209.11</u>    |
| <b>Carrying amount</b>                        |                          |                          |                          |                       |                          |
| At the end of the period                      | <u>24,296,709,132.69</u> | <u>19,538,375,750.77</u> | <u>1,274,469,572.05</u>  | <u>193,311,006.18</u> | <u>45,302,865,461.69</u> |
| At the beginning of the period                | <u>24,545,177,620.20</u> | <u>19,597,251,753.77</u> | <u>1,418,578,668.77</u>  | <u>212,275,551.01</u> | <u>45,773,283,593.75</u> |



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 15. Fixed assets (continued)

2016

|  | Buildings                | Machinery and<br>equipment | Transportation<br>equipment | Other<br>equipments   | Total                    |
|--|--------------------------|----------------------------|-----------------------------|-----------------------|--------------------------|
| Cost   |                          |                            |                             |                       |                          |
| Opening balance                                  | 13,190,471,520.68        | 12,974,408,432.68          | 974,992,101.87              | 534,213,764.52        | 27,674,085,819.75        |
| Addition   | 239,732,042.63           | 486,241,487.79             | 42,201,312.69               | 29,217,789.59         | 797,392,632.70           |
| Transfer from construction<br>in progress        | 979,474,112.45           | 614,681,374.49             | 7,898,941.28                | 10,613,424.10         | 1,612,667,852.32         |
| Business combination not<br>under common control | 14,483,113,174.21        | 12,468,835,176.44          | 1,193,000,209.31            | 97,884,090.03         | 28,242,832,649.99        |
| Disposal or retirement                           | (656,692,137.79)         | (1,120,147,800.40)         | (150,194,088.09)            | (26,672,301.29)       | (1,953,706,327.57)       |
| Closing balance                                  | <u>28,236,098,712.18</u> | <u>25,424,018,671.00</u>   | <u>2,067,898,477.06</u>     | <u>645,256,766.95</u> | <u>56,373,272,627.19</u> |
| Accumulated depreciation                         |                          |                            |                             |                       |                          |
| Opening balance                                  | 3,176,825,336.80         | 5,065,166,153.38           | 564,128,982.37              | 393,437,538.33        | 9,199,558,010.88         |
| Provision for the year                           | 636,258,052.74           | 924,752,754.36             | 247,907,243.38              | 61,694,168.92         | 1,870,612,219.40         |
| Disposal or retirement                           | (198,285,996.40)         | (345,744,414.69)           | (170,188,459.54)            | (24,224,375.67)       | (738,443,246.30)         |
| Closing balance                                  | <u>3,614,797,393.14</u>  | <u>5,644,174,493.05</u>    | <u>641,847,766.21</u>       | <u>430,907,331.58</u> | <u>10,331,726,983.98</u> |
| Provision for impairment                         |                          |                            |                             |                       |                          |
| Opening balance                                  | 116,741,541.19           | 209,902,508.62             | 5,074,832.36                | 1,639,237.66          | 333,358,119.83           |
| Provision for the year                           | 31,403,975.12            | 58,631,377.36              | 4,867,390.69                | 613,160.83            | 95,515,904.00            |
| Disposal or retirement                           | (72,021,817.47)          | (85,941,461.80)            | (2,470,180.97)              | (178,514.13)          | (160,611,974.37)         |
| Closing balance                                  | <u>76,123,698.84</u>     | <u>182,592,424.18</u>      | <u>7,472,042.08</u>         | <u>2,073,884.36</u>   | <u>268,262,049.46</u>    |
| Carrying amount                                  |                          |                            |                             |                       |                          |
| At the end of the year                           | <u>24,545,177,620.20</u> | <u>19,597,251,753.77</u>   | <u>1,418,578,668.77</u>     | <u>212,275,551.01</u> | <u>45,773,283,593.75</u> |
| At the beginning of the<br>year                  | <u>9,896,904,642.69</u>  | <u>7,699,339,770.68</u>    | <u>405,788,287.14</u>       | <u>139,136,988.53</u> | <u>18,141,169,689.04</u> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 15. Fixed assets (continued)

The carrying amounts of the fixed assets under finance leases are as follows:

|                          | 30 June 2017            | 31 December 2016 |
|--------------------------|-------------------------|------------------|
| Machinery and equipment  | <b>3,601,486,571.35</b> | 5,696,880,670.69 |
| Buildings                | <b>54,595,989.24</b>    | 56,780,625.96    |
| Transportation equipment | <b>15,155,214.47</b>    | 25,730,925.21    |
| Carrying amount          | <b>3,671,237,775.06</b> | 5,779,392,221.86 |

The carrying amounts of the fixed assets leased out under operating leases are as follows:

|                          | 30 June 2017          | 31 December 2016 |
|--------------------------|-----------------------|------------------|
| Machinery and equipment  | <b>25,135,251.85</b>  | 12,800,538.36    |
| Buildings                | <b>102,159,072.30</b> | 10,744,406.12    |
| Transportation equipment | <b>52,449,339.49</b>  | 4,949,158.78     |
| Other equipments         | <b>4,575.00</b>       | 2,861.86         |
|                          | <b>179,748,238.64</b> | 28,496,965.12    |

As at 30 June 2017, fixed assets for which the procedures for title certificates were yet to be completed were as follows:

|  | Carrying amount       | Reasons for the absence of title certificates |
|--|-----------------------|---|
| Office building for Chengde BBMG Cement  | <b>4,376,696.52</b>   | In process                                    |
| Office building for Xuanhua BBMG Cement  | <b>40,943,362.49</b>  | In process                                    |
| Office building for Zuoquan BBMG Cement  | <b>26,315,698.48</b>  | In process                                    |
| Tangshan Jidong Development Jicheng Housing Co., Ltd.<br>(唐山冀東發展集成房屋有限公司)      | <b>65,664,504.13</b>  | In process                                    |
| Hohhot Jidong Cement & Concrete Co., Ltd.<br>(呼和浩特市冀東水泥混凝土有限公司)                | <b>9,242,985.33</b>   | In process                                    |
| Tangshan High Voltage Porcelain Insulator Works Co., Ltd.<br>(唐山高壓電瓷有限公司)      | <b>96,793,757.98</b>  | In process                                    |
| Jidong Rizhang Energy-Conserving Fan Manufacture Co., Ltd.<br>(冀東日彰節能風機製造有限公司) | <b>86,570,323.81</b>  | In process                                    |
|  | <b>329,907,328.74</b> |   |

Details of pledge of fixed assets are set out in Note V. 67.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 16. Construction in progress

|   | 30 June 2017          |                          | 31 December 2016 |                       |                          |                 |
|---|-----------------------|--------------------------|------------------|-----------------------|--------------------------|-----------------|
|   | Gross carrying amount | Provision for impairment | Carrying amount  | Gross carrying amount | Provision for impairment | Carrying amount |
| Beijing Aerated Concrete Co., Ltd.<br>(北京市加氣混凝土有限責任公司)  |                       |                          |                  |                       |                          |                 |
| – Logistics park project  | 899,491,170.88        | –                        | 899,491,170.88   | 766,401,717.96        | –                        | 766,401,717.96  |
| Jidong Cement Heilongjiang Co., Ltd.<br>(冀東水泥黑龍江有限公司)   |                       |                          |                  |                       |                          |                 |
| – Cement production line using new drying process with clinker                                    | 713,769,068.24        | –                        | 713,769,068.24   | 537,298,377.09        | –                        | 537,298,377.09  |
| Dachang BBMG Tiantan Furniture Co., Ltd.<br>(大廠金隅天壇傢俱有限責任公司)                                      |                       |                          |                  |                       |                          |                 |
| – Construction of Dachang Project   | 301,756,551.35        | –                        | 301,756,551.35   | 273,194,087.82        | –                        | 273,194,087.82  |
| Tangshan Jidong Development Machinery and Equipment Manufacturing Co., Ltd.<br>(唐山冀東發展機械設備製造有限公司) |                       |                          |                  |                       |                          |                 |
| – Heavy equipment plant   | 223,308,059.72        | –                        | 223,308,059.72   | 218,637,902.54        | –                        | 218,637,902.54  |
| – Ancillary equipment plant   | 159,861,987.87        | –                        | 159,861,987.87   | 136,294,220.63        | –                        | 136,294,220.63  |
| – Equipment under installation  | 23,214,670.90         | –                        | 23,214,670.90    | 4,321,500.00          | –                        | 4,321,500.00    |
| – 110KV substation  | 18,442,204.94         | –                        | 18,442,204.94    | 18,346,566.17         | –                        | 18,346,566.17   |
| Tangshan Caofeidian Jidong Equipment Mechanical Hotworking Co., Ltd.<br>(唐山曹妃甸冀東裝備機械熱加工有限公司)      |                       |                          |                  |                       |                          |                 |
| – Caofeidian hotworking project   | 205,299,664.97        | –                        | 205,299,664.97   | 194,685,431.34        | –                        | 194,685,431.34  |
| Jingyang Jinhui Building Materials Co., Ltd.<br>(涇陽縣金輝建材有限公司)                                     |                       |                          |                  |                       |                          |                 |
| – Production line project   | 161,974,099.35        | –                        | 161,974,099.35   | 155,874,519.70        | –                        | 155,874,519.70  |
| Huahai Wind Power Development Co., Ltd.<br>(華海風能發展有限公司)   |                       |                          |                  |                       |                          |                 |
| – Caofeidian new wind power project   | 107,045,976.72        | –                        | 107,045,976.72   | 107,045,976.72        | –                        | 107,045,976.72  |
| Handan BBMG Taihang Cement Co., Ltd.<br>(邯鄲金隅太行水泥有限責任公司)  |                       |                          |                  |                       |                          |                 |
| – Collaborative project of the disposal of garbage for cement kiln                                | 90,772,856.36         | –                        | 90,772,856.36    | 51,458,621.68         | –                        | 51,458,621.68   |
| Tangshan Qixin Cement Industry Museum   |                       |                          |                  |                       |                          |                 |
| – Museum project  | 73,322,627.93         | –                        | 73,322,627.93    | 62,459,464.17         | –                        | 62,459,464.17   |
| Jidong Group  |                       |                          |                  |                       |                          |                 |
| –Caofeidian Industrial Park   | 63,394,518.42         | –                        | 63,394,518.42    | 59,253,147.10         | –                        | 59,253,147.10   |

## Notes to Unaudited Interim Financial Statements

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Construction in progress (continued)

|   | 30 June 2017          |                          |                 | 31 December 2016      |                          |                 |
|---|-----------------------|--------------------------|-----------------|-----------------------|--------------------------|-----------------|
|   | Gross carrying amount | Provision for impairment | Carrying amount | Gross carrying amount | Provision for impairment | Carrying amount |
| Handan Shexian BBMG Cement Co., Ltd.<br>(邯鄲涉縣金隅水泥有限公司)                                    |                       |                          |                 |                       |                          |                 |
| – Relocation and technological improvement project of cement grinding station             | 61,869,398.55         | –                        | 61,869,398.55   | 3,603,603.60          | –                        | 3,603,603.60    |
| – Project concerning comprehensive utilisation of mining mullock                          | 490,520.53            | –                        | 490,520.53      | 31,032,339.00         | –                        | 31,032,339.00   |
| Yi County Xinhai Mining Co., Ltd.<br>(易縣鑫海礦業有限公司)   |                       |                          |                 |                       |                          |                 |
| – Project concerning crushed stone production of 1.2 million M <sup>3</sup> per annum     | 43,208,297.74         | –                        | 43,208,297.74   | 34,925,491.41         | –                        | 34,925,491.41   |
| BBMG Weiguan (Cangzhou) Chemical Co., Ltd.<br>(金隅微觀(滄州)化工有限公司)                            |                       |                          |                 |                       |                          |                 |
| – Adhesive and poly-carboxylic acid water reducing agent                                  | 42,290,979.45         | –                        | 42,290,979.45   | 22,247,579.93         | –                        | 22,247,579.93   |
| Doudian Technology Corporate Management Co., Ltd.<br>(寬店科技企業管理有限公司)                       |                       |                          |                 |                       |                          |                 |
| – Water-saving center project   | 41,437,356.46         | –                        | 41,437,356.46   | 32,540,738.70         | –                        | 32,540,738.70   |
| Quyang Jinyu Cement Co., Ltd.<br>(曲陽金隅水泥有限公司)   |                       |                          |                 |                       |                          |                 |
| – Solid wastes treatment project  | 36,709,642.32         | –                        | 36,709,642.32   | 28,825,783.43         | –                        | 28,825,783.43   |
| Mizhi Jidong Cement Co., Ltd.<br>(米脂冀東水泥有限公司)   |                       |                          |                 |                       |                          |                 |
| – Project concerning cement production by comprehensive utilization using new dry process | 33,652,943.93         | –                        | 33,652,943.93   | 239,191,544.18        | –                        | 239,191,544.18  |
| Chengde BBMG Cement Co., Ltd.<br>(承德金隅水泥有限公司)   |                       |                          |                 |                       |                          |                 |
| – Project concerning comprehensive utilisation of hazardous waste                         | 31,655,816.67         | –                        | 31,655,816.67   | 16,833,869.04         | –                        | 16,833,869.04   |
| – 110KV power supply technological improvement project                                    | 22,396,689.39         | –                        | 22,396,689.39   | 15,895,816.67         | –                        | 15,895,816.67   |
| Beijing Building Material Test Centre Co., Ltd.<br>(北京建築材料檢驗中心有限公司)                       |                       |                          |                 |                       |                          |                 |
| – Water-saving appliances quality monitoring and inspection center                        | 31,599,355.71         | –                        | 31,599,355.71   | 30,769,118.34         | –                        | 30,769,118.34   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 16. Construction in progress (continued)

|   | 30 June 2017          |                          |                 | 31 December 2016      |                          |                 |
|---|-----------------------|--------------------------|-----------------|-----------------------|--------------------------|-----------------|
|   | Gross carrying amount | Provision for impairment | Carrying amount | Gross carrying amount | Provision for impairment | Carrying amount |
| BBMG Hongye Ecological Science and Technology Co., Ltd.<br>(北京金陽宏業生態科技有限責任公司)   |                       |                          |                 |                       |                          |                 |
| – Jianjin Building decoration project   | 30,896,861.13         | –                        | 30,896,861.13   | 30,874,361.13         | –                        | 30,874,361.13   |
| Jidong Cement Tongchuan Co., Ltd.<br>(冀東水泥銅川有限公司)                               |                       |                          |                 |                       |                          |                 |
| – Conveyor belt project   | 28,893,452.21         | 3,009,818.00             | 25,883,634.21   | 28,893,452.21         | 1,556,436.49             | 27,337,015.72   |
| BBMG (Dachang) Modern Industrial Park Management Co., Ltd.<br>(大廠金陽現代工業園管理有限公司) |                       |                          |                 |                       |                          |                 |
| – Tiantan furniture project standard plant                                      | 24,856,827.70         | –                        | 24,856,827.70   | 24,544,970.76         | –                        | 24,544,970.76   |
| Tianjin BBMG Concrete Co., Ltd.<br>(天津金陽混凝土有限公司)                                |                       |                          |                 |                       |                          |                 |
| – Binhai creative investment office building                                    | 23,650,000.00         | –                        | 23,650,000.00   | 23,650,000.00         | –                        | 23,650,000.00   |
| Shandong Jidong Shengwei Building Materials Co., Ltd.<br>(山東冀東勝濰建材有限公司)         |                       |                          |                 |                       |                          |                 |
| – Project concerning transit depot of colour steel at Shouguang Port            | 23,083,263.01         | –                        | 23,083,263.01   | 22,082,631.67         | –                        | 22,082,631.67   |
| Laishui Jinglai Building Materials Co., Ltd.                                    |                       |                          |                 |                       |                          |                 |
| – Construction project of a production line of 2.5 million tonnes dolomite      | 19,961,712.94         | –                        | 19,961,712.94   | 19,163,509.32         | –                        | 19,163,509.32   |
| Tianjin Zhenxing Cement Co., Ltd.<br>(天津振興水泥有限公司)                               |                       |                          |                 |                       |                          |                 |
| – Updating of raw material grinding system for energy saving                    | 19,721,150.27         | –                        | 19,721,150.27   | 13,268,621.06         | –                        | 13,268,621.06   |
| – Updating of feeding system  | 14,047,648.43         | –                        | 14,047,648.43   | 13,225,009.34         | –                        | 13,225,009.34   |
| Tangshan Dunshi Machinery Manufacturing Co., Ltd.<br>(唐山盾石機械製造有限責任公司)           |                       |                          |                 |                       |                          |                 |
| – Dunshi machinery manufacturing project  | 14,057,435.08         | –                        | 14,057,435.08   | 14,057,435.08         | –                        | 14,057,435.08   |
| – 13 meter vertical lathe   | 11,037,352.45         | –                        | 11,037,352.45   | 11,037,352.45         | –                        | 11,037,352.45   |
| Bo'ai BBMG Cement Co., Ltd.<br>(博愛金陽水泥有限公司)                                     |                       |                          |                 |                       |                          |                 |
| – Bo'ai Zhaihuoxiang limestone mine   | 13,897,169.75         | –                        | 13,897,169.75   | 13,614,150.89         | –                        | 13,614,150.89   |
| – Technological improvement of raw meal mill                                    | –                     | –                        | –               | 25,608,561.32         | –                        | 25,608,561.32   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Construction in progress (continued)

|  | 30 June 2017            |                          |                         | 31 December 2016        |                          |                         |
|--|-------------------------|--------------------------|-------------------------|-------------------------|--------------------------|-------------------------|
|  | Gross carrying amount   | Provision for impairment | Carrying amount         | Gross carrying amount   | Provision for impairment | Carrying amount         |
| Jidong Cement (Yantai) Co., Ltd.<br>(冀東水泥(煙台)有限責任公司)                             |                         |                          |                         |                         |                          |                         |
| - Flux limestone crushing and screening project, phase II                        | 11,471,922.82           | -                        | 11,471,922.82           | -                       | -                        | -                       |
| - Slag dryer system project  | 11,244,716.93           | -                        | 11,244,716.93           | 8,197,632.89            | -                        | 8,197,632.89            |
| Chengde Jidong Cement Co., Ltd.<br>(承德冀東水泥有限責任公司)                                |                         |                          |                         |                         |                          |                         |
| - Technological improvement project of mining                                    | 10,965,834.72           | -                        | 10,965,834.72           | 10,689,988.52           | -                        | 10,689,988.52           |
| Jidong Development Jingyang Building Materials Co., Ltd.<br>(冀東發展涇陽建材有限責任公司)     |                         |                          |                         |                         |                          |                         |
| - Aggregates production line with annual production capacity of 3 million tonnes | 2,830,254.64            | -                        | 2,830,254.64            | 94,433,361.50           | -                        | 94,433,361.50           |
| Lingchuan BBMG Cement Co., Ltd.<br>(陝川金隅水泥有限公司)                                  |                         |                          |                         |                         |                          |                         |
| - Hazardous waste disposal   | -                       | -                        | -                       | 22,586,094.50           | -                        | 22,586,094.50           |
| Guangling BBMG Cement Co., Ltd.<br>(廣靈金隅水泥有限公司)                                  |                         |                          |                         |                         |                          |                         |
| - Collaborative project of hazardous waste disposal                              | -                       | -                        | -                       | 20,560,550.15           | -                        | 20,560,550.15           |
| Beijing Zhejun Technology Development Co., Ltd.                                  |                         |                          |                         |                         |                          |                         |
| - No. 3 slag production line   | -                       | -                        | -                       | 58,017,949.36           | -                        | 58,017,949.36           |
| - Environmental protection project   | -                       | -                        | -                       | 17,999,500.00           | -                        | 17,999,500.00           |
| Inner Mongolia Jidong Cement Co., Ltd.<br>(內蒙古冀東水泥有限責任公司)                        |                         |                          |                         |                         |                          |                         |
| - New roller press finish grinding mill system                                   | -                       | -                        | -                       | 27,110,816.87           | -                        | 27,110,816.87           |
| Zanhuang BBMG Cement Co., Ltd.<br>(贊皇金隅水泥有限責任公司)                                 |                         |                          |                         |                         |                          |                         |
| - Renovation project for line 1 raw meal mill                                    | -                       | -                        | -                       | 19,954,841.54           | -                        | 19,954,841.54           |
| Others   | 503,922,989.39          | 4,928,225.40             | 498,994,763.99          | 409,398,581.63          | 4,928,225.40             | 404,470,356.23          |
| Total  | <b>4,151,503,049.87</b> | <b>7,938,043.40</b>      | <b>4,143,565,006.47</b> | <b>3,970,106,789.41</b> | <b>6,484,661.89</b>      | <b>3,963,622,127.52</b> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 16. Construction in progress (continued)

For the six months ended 30 June 2017

| Project  | Budget<br>(RMB'000) | Opening<br>balance | Increase in<br>the period | Transferred<br>to fixed assets<br>in the period | Other<br>decreases<br>(note) | Closing<br>balance | Source of<br>funding           | Percentage<br>of project<br>investment<br>in budget<br>(%) |
|--|---------------------|--------------------|---------------------------|---|------------------------------|--------------------|--------------------------------|--|
| Beijing BBMG Liushui Environmental Protection Technology Co., Ltd.<br>(北京金隅琉水環保科技有限公司) |                     |                    |                           |   |                              |                    |                                |  |
| - Construction waste resources optimization  | 99,870              | 1,380,995.37       | 1,589,993.00              | -   | -                            | 2,970,988.37       | Self - financing               | 2.97   |
| - Improvement and expansion project of fly ash   | 74,910              | 1,979,312.44       | 1,069,352.88              | -   | -                            | 3,048,665.32       | Self - financing and borrowing | 4.07   |
| Handan BBMG Taihang Cement Co., Ltd.   |                     |                    |                           |   |                              |                    |                                |  |
| - Collaborative project of the disposal of garbage for cement kiln                     | 118,770             | 51,458,621.68      | 39,314,234.68             | -   | -                            | 90,772,856.36      | Self - financing               | 76.43  |
| Handan Shexian BBMG Cement Co., Ltd.   |                     |                    |                           |   |                              |                    |                                |  |
| - Project concerning comprehensive utilisation of mining mullock                       | 46,000              | 31,032,339.00      | 21,957,191.65             | 52,499,010.12                                   | -                            | 490,520.53         | Borrowing                      | 115.19   |
| - Relocation and technological improvement project of cement grinding station          | 125,000             | 3,603,603.60       | 58,265,794.95             | -   | -                            | 61,869,398.55      | Borrowing                      | 49.50  |
| Zanhuang BBMG Cement Co., Ltd.   |                     |                    |                           |   |                              |                    |                                |  |
| - Collaborative disposal of household garbage and sludge in cement kiln                | 125,650             | 547,169.80         | 4,486,830.55              | -   | -                            | 5,034,000.35       | Self - financing               | 4.01   |
| - Renovation project for line 1 raw meal mill  | 30,500              | 19,954,841.54      | 7,575,584.84              | 27,530,426.38                                   | -                            | -                  | Self - financing               | 90.26  |
| Quyuan Jinyu Cement Co., Ltd.  |                     |                    |                           |   |                              |                    |                                |  |
| - Solid wastes treatment project   | 53,222              | 28,825,783.43      | 7,883,858.89              | -   | -                            | 36,709,642.32      | Self - financing               | 68.97  |
| Tianjin BBMG Concrete Co., Ltd.  |                     |                    |                           |   |                              |                    |                                |  |
| - Binhai creative investment office building   | 33,800              | 23,650,000.00      | -                         | -   | -                            | 23,650,000.00      | Self - financing               | 69.97  |
| Tianjin Zhenxing Cement Co., Ltd.  |                     |                    |                           |   |                              |                    |                                |  |
| - Updating of raw material grinding system for energy saving                           | 22,700              | 13,268,621.06      | 6,452,529.21              | -   | -                            | 19,721,150.27      | Self - financing               | 86.88  |
| Lingchuan BBMG Cement Co., Ltd.  |                     |                    |                           |   |                              |                    |                                |  |
| - Hazardous waste disposal   | 36,180              | 22,586,094.50      | 12,292,357.95             | 34,878,452.45                                   | -                            | -                  | Borrowing                      | 96.40  |
| Bo'ai BBMG Cement Co., Ltd.  |                     |                    |                           |   |                              |                    |                                |  |
| - Bo'ai Zhaihuoxiang limestone mine  | 21,102              | 13,614,150.89      | 283,018.86                | -   | -                            | 13,897,169.75      | Self - financing               | 65.86  |
| - Technological improvement of raw meal mill   | 20,650              | 25,608,561.32      | 1,273,861.56              | 26,882,422.88                                   | -                            | -                  | Self - financing and borrowing | 130.18   |
| Guangling BBMG Cement Co., Ltd.  |                     |                    |                           |   |                              |                    |                                |  |
| - Collaborative project of hazardous waste disposal                                    | 37,480              | 20,560,550.15      | 11,945,097.61             | 32,505,647.76                                   | -                            | -                  | Self - financing and borrowing | 86.73  |
| Chengde BBMG Cement Co., Ltd.  |                     |                    |                           |   |                              |                    |                                |  |
| - Project concerning comprehensive utilisation of hazardous waste                      | 39,140              | 16,833,869.04      | 5,562,820.35              | -   | -                            | 22,396,689.39      | Share borrowing                | 57.22  |
| - 110KV power supply technological improvement project                                 | 45,000              | 15,895,816.67      | 15,760,000.00             | -   | -                            | 31,655,816.67      | Share borrowing                | 70.35  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Construction in progress (continued)

For the six months ended 30 June 2017 (continued)

| Project   | Budget<br>(RMB'000) | Opening<br>balance | Increase in<br>the period | Transferred<br>to fixed assets<br>in the period | Other<br>decreases<br>(note) | Closing<br>balance | Source of<br>funding                            | Percentage<br>of project<br>investment<br>in budget<br>(%) |
|---|---------------------|--------------------|---------------------------|---|------------------------------|--------------------|---|--|
| Beijing Tiantan Holdings Co., Ltd.<br>(北京天壇股份有限公司)                      |                     |                    |                           |   |                              |                    |   |  |
| – Smart factory   | 281,400             | –                  | 3,300,531.15              | –   | –                            | 3,300,531.15       | Self – financing                                | 1.17   |
| Dachang BBMG Tiantan Furniture Co., Ltd.                                |                     |                    |                           |   |                              |                    |   |  |
| – Construction of Dachang project                                       | 558,600             | 273,194,087.82     | 28,740,454.13             | 177,990.60                                      | –                            | 301,756,551.35     | Appropriation/<br>Fundraising/<br>Borrowing     | 54.05  |
| Beijing Aerated Concrete Co., Ltd.                                      |                     |                    |                           |   |                              |                    |   |  |
| – Logistics park project  | 1,369,000           | 766,401,717.96     | 133,089,452.92            | –   | –                            | 899,491,170.88     | Self – financing                                | 65.70  |
| Beijing Building Material Test Centre Co., Ltd.                         |                     |                    |                           |   |                              |                    |   |  |
| – Water-saving appliances quality monitoring<br>and inspection center   | 36,570              | 30,769,118.34      | 830,237.37                | –   | –                            | 31,599,355.71      | Self – financing                                | 86.41  |
| BBMG (Dachang) Modern Industrial Park<br>Management Co., Ltd.           |                     |                    |                           |   |                              |                    |   |  |
| – Tiantan furniture project   | 37,201              | 24,544,970.76      | 311,856.94                | –   | –                            | 24,856,827.70      | Fundraising/Self<br>– financing/<br>Borrowing   | 66.82  |
| BBMG Weiguan (Cangzhou) Chemical Co., Ltd.                              |                     |                    |                           |   |                              |                    |   |  |
| – Adhesive and poly- carboxylic acid water<br>reducing agent            | 88,392              | 22,247,579.93      | 20,043,399.52             | –   | –                            | 42,290,979.45      | Self – financing                                | 47.84  |
| Doudian Technology Corporate Management<br>Co., Ltd.                    |                     |                    |                           |   |                              |                    |   |  |
| – Water- saving center project  | 50,390              | 32,540,738.70      | 8,896,617.76              | –   | –                            | 41,437,356.46      | Borrowing                                       | 82.23  |
| BBMG Hongye Ecological Science and<br>Technology Co., Ltd.              |                     |                    |                           |   |                              |                    |   |  |
| – Jianjin Building decoration project                                   | 32,900              | 30,874,361.13      | 22,500.00                 | –   | –                            | 30,896,861.13      | Self – financing                                | 93.91  |
| Jidong Group  |                     |                    |                           |   |                              |                    |   |  |
| – Caofeidian Industrial Park  | 63,395              | 59,253,147.10      | 4,141,371.32              | –   | –                            | 63,394,518.42      | Self – financing<br>and borrowing               | 99.99  |
| Tangshan Caofeidian Jidong Equipment<br>Mechanical Hotworking Co., Ltd. |                     |                    |                           |   |                              |                    |   |  |
| – Caofeidian hotworking project   | 216,500             | 194,685,431.34     | 10,614,233.63             | –   | –                            | 205,299,664.97     | Self – financing<br>and borrowing               | 94.83  |
| Tangshan Dunshi Electric Co., Ltd.<br>(唐山盾石電氣有限責任公司)                    |                     |                    |                           |   |                              |                    |   |  |
| – Corporate innovativity development<br>project                         | 25,000              | 5,807,784.07       | 33,333.32                 | –   | –                            | 5,841,117.39       | Self – financing<br>and<br>government<br>grants | 23.36  |



## Notes to Unaudited Interim Financial Statements

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Construction in progress (continued)

For the six months ended 30 June 2017 (continued)

| Project   | Budget<br>(RMB'000) | Opening<br>balance | Increase in<br>the period | Transferred<br>to fixed assets<br>in the period | Other<br>decreases<br>(note) | Closing<br>balance | Source of<br>funding           | Percentage<br>of project<br>investment<br>in budget<br>(%) |
|---|---------------------|--------------------|---------------------------|---|------------------------------|--------------------|--------------------------------|--|
| Tangshan Dunshi Machinery Manufacturing Co., Ltd.   |                     |                    |                           |   |                              |                    |                                |  |
| – Dunshi machinery manufacturing project  | 286,000             | 14,057,435.08      | –                         | –   | –                            | 14,057,435.08      | Self – financing and borrowing | 4.92   |
| Beijing Zhejun Technology Development Co., Ltd.   |                     |                    |                           |   |                              |                    |                                |  |
| – No. 3 slag production line  | 60,000              | 58,017,949.36      | –                         | 58,017,949.36                                   | –                            | –                  | Self – financing and borrowing | 96.70  |
| Laishui Jinglai Building Materials Co., Ltd.  |                     |                    |                           |   |                              |                    |                                |  |
| – Construction project of a production line of 2.5 million tonnes dolomite                | 120,073             | 19,163,509.32      | 798,203.62                | –   | –                            | 19,961,712.94      | Borrowing                      | 16.62  |
| Jidong Development Jingyang Building Materials Co., Ltd.                                  |                     |                    |                           |   |                              |                    |                                |  |
| – Aggregates production line with annual production capacity of 3 million tonnes          | 283,579             | 94,433,361.50      | 99,093,479.87             | 190,696,586.73                                  | –                            | 2,830,254.64       | Self – financing and borrowing | 68.24  |
| Tangshan Jidong Development Machinery and Equipment Manufacturing Co., Ltd.               |                     |                    |                           |   |                              |                    |                                |  |
| – Heavy equipment plant   | 269,923             | 218,637,902.54     | 4,670,157.18              | –   | –                            | 223,308,059.72     | Self – financing               | 82.73  |
| – Ancillary equipment plant   | 164,607             | 136,294,220.63     | 23,567,767.24             | –   | –                            | 159,861,987.87     | Self – financing               | 97.12  |
| – 110KV substation  | 20,385              | 18,346,566.17      | 95,638.77                 | –   | –                            | 18,442,204.94      | Self – financing               | 90.47  |
| – Equipment under installation  | 237,500             | 4,321,500.00       | 18,893,170.90             | –   | –                            | 23,214,670.90      | Self – financing               | 9.77   |
| Huawai Wind Power Development Co., Ltd.   |                     |                    |                           |   |                              |                    |                                |  |
| – Caofeidian new wind power project   | 230,000             | 107,045,976.72     | –                         | –   | –                            | 107,045,976.72     | Self – financing and borrowing | 46.53  |
| Tangshan Qixin Cement Industry Museum   |                     |                    |                           |   |                              |                    |                                |  |
| – Museum project  | 250,000             | 62,459,464.17      | 10,863,163.76             | –   | –                            | 73,322,627.93      | Self – financing and borrowing | 29.33  |
| Jidong Cement Heilongjiang Co., Ltd.  |                     |                    |                           |   |                              |                    |                                |  |
| – Cement production line using new drying process with clinker                            | 1,670,000           | 537,298,377.09     | 176,470,691.15            | –   | –                            | 713,769,068.24     | Borrowing                      | 42.74  |
| Mizhi Jidong Cement Co., Ltd.   |                     |                    |                           |   |                              |                    |                                |  |
| – Project concerning cement production by comprehensive utilization using new dry process | 487,831             | 239,191,544.18     | 196,790,065.80            | 402,328,666.05                                  | –                            | 33,652,943.93      | Borrowing                      | 89.37  |
| Yantai Jidong Runtai Building Materials Co., Ltd.<br>(烟台冀东润泰建材有限公司)                       |                     |                    |                           |   |                              |                    |                                |  |
| – Production line project   | 238,098             | 155,874,519.70     | 6,099,579.65              | –   | –                            | 161,974,099.35     | Self – financing and borrowing | 68.03  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Construction in progress (continued)

For the six months ended 30 June 2017 (continued)

| Project   | Budget<br>(RMB'000) | Opening<br>balance | Increase in<br>the period | Transferred<br>to fixed assets<br>in the period | Other<br>decreases<br>(note) | Closing<br>balance | Source of<br>funding              | Percentage<br>of project<br>investment<br>in budget<br>(%) |
|---|---------------------|--------------------|---------------------------|---|------------------------------|--------------------|-----------------------------------|--|
| Jidong Cement Tongchuan Co., Ltd.<br>– Conveyor belt project  | 55,000              | 28,893,452.21      | –                         | –   | –                            | 28,893,452.21      | Self – financing                  | 52.53  |
| Yi County Xinhai Mining Co., Ltd.<br>– Project concerning crushed stone<br>production of 1.2 million MP per annum                   | 92,172              | 34,925,491.41      | 8,282,806.33              | –   | –                            | 43,208,297.74      | Self – financing<br>and borrowing | 46.88  |
| Inner Mongolia Jidong Cement Co., Ltd.<br>– New roller press finish grinding mill system  | 29,916              | 27,110,816.87      | –                         | 27,110,816.87                                   | –                            | –                  | Self – financing                  | 90.62  |
| Shandong Jidong Shengwei Building Materials<br>Co., Ltd.<br>– Project concerning transit depot of colour<br>steel at Shouguang Port | 29,000              | 22,082,631.67      | 1,000,631.34              | –   | –                            | 23,083,263.01      | Self – financing                  | 79.60  |
| Chengde Jidong Cement Co., Ltd.<br>– Technological improvement project of<br>mining   | 50,170              | 10,689,988.52      | 275,846.20                | –   | –                            | 10,965,834.72      | Self – financing                  | 21.86  |
| Jilin Jidong Logistics Co., Ltd.<br>(吉林冀東物流有限公司)<br>– Construction project concerning energy<br>saving and environmental protection | 50,000              | 3,622,417.00       | 175,817.58                | –   | –                            | 3,798,234.58       | Borrowing                         | 7.60   |
| Jidong Cement Huludao Co., Ltd.<br>(冀東水泥葫蘆島有限責任公司)<br>– Cement production line using new drying<br>process with clinker             | 790,000             | 3,135,260.58       | 55,000.00                 | –   | –                            | 3,190,260.58       | Borrowing                         | 0.40   |
| Jidong Cement Panshi Co., Ltd.<br>(冀東水泥磐石有限責任公司)<br>– Yantong Lazi mining   | 99,408              | 1,666,926.89       | –                         | –   | –                            | 1,666,926.89       | Self – financing<br>and borrowing | 1.68   |
| Yangquan Jidong Cement Co., Ltd.<br>(陽泉冀東水泥有限責任公司)<br>– Mining right phase II project   | 25,000              | 64,509.43          | 701,941.75                | –   | –                            | 766,451.18         | Self – financing                  | 3.07   |
| Others  |                     | 441,653,700.73     | 153,882,931.11            | 62,575,107.12                                   | 10,854,070.51                | 522,107,454.21     |                                   |  |
| Total   |                     | 3,970,106,789.41   | 1,107,453,407.29          | 915,203,076.32                                  | 10,854,070.51                | 4,151,503,049.87   |                                   |  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Construction in progress (continued)

2016

| Project   | Budget<br>(RMB'000) | Opening<br>balance | Business<br>combination<br>not under<br>common control | Increase<br>in the year | Transferred<br>to fixed assets<br>in the year | Other<br>decreases | Closing<br>balance | Source of<br>funding              | Percentage of<br>project<br>investment<br>in budget<br>(%) |
|---|---------------------|--------------------|--|-------------------------|---|--------------------|--------------------|-----------------------------------|--|
| Beijing BBMG Lushui<br>Environmental Protection<br>Technology Co., Ltd.                     |                     |                    |  |                         |   |                    |                    |                                   |  |
| - Collaborative project of the<br>disposal of lime – stabilised<br>sludge and cement kiln   | 32,000              | 722,695.65         | -  | -                       | -   | 722,695.65         | -                  | Self – financing                  | 2.26   |
| - Construction waste resources<br>optimization  | 99,870              | 321,358.41         | -  | 1,059,636.96            | -   | -                  | 1,380,995.37       | Self – financing                  | 1.38   |
| - Improvement and expansion<br>project of fly ash   | 74,910              | -                  | -  | 1,979,312.44            | -   | -                  | 1,979,312.44       | Self – financing<br>and borrowing | 2.64   |
| Hebei BBMG Dingxin Cement<br>Co., Ltd.<br>(河北金隅鼎鑫水泥有限公司)                                    |                     |                    |  |                         |   |                    |                    |                                   |  |
| - Upgrading of 2nd sub line 2<br>raw meal ball mill to roller<br>press finish grinding mill | 30,500              | 1,444,645.22       | -  | 23,673,644.84           | 25,118,290.06                                 | -                  | -                  | Self – financing                  | 82.36  |
| - Stripping of 1st sub orebody<br>phase II  | 127,328             | -                  | -  | 6,071,250.80            | -   | 6,071,250.80       | -                  | Self – financing                  | 4.77   |
| Baoding Taihang Heyi Cement<br>Co., Ltd.<br>(保定太行和益水泥有限公司)                                  |                     |                    |  |                         |   |                    |                    |                                   |  |
| - Updating of raw mill for<br>energy saving   | 29,840              | 18,278,675.83      | -  | 5,758,465.38            | 24,037,141.21                                 | -                  | -                  | Self – financing<br>and borrowing | 80.55  |
| Handan BBMG Taihang Cement<br>Co., Ltd.   |                     |                    |  |                         |   |                    |                    |                                   |  |
| - Collaborative project of the<br>disposal of garbage for<br>cement kiln                    | 118,770             | 12,365.66          | -  | 51,446,256.02           | -   | -                  | 51,458,621.68      | Self – financing                  | 43.33  |
| Handan BBMG Taihang Cement<br>Co., Ltd.   |                     |                    |  |                         |   |                    |                    |                                   |  |
| - Project concerning<br>comprehensive utilisation of<br>mining mullock                      | 46,000              | -                  | -  | 31,032,339.00           | -   | -                  | 31,032,339.00      | Borrowing                         | 67.46  |
| - Relocation and technological<br>improvement project of<br>cement grinding station         | 125,000             | -                  | -  | 3,603,603.60            | -   | -                  | 3,603,603.60       | Borrowing                         | 2.88   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Construction in progress (continued)

2016 (continued)

| Project   | Budget<br>(RMB'000) | Opening<br>balance | Business<br>combination<br>not under<br>common control | Increase<br>in the year | Transferred<br>to fixed assets<br>in the year | Other<br>decreases | Closing<br>balance | Source of<br>funding | Percentage of<br>project<br>investment<br>in budget<br>(%) |
|---|---------------------|--------------------|--|-------------------------|---|--------------------|--------------------|----------------------|--|
| Zanhuang BBMG Cement Co., Ltd.  |                     |                    |  |                         |   |                    |                    |                      |  |
| - Construction of sandstone mine  | 43,260              | 15,826,689.80      | -  | 18,596,042.79           | 34,422,732.59                                 | -                  | -                  | Self-financing       | 79.57  |
| - Collaborative disposal of household garbage and sludge in cement kiln             | 125,650             | -                  | -  | 547,169.80              | -   | -                  | 547,169.80         | Self-financing       | 0.44   |
| - Renovation project for line 1 raw meal mill                                       | 30,500              | -                  | -  | 19,954,841.54           | -   | -                  | 19,954,841.54      | Self-financing       | 65.43  |
| Quyuan Jinyu Cement Co., Ltd.   |                     |                    |  |                         |   |                    |                    |                      |  |
| - Solid wastes treatment project  | 53,222              | 82,981.28          | -  | 28,742,802.15           | -   | -                  | 28,825,783.43      | Self-financing       | 54.16  |
| Tianjin BBMG Concrete Co., Ltd.   |                     |                    |  |                         |   |                    |                    |                      |  |
| - Binhai creative investment office building  | 33,800              | -                  | -  | 23,650,000.00           | -   | -                  | 23,650,000.00      | Self-financing       | 69.97  |
| Tianjin Zhenxing Cement Co., Ltd.   |                     |                    |  |                         |   |                    |                    |                      |  |
| - Project concerning clinker storage tent   | 28,350              | 28,347,508.05      | -  | 186,485.13              | 28,533,993.18                                 | -                  | -                  | Borrowing            | 100.65   |
| - Raw coal and auxiliary material shed  | 26,150              | 26,145,793.42      | -  | 1,227,576.47            | 27,373,369.89                                 | -                  | -                  | Borrowing            | 104.68   |
| - Updating of raw material grinding system for energy saving                        | 22,700              | -                  | -  | 13,268,621.06           | -   | -                  | 13,268,621.06      | Self-financing       | 58.45  |
| Lingchuan BBMG Cement Co., Ltd.   |                     |                    |  |                         |   |                    |                    |                      |  |
| - Hazardous waste disposal  | 36,180              | 435,369.81         | -  | 22,150,724.69           | -   | -                  | 22,586,094.50      | Borrowing            | 62.43  |
| Beijing BBMG Mining Co., Ltd.<br>(北京金隅礦業有限公司)                                       |                     |                    |  |                         |   |                    |                    |                      |  |
| - Integration of non-coal mines in Fangshan District                                | 157,920             | 54,621,284.23      | -  | 46,534.09               | -   | 54,667,818.32      | -                  | Self-financing       | 34.62  |
| Beijing Cement Plant Co., Ltd.<br>(北京水泥廠有限公司)                                       |                     |                    |  |                         |   |                    |                    |                      |  |
| - Construction project of limestone mine in Xiazhuang                               | 36,808              | 13,992,349.63      | -  | 19,935,220.97           | 33,927,570.60                                 | -                  | -                  | Self-financing       | 92.17  |
| Xuanhua BBMG Cement Co., Ltd.<br>(宣化金隅水泥有限公司)                                       |                     |                    |  |                         |   |                    |                    |                      |  |
| - Project concerning completion of cement production by utilization of carbide slag | 67,000              | 1,591,326.53       | -  | 8,673.47                | 1,600,000.00                                  | -                  | -                  | Self-financing       | 98.78  |

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 16. Construction in progress (continued)

2016 (continued)

| Project  | Budget<br>(RMB'000) | Opening<br>balance | Business<br>combination<br>not under<br>common control | Increase<br>in the year | Transferred<br>to fixed assets<br>in the year | Other<br>decreases | Closing<br>balance | Source of<br>funding                        | Percentage of<br>project<br>investment<br>in budget<br>(%) |
|--|---------------------|--------------------|--|-------------------------|---|--------------------|--------------------|---|--|
| Bo'ai BBMG Cement Co., Ltd.  |                     |                    |  |                         |   |                    |                    |   |  |
| - Bo'ai Zhaihuoxiang limestone mine                                | 21,102              | 10,722,641.49      | -  | 2,891,509.40            | -   | -                  | 13,614,150.89      | Self-financing                              | 64.52  |
| - Technological improvement of raw meal mill                       | 30,650              | 9,948,018.87       | -  | 15,660,542.45           | -   | -                  | 25,608,561.32      | Self-financing and borrowing                | 83.55  |
| Guangling BBMG Cement Co., Ltd.                                    |                     |                    |  |                         |   |                    |                    |   |  |
| - Collaborative project of hazardous waste disposal                | 37,480              | -                  | -  | 20,560,550.15           | -   | -                  | 20,560,550.15      | Self-financing and borrowing                | 54.86  |
| Chengde BBMG Cement Co., Ltd.                                      |                     |                    |  |                         |   |                    |                    |   |  |
| - Treatment of mine environment and other projects                 | 20,440              | 5,382,792.21       | -  | -                       | 3,326,930.85                                  | 2,055,861.36       | -                  | Self-financing                              | 126.24   |
| - Project concerning comprehensive utilisation of hazardous waste  | 39,140              | 308,850.86         | -  | 16,525,018.18           | -   | -                  | 16,833,869.04      | Share borrowing                             | 43.01  |
| - 110KV power supply technological improvement project             | 45,000              | -                  | -  | 15,895,816.67           | -   | -                  | 15,895,816.67      | Share borrowing                             | 35.32  |
| Xingtai BBMG Yongning Cement Co., Ltd.<br>(邢臺金隅永寧水泥有限公司)           |                     |                    |  |                         |   |                    |                    |   |  |
| - Phase I of renovation of raw meal mill                           | 32,246              | 29,666.67          | -  | 24,624,121.36           | 24,653,788.03                                 | -                  | -                  | Self-financing and loans                    | 76.46  |
| - Phase II of renovation of raw meal mill                          | 32,246              | -                  | -  | 21,622,828.48           | 21,622,828.48                                 | -                  | -                  | Self-financing                              | 67.06  |
| Dachang BBMG Tiantan Furniture Co., Ltd.                           |                     |                    |  |                         |   |                    |                    |   |  |
| - Construction of Dachang project                                  | 685,355             | 81,873,849.75      | -  | 191,320,238.07          | -   | -                  | 273,194,087.82     | Appropriation/<br>Fundraising/<br>Borrowing | 39.86  |
| Beijing Aerated Concrete Co., Ltd.                                 |                     |                    |  |                         |   |                    |                    |   |  |
| - Logistics park project   | 1,369,000           | 434,077,594.22     | -  | 332,324,123.74          | -   | -                  | 766,401,717.96     | Self-financing                              | 55.98  |
| Beijing Building Material Test Centre Co., Ltd.                    |                     |                    |  |                         |   |                    |                    |   |  |
| - Water-saving appliances quality monitoring and inspection center | 36,570              | 320,254.72         | -  | 30,448,863.62           | -   | -                  | 30,769,118.34      | Self-financing                              | 84.14  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Construction in progress (continued)

2016 (continued)

| Project  | Budget<br>(RMB'000) | Opening<br>balance | Business<br>combination<br>not under<br>common control | Increase<br>in the year | Transferred<br>to fixed assets<br>in the year | Other<br>decreases | Closing<br>balance | Source of<br>funding                         | Percentage of<br>project<br>investment<br>in budget<br>(%) |
|--|---------------------|--------------------|--|-------------------------|---|--------------------|--------------------|--|--|
| BBMG (Dachang) Modern Industrial Park Management Co., Ltd.           |                     |                    |  |                         |   |                    |                    |  |  |
| - Tiantan furniture project  | 590,492             | 276,189,695.83     | -  | 89,687,740.04           | 341,332,465.11                                | -                  | 24,544,970.76      | Fundraising/<br>Self-financing/<br>Borrowing | 61.96  |
| - Sanchong Mirror project  | 27,524              | 40,000.00          | -  | 21,485,144.05           | 21,525,144.05                                 | -                  | -                  | Self-financing                               | 78.20  |
| - GSHP project of Tiantan furniture Phase I                          | 88,000              | 48,731,109.78      | -  | 10,704,847.05           | 59,435,956.83                                 | -                  | -                  | Self-financing                               | 67.54  |
| BBMG Weiguan (Cangzhou) Chemical Co., Ltd.                           |                     |                    |  |                         |   |                    |                    |  |  |
| - Adhesive and poly-carboxylic acid water reducing agent             | 88,392              | -                  | -  | 22,247,579.93           | -   | -                  | 22,247,579.93      | Self-financing                               | 25.17  |
| Doudian Technology Corporate Management Co., Ltd.                    |                     |                    |  |                         |   |                    |                    |  |  |
| - Water-saving center project  | 50,390              | 3,135,850.73       | -  | 29,404,887.97           | -   | -                  | 32,540,738.70      | Borrowing                                    | 64.58  |
| BBMG Badaling Hot Spring Resort Co., Ltd.<br>(北京金隅八達嶺溫泉度假村有限責任公司)    |                     |                    |  |                         |   |                    |                    |  |  |
| - Riverside town improvement project                                 | 28,300              | -                  | -  | 28,525,695.44           | 28,525,695.44                                 | -                  | -                  | Borrowing                                    | 100.80   |
| BBMG Hongye Ecological Science and Technology Co., Ltd.              |                     |                    |  |                         |   |                    |                    |  |  |
| - Jianjin Building decoration project                                | 24,000              | 13,580,318.50      | -  | 17,294,042.63           | -   | -                  | 30,874,361.13      | Self-financing                               | 128.64   |
| Jidong Group   |                     |                    |  |                         |   |                    |                    |  |  |
| - Caofeidian Industrial Park   | 59,253              | -                  | 58,314,247.43  | 938,899.67              | -   | -                  | 59,253,147.10      | Self-financing<br>and borrowing              | 99.99  |
| Tangshan Caofeidian Jidong Equipment Mechanical Hotworking Co., Ltd. |                     |                    |  |                         |   |                    |                    |  |  |
| - Caofeidian hotworking project                                      | 216,500             | -                  | 166,948,855.60   | 27,736,575.74           | -   | -                  | 194,685,431.34     | Self-financing<br>and borrowing              | 89.92  |
| Tangshan Dunshi Electric Co., Ltd.                                   |                     |                    |  |                         |   |                    |                    |  |  |
| - Corporate innovativity development project                         | 25,000              | -                  | 2,630,839.66   | 3,176,944.41            | -   | -                  | 5,807,784.07       | Self-financing<br>and government grants      | 23.23  |
| Tangshan Dunshi Machinery Manufacturing Co., Ltd.                    |                     |                    |  |                         |   |                    |                    |  |  |
| - Dunshi machinery manufacturing project                             | 286,000             | -                  | 14,057,435.08  | -                       | -   | -                  | 14,057,435.08      | Self-financing<br>and borrowing              | 4.92   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 16. Construction in progress (continued)

2016 (continued)

| Project   | Budget<br>(RMB'000) | Opening<br>balance | Business<br>combination<br>not under<br>common control | Increase<br>in the year | Transferred<br>to fixed assets<br>in the year | Other<br>decreases | Closing<br>balance | Source of<br>funding            | Percentage of<br>project<br>investment<br>in budget<br>(%) |
|---|---------------------|--------------------|--|-------------------------|---|--------------------|--------------------|---------------------------------|--|
| Beijing Zhejun Technology<br>Development Co., Ltd.<br>– No. 3 slag production line  | 60,000              | –                  | 56,026,479.44  | 1,991,469.92            | –   | –                  | 58,017,949.36      | Self-financing<br>and borrowing | 96.70  |
| Laishui Jinglai Building Materials<br>Co., Ltd.<br>– Construction project of a<br>production line of 2.5<br>million tonnes dolomite                   | 120,073             | –                  | 18,141,188.19  | 1,022,321.13            | –   | –                  | 19,163,509.32      | Borrowing                       | 15.96  |
| Jidong Development Jingyang<br>Building Materials Co., Ltd.<br>– Aggregates production line<br>with annual production<br>capacity of 3 million tonnes | 283,579             | –                  | 77,459,173.16  | 16,974,188.34           | –   | –                  | 94,433,361.50      | Self-financing<br>and borrowing | 33.30  |
| Tangshan Jidong Development<br>Machinery and Equipment<br>Manufacturing Co., Ltd.<br>– Heavy equipment plant  | 269,923             | –                  | 218,637,902.54   | –                       | –   | –                  | 218,637,902.54     | Self-financing                  | 81.00  |
| – Ancillary equipment plant   | 164,607             | –                  | 136,294,220.63   | –                       | –   | –                  | 136,294,220.63     | Self-financing                  | 82.80  |
| – 110KV substation  | 20,385              | –                  | 18,346,566.17  | –                       | –   | –                  | 18,346,566.17      | Self-financing                  | 90.00  |
| Huawai Wind Power Development<br>Co., Ltd.<br>– Caofeidian new wind power<br>project  | 230,000             | –                  | 107,045,976.72   | –                       | –   | –                  | 107,045,976.72     | Self-financing<br>and borrowing | 46.54  |
| Tangshan Qixin Cement Industry<br>Museum<br>– Museum project  | 250,000             | –                  | 62,675,042.17  | –                       | 215,578.00                                    | –                  | 62,459,464.17      | Self-financing<br>and borrowing | 25.07  |
| Jidong Cement Heilongjiang<br>Co., Ltd.<br>– Cement production line<br>using new drying process<br>with clinker                                       | 1,670,000           | –                  | 374,493,938.13   | 162,804,438.96          | –   | –                  | 537,298,377.09     | Borrowing                       | 32.17  |
| Mizhi Jidong Cement Co., Ltd.<br>– Project concerning<br>cement production by<br>comprehensive utilization<br>using new dry process                   | 487,831             | –                  | 149,734,051.53   | 89,897,693.84           | –   | 440,201.19         | 239,191,544.18     | Borrowing                       | 49.12  |
| Mizhi Jidong Cement Co., Ltd.<br>– Production line project  | 238,098             | –                  | 139,366,341.86   | 16,508,177.84           | –   | –                  | 155,874,519.70     | Self-financing<br>and borrowing | 65.47  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Construction in progress (continued)

2016 (continued)

| Project   | Budget<br>(RMB'000) | Opening<br>balance | Business<br>combination<br>not under<br>common control | Increase<br>in the year | Transferred<br>to fixed assets<br>in the year | Other<br>decreases | Closing<br>balance | Source of<br>funding           | Percentage of<br>project<br>investment<br>in budget<br>(%) |
|---|---------------------|--------------------|--|-------------------------|---|--------------------|--------------------|--------------------------------|--|
| Jidong Cement Tongchuan Co., Ltd.   |                     |                    |  |                         |   |                    |                    |                                |  |
| – Conveyor belt project   | 55,000              | –                  | 28,893,452.21  | –                       | –   | –                  | 28,893,452.21      | Self – financing               | 52.53  |
| Yi County Xinhai Mining Co., Ltd.   |                     |                    |  |                         |   |                    |                    |                                |  |
| – Project concerning crushed stone production of 1.2 million M <sup>3</sup> per annum | 92,172              | –                  | 28,114,977.54  | 6,810,513.87            | –   | –                  | 34,925,491.41      | Self – financing and borrowing | 37.89  |
| Inner Mongolia Jidong Cement Co., Ltd.  |                     |                    |  |                         |   |                    |                    |                                |  |
| – New roller press finish grinding mill system  | 29,916              | –                  | 25,742,556.30  | 1,368,260.57            | –   | –                  | 27,110,816.87      | Self – financing               | 90.62  |
| Shandong Jidong Shengwei Building Materials Co., Ltd.                                 |                     |                    |  |                         |   |                    |                    |                                |  |
| – Project concerning transit depot of colour steel at Shouguang Port                  | 29,000              | –                  | 19,386,492.58  | 2,696,139.09            | –   | –                  | 22,082,631.67      | Self – owned                   | 76.15  |
| Chengde Jidong Cement Co., Ltd.   |                     |                    |  |                         |   |                    |                    |                                |  |
| – Technological improvement project of mining   | 50,170              | –                  | 10,689,988.52  | –                       | –   | –                  | 10,689,988.52      | Self – financing               | 21.31  |
| Jilin Jidong Logistics Co., Ltd.  |                     |                    |  |                         |   |                    |                    |                                |  |
| – Construction project concerning energy saving and environmental protection          | 50,000              | –                  | 3,621,473.60   | 943.40                  | –   | –                  | 3,622,417.00       | Borrowing                      | 7.24   |
| Jidong Cement Huludao Co., Ltd.   |                     |                    |  |                         |   |                    |                    |                                |  |
| – Cement production line using new drying process with clinker                        | 790,000             | –                  | 3,135,260.58   | –                       | –   | –                  | 3,135,260.58       | Borrowing                      | 0.40   |
| Inner Mongolia Jidong Cement Co., Ltd.  |                     |                    |  |                         |   |                    |                    |                                |  |
| – Jujinshan project   | 165,650             | –                  | 136,362,081.29   | 3,816,634.83            | 137,605,657.25                                | 2,573,058.87       | –                  | Self – financing and borrowing | 84.62  |
| Jidong Cement Panshi Co., Ltd.  |                     |                    |  |                         |   |                    |                    |                                |  |
| – Yantong Lazi mining   | 99,408              | –                  | 1,384,927.04   | 281,999.85              | –   | –                  | 1,666,926.89       | Self – financing and borrowing | 1.68   |
| Yangquan Jidong Cement Co., Ltd.  |                     |                    |  |                         |   |                    |                    |                                |  |
| – Mining right phase II project   | 25,000              | –                  | 64,509.43  | –                       | –   | –                  | 64,509.43          | Self – financing               | 0.26   |



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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 16. Construction in progress (continued)

2016 (continued)

| Project  | Budget<br>(RMB'000) | Opening<br>balance | Business<br>combination<br>not under<br>common control | Increase<br>in the year | Transferred<br>to fixed assets<br>in the year | Other<br>decreases | Closing<br>balance | Source of<br>funding | Percentage of<br>project<br>investment<br>in budget<br>(%) |
|--|---------------------|--------------------|--|-------------------------|---|--------------------|--------------------|----------------------|--|
| Liaoyang Jidong Hengdun Mining<br>Co., Ltd.<br>(遠陽冀東恒盾礦業有限公司)              |                     |                    |  |                         |   |                    |                    |                      |  |
| - Production line of crushed<br>stone of limestone and<br>gravel aggregate | 379,203             | -                  | 281,511,347.36   | 8,922,169.27            | 290,433,516.63                                | -                  | -                  | Borrowing            | 76.59  |
| Jidong Cement Chongqing<br>Jiangjin Co., Ltd.<br>(冀東水泥重慶江津有限責任公司)          |                     |                    |  |                         |   |                    |                    |                      |  |
| - Cement vertical mill<br>technological improvement<br>project             | 48,812              | -                  | 48,348,561.82  | -                       | 48,348,561.82                                 | -                  | -                  | Self-financing       | 99.05  |
| Others   |                     | 212,711,289.23     | 321,903,306.77   | 448,641,918.86          | 460,628,632.30                                | 76,652,681.83      | 445,975,200.73     |                      |  |
| Total  |                     | 1,258,874,976.38   | 2,509,331,193.35                                       | 1,957,752,040.02        | 1,612,667,852.32                              | 143,183,568.02     | 3,970,106,789.41   |                      |  |

Note: Other decreases in the period mainly represent transfer of the orebody-stripping project from construction in progress to long-term deferred expenditures upon completion.

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 16. Construction in progress *(continued)*

The analysis of capitalized amount and capitalization rate of borrowing costs included in balances for construction in progress is set out below:

For the six months ended 30 June 2017

|   | Progress<br>of works<br>(%) | Accumulated<br>amount<br>of interest<br>capitalized | Of which:<br>Interest<br>capitalized<br>for the period | Capitalization<br>rate for<br>the period<br>(%) |
|---|-----------------------------|---|--|---|
| Handan Shexian BBMG Cement Co., Ltd.  |                             |   |  |   |
| – Relocation and technological improvement project of cement grinding station | 80.00                       | 119,472.22  | 119,472.22   | 3.91  |
| – Project concerning comprehensive utilisation of mining mullock              | 99.00                       | 811,897.30  | 243,853.76   | 4.21  |
| – Project concerning raw material shed  | 99.00                       | 482,233.74  | 111,024.08   | 4.13  |
| Quyuan Jinyu Cement Co., Ltd.   |                             |   |  |   |
| – Collaborative disposal of 3000T/A hazardous waste in cement kiln            | 90.00                       | 32,629.31   | 32,629.31  | 1.20  |
| Chengde BBMG Cement Co., Ltd.   |                             |   |  |   |
| – Project concerning comprehensive utilisation of hazardous waste             | 58.00                       | 275,061.00  | 143,735.00   | 2.84  |
| – 110KV power supply technological improvement project                        | 71.00                       | 215,880.84  | 80,064.17  | 4.24  |
| Dachang BBMG Tiantan Furniture Co., Ltd.                                      |                             |   |  |   |
| – Construction of Dachang project   | 70.00                       | 1,006,250.00  | –  | –   |
| Doudian Technology Corporate Management Co., Ltd.                             |                             |   |  |   |
| – Water-saving center project   | 99.00                       | 838,919.46  | 229,399.66   | 4.13  |
| Jidong Group  |                             |   |  |   |
| – Caofeidian Industrial Park  | 18.00                       | 16,781,422.93                                       | 1,741,956.89   | 4.35  |
| Tangshan Jidong Equipment & Engineering Co., Ltd.<br>(唐山冀東裝備工程股份有限公司)         |                             |   |  |   |
| – Caofeidian hotworking project   | 99.00                       | 14,588,584.62                                       | 2,927,941.86   | 5.25  |
| Laishui Jinglai Building Materials Co., Ltd.                                  |                             |   |  |   |
| – Construction project of a production line of 2.5 million tonnes dolomite    | 99.90                       | 2,177,481.95  | 13,910.57  | 5.00  |
| Tangshan Qixin Cement Industry Museum   |                             |   |  |   |
| – Museum project  | 80.00                       | 23,657,182.51                                       | 2,684,741.91   | 4.79  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 16. Construction in progress *(continued)*

For the six months ended 30 June 2017 *(continued)*

|  | Progress<br>of works<br>(%) | Accumulated<br>amount<br>of interest<br>capitalized | Of which:<br>Interest<br>capitalized<br>for the period | Capitalization<br>rate for<br>the period<br>(%) |
|--|-----------------------------|---|--|---|
| Tangshan Dunshi Machinery Manufacturing Co., Ltd.  |                             |   |  |   |
| – Dunshi machinery manufacturing project   | 4.92                        | 4,347,133.63  | –  | –   |
| Jidong Cement Heilongjiang Co., Ltd.   |                             |   |  |   |
| – Cement production line using new drying<br>process with clinker                        | 75.00                       | 93,786,887.22                                       | 25,286,179.15  | 4.80  |
| Yantai Jidong Runtai Building Materials Co., Ltd.  |                             |   |  |   |
| – Production line project  | 68.00                       | 7,046,949.81  | 2,199,040.44   | 4.63  |
| Yi County Xinhai Mining Co., Ltd.  |                             |   |  |   |
| – Project concerning crushed stone production of<br>1.2 million M <sup>3</sup> per annum | 85.00                       | 4,309,738.91  | 841,172.99   | 4.76  |
| Jidong Cement Yongji Co., Ltd.<br>(冀東水泥永吉有限責任公司)   |                             |   |  |   |
| – Collaborative disposal of sludge in cement kiln  | 84.00                       | 15,772.47   | 13,365.48  | 4.76  |
| Jidong Cement Panshi Co., Ltd.   |                             |   |  |   |
| – Yantong Lazi mining  | 10.00                       | 1,666,926.89  | –  | –   |
|  |                             | <u>172,160,424.81</u>                               | <u>36,668,487.49</u>                                   |   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Construction in progress (continued)

2016

|  | Progress<br>of works<br>(%) | Accumulated<br>amount<br>of interest<br>capitalized | Of which:<br>Interest<br>capitalized<br>for the period | Capitalization<br>rate for<br>the period<br>(%) |
|--|-----------------------------|---|--|---|
| Bo'ai BBMG Cement Co., Ltd.  |                             |   |  |   |
| – Technological improvement of raw meal mill                                     | 95.00                       | 217,500.00  | 217,500.00   | 4.35  |
| Lingchuan BBMG Cement Co., Ltd.  |                             |   |  |   |
| – Hazardous waste disposal   | 90.00                       | 78,203.82   | 78,203.82  | 2.50  |
| Handan Shexian BBMG Cement Co., Ltd.   |                             |   |  |   |
| – Project concerning comprehensive utilisation of mining mullock                 | 87.00                       | 568,043.54  | 568,043.54   | 4.29  |
| – Project concerning raw material shed   | 84.00                       | 271,191.89  | 271,191.89   | 4.13  |
| Chengde BBMG Cement Co., Ltd.  |                             |   |  |   |
| – Project concerning comprehensive utilisation of hazardous waste                | 53.00                       | 131,326.00  | 131,326.00   | 3.34  |
| – 110KV power supply technological improvement project                           | 26.00                       | 135,816.67  | 135,816.67   | 4.35  |
| Dachang BBMG Tiantan Furniture Co., Ltd.   |                             |   |  |   |
| – Construction of Dachang project  | 40.00                       | 1,006,250.00  | 523,250.00   | 4.60  |
| Doudian Technology Corporate Management Co., Ltd.                                |                             |   |  |   |
| – Water-saving center project  | 90.00                       | 609,519.80  | 544,859.99   | 4.30  |
| Jidong Group   |                             |   |  |   |
| – Caofeidian Industrial Park   | 11.00                       | 15,039,466.04                                       | 931,406.08   | 5.43  |
| Tangshan Caofeidian Jidong Equipment Mechanical Hotworking Co., Ltd.             |                             |   |  |   |
| – Caofeidian hotworking project  | 77.00                       | 11,660,642.76                                       | 1,702,574.15   | 6.18  |
| Jidong Development Jingyang Building Materials Co., Ltd.                         |                             |   |  |   |
| – Aggregates production line with annual production capacity of 3 million tonnes | 86.00                       | 24,486,286.72                                       | 2,715,876.12   | 5.38  |
| Jingyang Jinhui Building Materials Co., Ltd.                                     |                             |   |  |   |
| – Technological improvement of production line                                   | 70.00                       | 5,807,584.15  | 466,452.45   | 5.14  |
| Beijing Zhejun Technology Development Co., Ltd.                                  |                             |   |  |   |
| – No. 3 slag production line   | 95.00                       | 9,961,734.96  | 1,033,161.30   | 7.36  |
| Laishui Jinglai Building Materials Co., Ltd.                                     |                             |   |  |   |
| – Construction project of a production line of 2.5 million tonnes dolomite       | 99.70                       | 2,163,571.38  | –  |   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Construction in progress (continued)

2016 (continued)

|   | Progress<br>of works<br>(%) | Accumulated<br>amount<br>of interest<br>capitalized | Of which:<br>Interest<br>capitalized<br>for the period | Capitalization<br>rate for<br>the period<br>(%) |
|---|-----------------------------|---|--|---|
| Tangshan Qixin Cement Industry Museum   |                             |   |  |   |
| – Museum project  | 90.00                       | 20,972,440.60                                       | 729,984.75   | 5.88  |
| Jidong Cement Heilongjiang Co., Ltd.  |                             |   |  |   |
| – Cement production line using new drying<br>process with clinker                               | 75.00                       | 68,500,708.07                                       | 11,978,919.27  | 4.82  |
| Mizhi Jidong Cement Co., Ltd.   |                             |   |  |   |
| – Project concerning cement production by<br>comprehensive utilization using new dry<br>process | 80.00                       | 4,575,091.26  | 2,992,287.04   | 4.86  |
| Yantai Jidong Runtai Building Materials Co., Ltd.   |                             |   |  |   |
| – Production line project   | 65.47                       | 4,847,909.37  | 1,082,859.90   | 4.57  |
| Yi County Xinhai Mining Co., Ltd.   |                             |   |  |   |
| – Project concerning crushed stone production of<br>1.2 million M <sup>3</sup> per annum        | 72.00                       | 3,468,565.92  | 391,153.39   | 4.76  |
| Jidong Cement Yongji Co., Ltd.  |                             |   |  |   |
| – Collaborative disposal of sludge in cement kiln   | 15.00                       | 2,406.99  | 2,406.99   | 4.76  |
| Jidong Cement Panshi Co., Ltd.  |                             |   |  |   |
| – Yantong Lazi mining   | 10.00                       | 1,666,926.89  | 281,999.85   | 4.61  |
| Tangshan Dunshi Machinery Manufacturing Co., Ltd.   |                             |   |  |   |
| – Dunshi machinery manufacturing project  | 4.92                        | 4,347,133.63  | –  |   |
|   |                             | <u>180,518,320.46</u>                               | <u>26,779,273.20</u>                                   |   |

Note: The amount of capitalized interests included in construction in progress for the first half of 2017 was RMB45,683,124.92 (2016: RMB29,496,755.26), among which, RMB9,014,637.43 (2016: RMB2,717,482.06) had been transferred to fixed assets.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 16. Construction in progress *(continued)*

Provision for impairment of construction in progress for the six months ended 30 June 2017:

|  | Opening<br>balance  | Increase in<br>the period | decrease in<br>the period | Closing<br>balance  | Reason for<br>impairment                                |
|--|---------------------|---------------------------|---------------------------|---------------------|---|
| Hebei BBMG Dingxin Cement Co., Ltd.  |                     |                           |                           |                     |   |
| – Project for the first branch   | 1,299,924.00        | –                         | –                         | 1,299,924.00        | Project suspension                                      |
| Jinyang Jinhui Building Materials Co., Ltd.  |                     |                           |                           |                     |   |
| – Technological improvement of<br>production line  | 2,147,850.07        | –                         | –                         | 2,147,850.07        | Recoverable amount is lower<br>than the carrying amount |
| Laishui Jidong Development Building<br>Materials Co., Ltd.<br>(涿水冀東發展建材有限責任公司)                     |                     |                           |                           |                     |   |
| – Project of a production line with<br>annual production capacity of<br>10 million tonnes dolomite | 1,480,451.33        | –                         | –                         | 1,480,451.33        | Recoverable amount is lower<br>than the carrying amount |
| Jidong Cement Tongchuan Co., Ltd.  |                     |                           |                           |                     |   |
| – Conveyor belt project  | 1,556,436.49        | 1,453,381.51              | –                         | 3,009,818.00        | Recoverable amount is lower<br>than the carrying amount |
|  | <u>6,484,661.89</u> | <u>1,453,381.51</u>       | <u>–</u>                  | <u>7,938,043.40</u> |   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Construction in progress (continued)

Provision for impairment of construction in progress for 2016:

|  | Opening<br>balance  | Increase in<br>the year | decrease in<br>the year (note) | Closing<br>balance  | Reason for<br>impairment                             |
|--|---------------------|-------------------------|--------------------------------|---------------------|--|
| Hebei BBMG Dingxin Cement Co., Ltd.  |                     |                         |                                |                     |  |
| – Project for the first branch   | 1,299,924.00        | –                       | –                              | 1,299,924.00        | Project suspension                                   |
| – Assets in Zhuozhou   | 570,000.00          | –                       | 570,000.00                     | –                   | Project suspension                                   |
| Handan BBMG Taihang Cement Co., Ltd.   |                     |                         |                                |                     |  |
| – Technological upgrading projects of old lines  | 6,009,693.38        | –                       | 6,009,693.38                   | –                   | Project suspension                                   |
| Beijing BBMG Cement Trading Co., Ltd.<br>(北京金隅水泥經貿有限公司)                                      |                     |                         |                                |                     |  |
| – New countryside bulk cement logistics distribution   | 751,763.47          | –                       | 751,763.47                     | –                   | Project suspension                                   |
| Jingyang Jinhui Building Materials Co., Ltd.   |                     |                         |                                |                     |  |
| – Technological improvement of production line   | 1,054,783.21        | –                       | 1,054,783.21                   | –                   | Project suspension                                   |
| Jingyang Jinhui Building Materials Co., Ltd.   |                     |                         |                                |                     |  |
| – Technological improvement of production line   | –                   | 2,147,850.07            | –                              | 2,147,850.07        | Recoverable amount is lower than the carrying amount |
| Laishui Jidong Development Building Materials Co., Ltd.                                      |                     |                         |                                |                     |  |
| – Project of a production line with annual production capacity of 10 million tonnes dolomite | –                   | 1,480,451.33            | –                              | 1,480,451.33        | Recoverable amount is lower than the carrying amount |
| Jidong Cement Tongchuan Co., Ltd.  |                     |                         |                                |                     |  |
| – Conveyor belt project  | –                   | 1,556,436.49            | –                              | 1,556,436.49        | Recoverable amount is lower than the carrying amount |
|  | <u>9,686,164.06</u> | <u>5,184,737.89</u>     | <u>8,386,240.06</u>            | <u>6,484,661.89</u> |  |

Note: The provision for impairment of the construction in progress of Handan BBMG Taihang Cement Co., Ltd., Beijing BBMG Cement Trading Co., Ltd. and Beijing Jinyu Pinggu Cement Co., Ltd. were written off in 2016.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 17. Construction materials

|                                | 30 June 2017          | 31 December 2016 |
|--------------------------------|-----------------------|------------------|
| Special-purpose equipment      | <b>223,420,011.34</b> | 317,917,156.81   |
| Special-purpose materials      | <b>8,461,945.80</b>   | 7,107,573.27     |
| Equipment and instruments      | <b>3,251,697.62</b>   | 3,455,558.06     |
|                                | <b>235,133,654.76</b> | 328,480,288.14   |
| Less: Provision for impairment | <b>13,725,462.67</b>  | 14,512,244.21    |
|                                | <b>221,408,192.09</b> | 313,968,043.93   |



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 18. Intangible assets

For the six months ended 30 June 2017

|   | Land use Rights         | Computer software licenses | Mining rights           | Trademark rights     | Others                | Total                    |
|---|-------------------------|----------------------------|-------------------------|----------------------|-----------------------|--------------------------|
| <b>Cost</b>                                   |                         |                            |                         |                      |                       |                          |
| Opening balance                               | 8,866,453,997.40        | 142,685,476.24             | 3,109,948,816.31        | 95,084,700.00        | 214,585,274.20        | 12,428,758,264.15        |
| Addition                                      | 24,518,010.24           | 3,785,802.53               | 10,735,660.71           | -                    | 373,321.22            | 39,412,794.70            |
| Business combination not under common control | -                       | 91,190.88                  | -                       | -                    | -                     | 91,190.88                |
| Disposal or retirement                        | -                       | (6,253,432.69)             | -                       | -                    | (19,942,107.63)       | (26,195,540.32)          |
| Closing balance                               | <u>8,890,972,007.64</u> | <u>140,309,036.96</u>      | <u>3,120,684,477.02</u> | <u>95,084,700.00</u> | <u>195,016,487.79</u> | <u>12,442,066,709.41</u> |
| <b>Accumulated amortization</b>               |                         |                            |                         |                      |                       |                          |
| Opening balance                               | 732,431,123.22          | 36,730,494.14              | 199,584,853.48          | -                    | 42,018,390.34         | 1,010,764,861.18         |
| Provision for the period                      | 118,041,799.78          | 13,260,594.64              | 84,892,401.59           | -                    | 6,232,942.69          | 222,427,738.70           |
| Disposal or retirement                        | -                       | (4,156,535.20)             | -                       | -                    | (1,255,414.16)        | (5,411,949.36)           |
| Closing balance                               | <u>850,472,923.00</u>   | <u>45,834,553.58</u>       | <u>284,477,255.07</u>   | <u>-</u>             | <u>46,995,918.87</u>  | <u>1,227,780,650.52</u>  |
| <b>Provision for impairment</b>               |                         |                            |                         |                      |                       |                          |
| Opening and closing balance                   | <u>6,235,685.06</u>     | <u>-</u>                   | <u>48,811,850.42</u>    | <u>5,000,000.00</u>  | <u>7,780,240.56</u>   | <u>67,827,776.04</u>     |
| <b>Carrying amount</b>                        |                         |                            |                         |                      |                       |                          |
| At the end of the period                      | <u>8,034,263,399.58</u> | <u>94,474,483.38</u>       | <u>2,787,395,371.53</u> | <u>90,084,700.00</u> | <u>140,240,328.36</u> | <u>11,146,458,282.85</u> |
| At the beginning of the period                | <u>8,127,787,189.12</u> | <u>105,954,982.10</u>      | <u>2,861,552,112.41</u> | <u>90,084,700.00</u> | <u>164,786,643.30</u> | <u>11,350,165,626.93</u> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 18. Intangible assets (continued)

2016

|   | Land use Rights  | Computer software licenses | Mining rights    | Trademark rights | Others         | Total             |
|---|------------------|----------------------------|------------------|------------------|----------------|-------------------|
| <b>Cost</b>                                   |                  |                            |                  |                  |                |                   |
| Opening balance                               | 3,561,715,468.09 | 54,626,957.60              | 1,246,350,504.02 | 16,670,000.00    | 62,115,164.52  | 4,941,478,094.23  |
| Addition                                      | 92,996,706.16    | 7,022,872.54               | 124,885,852.37   | -                | 66,480.00      | 224,971,911.07    |
| Business combination not under common control | 5,489,450,213.23 | 84,396,065.29              | 1,879,229,665.11 | 78,414,700.00    | 152,839,236.28 | 7,684,329,879.91  |
| Disposal or retirement                        | (277,708,390.08) | (3,360,419.19)             | (140,517,205.19) | -                | (435,606.60)   | (422,021,621.06)  |
| Closing balance                               | 8,866,453,997.40 | 142,685,476.24             | 3,109,948,816.31 | 95,084,700.00    | 214,585,274.20 | 12,428,758,264.15 |
| <b>Accumulated amortization</b>               |                  |                            |                  |                  |                |                   |
| Opening balance                               | 604,823,471.11   | 28,256,349.09              | 134,567,578.87   | -                | 39,224,255.59  | 806,871,654.66    |
| Provision for the year                        | 136,059,059.54   | 11,755,485.92              | 65,186,563.52    | -                | 2,794,173.04   | 215,795,282.02    |
| Disposal or retirement                        | (8,451,407.43)   | (3,281,340.87)             | (169,288.91)     | -                | (38.29)        | (11,902,075.50)   |
| Closing balance                               | 732,431,123.22   | 36,730,494.14              | 199,584,853.48   | -                | 42,018,390.34  | 1,010,764,861.18  |
| <b>Provision for impairment</b>               |                  |                            |                  |                  |                |                   |
| Opening balance                               | -                | -                          | 40,043,841.71    | 5,000,000.00     | 2,310,000.00   | 47,353,841.71     |
| Provision for the year                        | 6,235,685.06     | -                          | 16,636,150.17    | -                | 5,470,240.56   | 28,342,075.79     |
| Disposal or retirement                        | -                | -                          | (7,868,141.46)   | -                | -              | (7,868,141.46)    |
| Closing balance                               | 6,235,685.06     | -                          | 48,811,850.42    | 5,000,000.00     | 7,780,240.56   | 67,827,776.04     |
| <b>Carrying amount</b>                        |                  |                            |                  |                  |                |                   |
| At the end of the year                        | 8,127,787,189.12 | 105,954,982.10             | 2,861,552,112.41 | 90,084,700.00    | 164,786,643.30 | 11,350,165,626.93 |
| At the beginning of the year                  | 2,956,891,996.98 | 26,370,608.51              | 1,071,739,083.44 | 11,670,000.00    | 20,580,908.93  | 4,087,252,597.86  |

## Notes to Unaudited Interim Financial Statements

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 18. Intangible assets *(continued)*

All land use rights owned by the Group are within the PRC and are analysed as follows according to the remaining useful lives:

|                    | 30 June 2017            | 31 December 2016 |
|--------------------|-------------------------|------------------|
| Less than 50 years | <b>8,037,606,414.58</b> | 8,127,787,189.12 |

Details of pledge of intangible assets are set out in Note V.67.

As at 30 June 2017, the useful life of trademark rights with a carrying amount of RMB90,084,700.00 was indefinite (31 December 2016: RMB90,084,700.00). The Group can apply for extension at the end of the expiration of protection periods of trademark rights with lower handling fees, and according to comprehensive judgment of product life cycle, market conditions and other factors, these trademark rights will bring economic benefits to the Group during future periods. After evaluated by the management of the Group, no provision for impairment is necessary.

As at 30 June 2017, intangible assets for which the procedures for title certificates were yet to be completed were as follows:

|  | Carrying amount      | Reasons for the absence<br>of title certificates |
|--|----------------------|--|
| Hohhot Jidong Cement & Concrete Co., Ltd.                          | 5,448,778.63         | In process                                       |
| Land use rights and exploration rights of<br>Laishui Jidong Cement | 12,806,046.68        | In process                                       |
| Land use rights and exploration rights of<br>Jidong Haitian Cement | 8,784,994.24         | In process                                       |
| Land use rights of Pingquan Jidong Cement                          | 2,531,550.00         | In process                                       |
|  | <b>29,571,369.55</b> |  |

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 19. Development expenditure

30 June 2017

|                         | Opening balance | Increase in the period Internal Development | Decrease in the period           |  | Closing balance |
|-------------------------|-----------------|---|----------------------------------|--|-----------------|
|                         |                 |   | Recognition of Intangible assets | Included in the current profit or loss |                 |
| Development expenditure | -               | 25,644,629.64                               | -                                | 22,639,608.16                          | 3,005,021.48    |

Development expenditure represents the expenditure arising from the development of wall materials. As the research and development is technically feasible and the Company is fully capable to complete the development, it is expected to bring economic benefit inflows in the future and the expenditure during the period of development can be reliably measured, therefore, it began to be capitalized from the beginning of 2017. It has been applied for patent and is now open for public consultaion.

#### 20. Goodwill

|   | 30 June 2017            | 31 December 2016 |
|---|-------------------------|------------------|
| Hebei BBMG Dingxin Cement Co., Ltd.                         | 189,815,999.91          | 189,815,999.91   |
| Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.     | 3,967,009.95            | 3,967,009.95     |
| Handan BBMG Taihang Cement Co., Ltd.                        | 26,884,752.28           | 26,884,752.28    |
| Beijing Taihang Prospect Cement Co., Ltd.<br>(北京太行前景水泥有限公司) | 9,482,871.64            | 9,482,871.64     |
| Baoding Taihang Heyi Cement Co., Ltd.                       | 11,428,946.82           | 11,428,946.82    |
| Beijing Qianglian Cement Co., Ltd.<br>(北京強聯水泥有限公司)          | 2,742,710.29            | 2,742,710.29     |
| Tianjin Zhenxing Cement Co., Ltd.                           | 10,931,009.96           | 10,931,009.96    |
| Handan Shexian BBMG Cement Co., Ltd.                        | 56,276,121.38           | 56,276,121.38    |
| Jidong Cement Business                                      | 2,013,854,242.93        | 2,013,854,242.93 |
| Jidong Equipment Business                                   | 477,549,380.23          | 477,549,380.23   |
|   | <b>2,802,933,045.39</b> | 2,802,933,045.39 |
| Less: Provision for impairment of goodwill                  | <b>(53,162,523.95)</b>  | (53,162,523.95)  |
|   | <b>2,749,770,521.44</b> | 2,749,770,521.44 |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 20. Goodwill *(continued)*

Movements in provision for impairment of goodwill are as follows:

For the six months ended 30 June 2017

|  | Opening<br>balance   | Provision<br>for the period | Decrease<br>in the period | Closing<br>balance   |
|--|----------------------|-----------------------------|---------------------------|----------------------|
| Gongyi Tongda Zhongyuan Refractory<br>Technology Co., Ltd. | 3,967,009.95         | -                           | -                         | 3,967,009.95         |
| Tianjin Zhenxing Cement Co., Ltd.                          | 10,931,009.96        | -                           | -                         | 10,931,009.96        |
| Handan Shexian BBMG Cement Co., Ltd.                       | 35,521,793.75        | -                           | -                         | 35,521,793.75        |
| Beijing Qianglian Cement Co., Ltd.                         | 2,742,710.29         | -                           | -                         | 2,742,710.29         |
|  | <b>53,162,523.95</b> | <b>-</b>                    | <b>-</b>                  | <b>53,162,523.95</b> |

2016

|  | Opening<br>balance   | Provision<br>for the year | Decrease<br>in the year | Closing<br>balance   |
|--|----------------------|---------------------------|-------------------------|----------------------|
| Gongyi Tongda Zhongyuan Refractory<br>Technology Co., Ltd. | 3,967,009.95         | -                         | -                       | 3,967,009.95         |
| Tianjin Zhenxing Cement Co., Ltd.                          | 10,931,009.96        | -                         | -                       | 10,931,009.96        |
| Handan Shexian BBMG Cement Co., Ltd.                       | 35,521,793.75        | -                         | -                       | 35,521,793.75        |
| Beijing Qianglian Cement Co., Ltd.                         | 2,742,710.29         | -                         | -                       | 2,742,710.29         |
|  | <b>53,162,523.95</b> | <b>-</b>                  | <b>-</b>                | <b>53,162,523.95</b> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 20. Goodwill *(continued)*

Movements in provision for impairment of goodwill are as follows: *(continued)*

Measurement basis and major assumptions for determining the recoverable amount of the above assets groups are as follows:

The recoverable amount was determined based on the higher of the net amount of fair value of the assets group less costs to sell and the present value of the estimated future cash flow of the asset.

Fair value of the assets group less costs to sell was determined based on the market value of the interests held by the Group in the RMB denominated ordinary shares issued by way of public issuance in the People's Republic of China as at 30 June 2017, after deducting the transaction expenses and other necessary costs incurred on disposal of equity.

The estimated future cash flows are based on the five-year financial budget approved by the management at a discount rate of 12% – 13%. The estimated cash flows of these assets groups beyond five years are determined at a fixed growth rate of 1%-3% per annum. Other key assumptions adopted during the evaluation include estimated production capacity, future selling price, growth rate, expected gross profit margin and relevant expenditures of the asset product portfolio, and the above assumptions are based on the previous performance of these assets groups, industry standard and the management's expectations on market development.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 21. Long-term deferred expenditures

For the six months ended 30 June 2017

|   | Opening<br>balance      | Increase<br>for the period | Increase in business<br>combination<br>not under<br>common control | Amortisation<br>for the period | Other<br>decreases  | Closing<br>balance      |
|---|-------------------------|----------------------------|--|--------------------------------|---------------------|-------------------------|
| Decoration  | 112,437,313.26          | 17,742,019.68              | -  | 14,922,526.69                  | -                   | 115,256,806.25          |
| Leasehold improvement for fixed<br>assets rented                        | 22,292,358.49           | 3,436,866.06               | -  | 1,949,880.22                   | 93,713.34           | 23,685,630.99           |
| Land lease prepayments  | 344,206,231.57          | 7,242,898.28               | -  | 11,050,214.14                  | -                   | 340,398,915.71          |
| Cost of stripping mines   | 423,596,008.33          | 10,109,272.04              | -  | 8,950,515.84                   | -                   | 424,754,764.53          |
| Others  | 110,271,037.21          | 34,963,513.21              | 22,101.66  | 23,824,457.46                  | 4,014,291.69        | 117,417,902.93          |
|   | <u>1,012,802,948.86</u> | <u>73,494,569.27</u>       | <u>22,101.66</u>   | <u>60,697,594.35</u>           | <u>4,108,005.03</u> | <u>1,021,514,020.41</u> |
| Less: amount categorised as current<br>assets amortised within one year | <u>52,604,396.96</u>    |                            |  |                                |                     | <u>52,354,231.80</u>    |
|   | <u>960,198,551.90</u>   |                            |  |                                |                     | <u>969,159,788.61</u>   |

2016

|   | Opening<br>balance    | Increase<br>for the year | Increase in business<br>combination<br>not under<br>common control | Amortisation<br>for the year | Other<br>decreases  | Closing<br>balance      |
|---|-----------------------|--------------------------|--|------------------------------|---------------------|-------------------------|
| Decoration  | 92,640,054.05         | 13,692,710.92            | 32,699,041.99  | 25,752,279.11                | 842,214.59          | 112,437,313.26          |
| Leasehold improvement for fixed<br>assets rented                        | 8,457,637.86          | 18,778,338.83            | 1,267,059.92   | 3,545,424.29                 | 2,665,253.83        | 22,292,358.49           |
| Land lease prepayments  | 23,085,639.89         | 14,060,794.52            | 314,145,254.80   | 7,083,688.55                 | 1,769.09            | 344,206,231.57          |
| Cost of stripping mines   | 222,789,095.56        | 63,089,215.07            | 151,929,303.04   | 14,175,532.56                | 36,072.78           | 423,596,008.33          |
| Others  | 85,993,167.26         | 27,435,723.18            | 40,208,215.19  | 39,866,387.82                | 3,499,680.60        | 110,271,037.21          |
|   | <u>432,965,594.62</u> | <u>137,056,782.52</u>    | <u>540,248,874.94</u>  | <u>90,423,312.33</u>         | <u>7,044,990.89</u> | <u>1,012,802,948.86</u> |
| Less: amount categorised as current<br>assets amortised within one year | <u>28,196,215.47</u>  |                          |  |                              |                     | <u>52,604,396.96</u>    |
|   | <u>404,769,379.15</u> |                          |  |                              |                     | <u>960,198,551.90</u>   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 22. Deferred tax assets/liabilities

Deferred tax assets and deferred tax liabilities not eliminated:

|   | 30 June 2017                     |                         | 31 December 2016                 |                         |
|---|----------------------------------|-------------------------|----------------------------------|-------------------------|
|   | Deductible temporary differences | Deferred tax assets     | Deductible temporary differences | Deferred tax assets     |
| Deferred tax assets                                     |                                  |                         |                                  |                         |
| Provision for LAT                                       | 2,404,736,287.04                 | 601,184,071.76          | 2,159,622,326.52                 | 539,905,581.63          |
| Deductible tax losses (Note)                            | 2,042,183,895.44                 | 510,545,973.86          | 2,622,622,581.84                 | 655,655,645.46          |
| Provision for impairment of assets                      | 2,845,241,961.40                 | 711,310,490.35          | 2,671,890,325.36                 | 667,972,581.34          |
| Difference in accounting and tax of revenue recognition | 21,236,236.80                    | 5,309,059.20            | 23,543,132.24                    | 5,885,783.06            |
| Accrual of property development cost                    | 2,526,507,945.88                 | 631,626,986.47          | 2,512,498,331.52                 | 628,124,582.88          |
| Unrealised profits and losses of internal transactions  | 524,566,584.52                   | 131,141,646.13          | 501,924,708.20                   | 125,481,177.05          |
| Others  | 269,024,878.64                   | 67,256,219.66           | 290,623,842.36                   | 72,655,960.59           |
|   | <b>10,633,497,789.72</b>         | <b>2,658,374,447.43</b> | <b>10,782,725,248.04</b>         | <b>2,695,681,312.01</b> |

Note: The management of the Group considers it is probable that sufficient taxable profit will be available in the future to offset the deductible temporary differences according to the profit forecast and hence deferred tax assets are recognized for the above items.

|   | 30 June 2017                  |                          | 31 December 2016              |                          |
|---|-------------------------------|--------------------------|-------------------------------|--------------------------|
|   | Taxable temporary differences | Deferred tax liabilities | Taxable temporary differences | Deferred tax liabilities |
| Deferred tax liabilities  |                               |                          |                               |                          |
| Revaluation gains of investment properties  | 8,618,195,679.24              | 2,154,548,919.81         | 8,294,498,248.48              | 2,073,624,562.12         |
| Deductible difference of accumulated depreciation   | 1,336,575,894.92              | 334,143,973.73           | 1,336,758,803.72              | 334,189,700.93           |
| Fair value adjustment arising from business combination                                   | 6,774,808,248.96              | 1,693,702,062.24         | 7,032,981,141.76              | 1,758,245,285.44         |
| Changes in fair value of trading financial assets and available-for-sale financial assets | 416,850,150.32                | 104,212,537.58           | 597,341,631.60                | 149,335,407.90           |
| Deferred relocation compensation income   | 501,500,387.24                | 125,375,096.81           | 1,027,900,387.29              | 256,975,096.82           |
| Others  | 908,596,335.60                | 227,149,083.90           | 914,002,187.27                | 228,500,546.82           |
|   | <b>18,556,526,696.28</b>      | <b>4,639,131,674.07</b>  | <b>19,203,482,400.12</b>      | <b>4,800,870,600.03</b>  |



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 22. Deferred tax assets/liabilities *(continued)*

Deductible temporary differences and deductible tax losses of unrecognised deferred tax assets are as follows:

|                                  | 30 June 2017            | 31 December 2016 |
|----------------------------------|-------------------------|------------------|
| Deductible tax losses            | <b>6,303,909,625.21</b> | 5,944,003,526.63 |
| Deductible temporary differences | <b>2,821,738,648.53</b> | 3,509,405,201.68 |
|                                  | <b>9,125,648,273.74</b> | 9,453,408,728.31 |

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

|      | 30 June 2017            | 31 December 2016 |
|------|-------------------------|------------------|
| 2017 | <b>3,179,544.60</b>     | 326,890,796.47   |
| 2018 | <b>410,972,857.67</b>   | 547,730,614.02   |
| 2019 | <b>107,555,461.59</b>   | 107,555,461.59   |
| 2020 | <b>965,098,088.45</b>   | 1,223,765,051.18 |
| 2021 | <b>3,594,592,569.26</b> | 3,738,061,603.37 |
| 2022 | <b>1,222,511,103.64</b> | –                |
|      | <b>6,303,909,625.21</b> | 5,944,003,526.63 |

#### 23. Other non-current assets

|   | 30 June 2017            | 31 December 2016 |
|---|-------------------------|------------------|
| Repurchase (Note)                             | <b>460,843,080.58</b>   | 460,843,080.58   |
| Prepayment for projects, equipment and plants | <b>350,258,175.16</b>   | 369,845,013.85   |
| Prepayment for lands                          | <b>221,282,046.12</b>   | 221,480,955.02   |
| Prepayment for exploration rights             | <b>143,832,008.87</b>   | 143,195,136.00   |
|   | <b>1,176,215,310.73</b> | 1,195,364,185.45 |

Note: Chongqing BBMG Dacheng Shanshui Properties Co., Ltd., a sub-subsidiary of the Company, entered into an en bloc sales agreement for a commercial property in Chongqing. As the agreement provided for a possible repurchase after five years, management classified and presented the relevant commercial property with a carrying amount of RMB460,843,080.58 as other non-current assets. The relevant receipts in advance of RMB660,456,831.52 were classified and presented as other non-current liabilities.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 24. Provisions for impairment of assets

For the six months ended 30 June 2017

|  | Opening<br>balance      | Provision<br>for the period | Acquisition of<br>subsidiaries | Disposal of<br>subsidiaries | Decrease in the period  |                          | Closing<br>balance      |
|--|-------------------------|-----------------------------|--------------------------------|-----------------------------|-------------------------|--------------------------|-------------------------|
|  |                         |                             |                                |                             | Reversal                | write-back/<br>write-off |                         |
| Provision for bad debts:   | 3,606,558,585.22        | 361,112,552.71              | 102,894.45                     | (60,000.00)                 | (178,717,500.56)        | (12,854,085.19)          | 3,776,142,446.63        |
| Of which: Accounts receivable                                      | 2,250,876,050.03        | 337,846,150.58              | 42,894.45                      | -                           | (146,723,174.81)        | (10,903,895.54)          | 2,431,138,024.71        |
| Other receivables  | 1,315,581,001.81        | 22,672,198.55               | 60,000.00                      | (60,000.00)                 | (29,500,004.69)         | (1,726,851.34)           | 1,307,026,344.33        |
| Prepayments  | 40,101,533.38           | 594,203.58                  | -                              | -                           | (2,494,321.06)          | (223,338.31)             | 37,978,077.59           |
| Provision for decline in value of<br>inventories                   | 562,623,327.42          | 8,114,949.28                | 956,633.12                     | -                           | (48,954,311.13)         | (96,681,183.81)          | 426,059,414.88          |
| Provision for impairment of<br>available-for-sale financial assets | 7,304,165.76            | -                           | -                              | -                           | -                       | -                        | 7,304,165.76            |
| Provision for impairment of fixed<br>assets                        | 268,262,049.46          | 3,932,146.88                | -                              | -                           | -                       | (6,644,987.23)           | 265,549,209.11          |
| Provision for impairment of<br>construction materials              | 14,512,244.21           | -                           | -                              | -                           | -                       | (786,781.54)             | 13,725,462.67           |
| Provision for impairment of<br>construction in progress            | 6,484,661.89            | 1,453,381.51                | -                              | -                           | -                       | -                        | 7,938,043.40            |
| Provision for impairment of<br>intangible assets                   | 67,827,776.04           | -                           | -                              | -                           | -                       | -                        | 67,827,776.04           |
| Provision for impairment of goodwill                               | 53,162,523.95           | -                           | -                              | -                           | -                       | -                        | 53,162,523.95           |
| Provision for impairment of other<br>non-current assets            | 12,829.03               | -                           | -                              | -                           | -                       | -                        | 12,829.03               |
|  | <u>4,586,748,162.98</u> | <u>374,613,030.38</u>       | <u>1,059,527.57</u>            | <u>(60,000.00)</u>          | <u>(227,671,811.69)</u> | <u>(116,967,037.77)</u>  | <u>4,617,721,871.47</u> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 24. Provisions for impairment of assets (continued)

2016

|  | Opening<br>balance      | Provision<br>for the period | Acquisition of<br>subsidiaries | Disposal of<br>subsidiaries | Decrease in the period  |                          | Closing<br>balance      |
|--|-------------------------|-----------------------------|--------------------------------|-----------------------------|-------------------------|--------------------------|-------------------------|
|  |                         |                             |                                |                             | Reversal                | write-back/<br>write-off |                         |
| Provision for bad debts:   | 667,353,041.73          | 478,006,314.04              | 2,729,903,946.04               | (14,760,745.38)             | (239,150,025.88)        | (14,793,945.33)          | 3,606,558,585.22        |
| Of which: Accounts receivable                                      | 505,467,859.38          | 284,726,525.58              | 1,714,725,707.39               | (14,346,130.48)             | (232,156,263.77)        | (7,541,648.07)           | 2,250,876,050.03        |
| Other receivables  | 158,213,408.65          | 161,994,141.45              | 1,010,034,125.98               | (414,614.90)                | (6,993,762.11)          | (7,252,297.26)           | 1,315,581,001.81        |
| Prepayments  | 3,671,773.70            | 31,285,647.01               | 5,144,112.67                   | -                           | -                       | -                        | 40,101,533.38           |
| Provision for decline in value of inventories                      | 374,571,841.52          | 124,011,460.67              | 309,170,961.15                 | -                           | (78,566,821.51)         | (166,564,114.41)         | 562,623,327.42          |
| Provision for impairment of available-for-sale<br>financial assets | 7,050,165.76            | 254,000.00                  | -                              | -                           | -                       | -                        | 7,304,165.76            |
| Provision for impairment of long-term equity<br>investments        | 5,469,434.67            | -                           | -                              | -                           | -                       | (5,469,434.67)           | -                       |
| Provision for impairment of fixed assets                           | 333,358,119.83          | 95,515,904.00               | -                              | -                           | -                       | (160,611,974.37)         | 268,262,049.46          |
| Provision for impairment of construction<br>materials              | 13,139,064.84           | 1,373,179.37                | -                              | -                           | -                       | -                        | 14,512,244.21           |
| Provision for impairment of construction in<br>progress            | 9,686,164.06            | 5,184,737.89                | -                              | -                           | -                       | (8,386,240.06)           | 6,484,661.89            |
| Provision for impairment of intangible assets                      | 47,353,841.71           | 28,342,075.79               | -                              | -                           | -                       | (7,868,141.46)           | 67,827,776.04           |
| Provision for impairment of goodwill                               | 53,162,523.95           | -                           | -                              | -                           | -                       | -                        | 53,162,523.95           |
| Provision for impairment of other non-current<br>assets            | -                       | 12,829.03                   | -                              | -                           | -                       | -                        | 12,829.03               |
|  | <u>1,511,144,198.07</u> | <u>732,700,500.79</u>       | <u>3,039,074,907.19</u>        | <u>(14,760,745.38)</u>      | <u>(317,716,847.39)</u> | <u>(363,693,850.30)</u>  | <u>4,586,748,162.98</u> |

## Notes to Unaudited Interim Financial Statements

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 25. Short-term loans

|                           | 30 June 2017                    | 31 December 2016                |
|---------------------------|---------------------------------|---------------------------------|
| Guaranteed loans (Note 1) | <b>1,446,300,000.00</b>         | 1,321,700,000.00                |
| Credit loans              | <b>34,318,166,855.00</b>        | 29,927,226,954.83               |
| Mortgaged loans           | –                               | 23,000,000.00                   |
| Pledged loans (Note 2)    | <b>423,968,885.00</b>           | 755,807,187.00                  |
|                           | <b><u>36,188,435,740.00</u></b> | <b><u>32,027,734,141.83</u></b> |

Note 1: As at 30 June 2017, the guaranteed loans were guaranteed by the Group and its subsidiaries.

Note 2: As at 30 June 2017, pledged loans of the Group included pledged loans of RMB400,000,000.00 secured by equity interests with a carrying amount of RMB292,743,076.23 and loans of RMB23,968,885.00 by discounting the bills receivable of the Group's subsidiaries. Details are set out in note V.67.

As at 30 June 2017, the above loans bore an interest rate of 3.30%-8.40% (31 December 2016: 3.30%-8.00%) per annum.

As at 30 June 2017, Tangshan High Voltage Porcelain Insulator Works Co., Ltd. (唐山高壓電瓷有限公司), a subsidiary of the Group, had an outstanding loans that were due, amounting to RMB1,280,000.00 in total.

#### 26. Bills payable

|                             | 30 June 2017                 | 31 December 2016               |
|-----------------------------|------------------------------|--------------------------------|
| Bank acceptance bills       | <b>946,731,605.29</b>        | 2,242,911,852.59               |
| Commercial acceptance bills | <b>3,521,410.30</b>          | 70,409,548.22                  |
|                             | <b><u>950,253,015.59</u></b> | <b><u>2,313,321,400.81</u></b> |

As at the balance sheet date, the Group had no outstanding bills payable that were due and the bills payable of the Group would be due in six months.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 27. Accounts payable

Accounts payable are non-interest bearing and shall generally be paid within 90 days.

An aging analysis of accounts payable is as follows:

|               | 30 June 2017                    | 31 December 2016         |
|---------------|---------------------------------|--------------------------|
| Within 1 year | <b>10,813,545,205.37</b>        | 9,780,749,251.40         |
| 1 to 2 years  | <b>1,362,628,069.75</b>         | 1,505,470,010.48         |
| 2 to 3 years  | <b>428,176,619.46</b>           | 425,198,933.54           |
| Over 3 years  | <b>812,448,324.57</b>           | 600,225,485.80           |
|               | <b><u>13,416,798,219.15</u></b> | <u>12,311,643,681.22</u> |

As at 30 June 2017, significant accounts payable of the Group aging over 1 year are as follows:

|             | Relationship with<br>the Group | Amount        | Percentage of total<br>accounts payable<br>(%) | Reasons for non-payment         |
|-------------|--------------------------------|---------------|--|---------------------------------|
| Customer 54 | Third party                    | 59,260,000.00 | 0.44   | construction yet to be finished |
| Customer 55 | Third party                    | 45,485,308.09 | 0.34   | construction yet to be finished |
| Customer 56 | Third party                    | 40,300,000.00 | 0.30   | construction yet to be finished |
| Customer 57 | Third party                    | 39,069,438.00 | 0.29   | construction yet to be finished |
| Customer 58 | Third party                    | 33,513,560.93 | 0.25   | not yet due                     |

## Notes to Unaudited Interim Financial Statements

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 28. Receipts in advance

An aging analysis on receipts in advance is as follows:

|               | 30 June 2017                    | 31 December 2016                |
|---------------|---------------------------------|---------------------------------|
| Within 1 year | <b>17,718,155,652.98</b>        | 20,760,757,692.62               |
| 1 to 2 years  | <b>7,816,702,087.27</b>         | 2,537,144,447.55                |
| 2 to 3 years  | <b>56,138,274.44</b>            | 94,668,590.22                   |
| Over 3 years  | <b>81,586,584.55</b>            | 69,927,034.36                   |
|               | <b><u>25,672,582,599.24</u></b> | <b><u>23,462,497,764.75</u></b> |

An analysis on receipts in advance by nature is as follows:

|                                     | 30 June 2017                    | 31 December 2016                |
|-------------------------------------|---------------------------------|---------------------------------|
| Advances on pre-sale of properties  | <b>22,988,384,685.34</b>        | 20,937,300,214.56               |
| Advances on sale of goods           | <b>2,099,311,433.87</b>         | 1,959,061,475.77                |
| Advances on rents and property fees | <b>446,893,710.24</b>           | 446,770,789.55                  |
| Advances on construction costs      | <b>137,992,769.79</b>           | 119,365,284.87                  |
|                                     | <b><u>25,672,582,599.24</u></b> | <b><u>23,462,497,764.75</u></b> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 28. Receipts in advance *(continued)*

Details of advances on pre-sale of properties as at the balance sheet date are as follows:

| Projects  | Expected<br>settlement date<br>of the next batch | Proportion<br>of the pre-sales | 30 June 2017            | 31 December 2016 |
|---|--|--------------------------------|-------------------------|------------------|
|   |  |                                |                         |                  |
| Nanjing – Jinyu Zijinfu   | September 2017                                   | 86%                            | <b>5,628,472,897.32</b> | 5,382,094,706.24 |
| Beijing – Treasures Mansion House                                     | June 2018  | 34%                            | <b>2,745,138,330.23</b> | 1,761,935,656.96 |
| Beijing – Wangchuan Beiyuan   | June 2018  | 40%                            | <b>2,304,972,016.72</b> | 1,149,221,348.05 |
| Hangzhou – Jinyu Xuefu  | January 2018                                     | 80%                            | <b>1,940,116,883.51</b> | 1,842,763,380.63 |
| Qingdao – Beizutuan   | December 2018                                    | 36%                            | <b>1,561,756,095.82</b> | 1,354,056,785.82 |
| Hefei – Nanqi Garden  | June 2018  | 14%                            | <b>1,545,165,125.00</b> | 640,216,150.00   |
| Shanghai – Juyuan   | September 2017                                   | 37%                            | <b>1,019,998,512.87</b> | 1,282,667,177.83 |
| Chengdu – Longxijun   | September 2017                                   | 90%                            | <b>756,638,866.55</b>   | 602,896,332.32   |
| Haikou – Xixili   | December 2017                                    | 82%                            | <b>585,735,874.06</b>   | 224,309,836.69   |
| Beijing – Plot 1 of Changyang University of<br>Science and Technology | March 2017                                       | 65%                            | <b>512,472,915.31</b>   | 1,430,210,355.18 |
| Chongqing – Times Metro   | December 2017                                    | 84%                            | <b>438,173,421.94</b>   | 188,850,900.33   |
| Hangzhou – Guanlan Times  | January 2018                                     | 90%                            | <b>430,464,354.26</b>   | 292,563,609.80   |
| Beijing – Nankou housing with a price cap<br>(Wangheyuan)             | September 2018                                   | 100%                           | <b>384,682,182.87</b>   | 362,942,773.65   |
| Hangzhou – Banshan Project  | January 2017                                     | 67%                            | <b>362,186,598.15</b>   | 242,422,991.33   |
| Tianjin – Jinyu Yuecheng  | October 2017                                     | 93%                            | <b>258,464,696.81</b>   | 717,792,487.36   |
| Beijing – Jinyu Huijingyuan   | December 2017                                    | 100%                           | <b>251,699,624.63</b>   | 38,316,881.38    |
| Tangshan – Jinyu Lefu   | January 2018                                     | 60%                            | <b>227,026,615.95</b>   | 220,163,622.29   |
| Tianjin – Jinyu Mantang   | September 2017                                   | 96%                            | <b>171,549,969.46</b>   | 271,913,960.92   |
| Chongqing – Nanshanjun  | December 2017                                    | 57%                            | <b>167,457,951.22</b>   | 67,600,312.74    |
| Tangshan – Jin'an hongbao   | December 2017                                    | 41%                            | <b>165,916,049.08</b>   | 18,043,454.10    |
| Beijing – Jinyu Feili   | January 2018                                     | 99%                            | <b>164,286,266.13</b>   | 1,453,104,373.26 |
| Beijing – Nankou Affordable Housing<br>(Wangyajiyuan)                 | August 2018                                      | 82%                            | <b>158,254,231.00</b>   | 112,875,216.00   |
| Beijing – Jiaheyuan   | December 2017                                    | 94%                            | <b>157,625,463.57</b>   | 201,193,155.89   |
| Inner Mongolia – Jinyu Global Finance Centre                          | December 2017                                    | 30%                            | <b>155,608,806.92</b>   | 139,019,466.53   |
| Beijing – Chaoyang New City   | December 2017                                    | 100%                           | <b>76,247,953.24</b>    | 74,402,364.38    |
| Tangshan – Lixinjiayuan   | July 2017  | 74%                            | <b>38,056,917.92</b>    | 73,511,655.35    |
| Beijing – Tuqiao Huashijiang  | December 2017                                    | 99%                            | <b>28,404,593.27</b>    | 142,743,330.67   |
| Beijing – Jinyu Lanwan  | December 2017                                    | 98%                            | <b>26,178,063.92</b>    | 274,337,353.54   |
| Chengdu – Shuangliu project   | December 2017                                    | 100%                           | <b>22,620,454.00</b>    | 36,000,901.00    |
| Beijing – Phase III of Tuqiao   | December 2017                                    | 95%                            | <b>21,058,251.10</b>    | 43,229,641.36    |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 28. Receipts in advance *(continued)*

Details of advances on pre-sale of properties as at the balance sheet date are as follows: *(continued)*

| Projects   | Expected<br>settlement date<br>of the next batch | Proportion<br>of the pre-sales | 30 June 2017             | 31 December 2016         |
|--|--|--------------------------------|--------------------------|--------------------------|
|  |  |                                |                          |                          |
| Beijing – Chang'an New City                                | December 2017                                    | 100%                           | 19,657,398.17            | 8,175,474.26             |
| Inner Mongolia – Jinyu Elegancy City                       | December 2017                                    | 92%                            | 16,783,946.79            | 16,098,456.17            |
| Inner Mongolia – Jinyu Times City                          | December 2017                                    | 97%                            | 14,775,860.12            | 17,927,830.88            |
| Ma'anshan – Project at the Eastern Foot of<br>Jiashan Hill | December 2017                                    | 91%                            | 14,422,999.22            | 23,558,316.99            |
| Beijing – Jinyu Town–House                                 | December 2017                                    | 100%                           | 13,609,436.24            | 13,109,436.24            |
| Qingdao – Site in Jinggangshan Rd.                         | December 2017                                    | 100%                           | 12,306,702.05            | 10,582,896.09            |
| Tangshan – Qixin Phase 1                                   | August 2017                                      | 71%                            | 11,096,042.61            | 15,807,168.39            |
| Beijing – Ruiheyuan  | January 2018                                     | 100%                           | 10,629,737.60            | 10,629,737.60            |
| Beijing – Meiheyuan  | January 2018                                     | 100%                           | 9,854,662.64             | 9,854,662.64             |
| Beijing – Dachengjun                                       | July 2017  | 97%                            | 9,112,943.63             | 15,103,145.91            |
| Beijing – Liyuan Jincheng Centre                           | July 2017  | 98%                            | 8,684,252.35             | 1,176,190.47             |
| Beijing – Kanghuiyuan                                      | December 2017                                    | 97%                            | 7,592,925.64             | 7,235,651.90             |
| Beijing – Guogongzhuang project                            | July 2017  | 94%                            | 5,982,157.15             | 30,859,191.92            |
| Beijing – Tuqiao Ziyouzhu                                  | December 2017                                    | 98%                            | 5,351,155.62             | 4,952,022.44             |
| Beijing – Tuqiao Tongheyuan                                | December 2017                                    | 100%                           | 5,284,980.60             | 5,304,980.60             |
| Beijing – Binheyuan  | December 2017                                    | 100%                           | 4,086,746.30             | 5,174,681.65             |
| Beijing – Jinyu Huixingyuan                                | December 2017                                    | 100%                           | 3,496,725.72             | 9,844,802.86             |
| Haikou – Meilinghu   | December 2017                                    | 100%                           | 3,297,729.43             | 1,574,616.00             |
| Beijing – I Cube   | December 2017                                    | 99%                            | 2,648,533.30             | 3,843,355.91             |
| Beijing – Jinyu Vanke City                                 | December 2017                                    | 100%                           | 10,000.00                | 10,000.00                |
| Others   |  |                                | 503,269,767.33           | 85,077,414.04            |
|  |  |                                | <b>22,988,384,685.34</b> | <b>20,937,300,214.56</b> |



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 29. Wages payable

For the six months ended 30 June 2017

|   | Opening balance       | Increase in<br>the period | Decrease in<br>the period | Closing balance       |
|---|-----------------------|---------------------------|---------------------------|-----------------------|
| Short-term remunerations                                | 349,055,936.48        | 2,363,687,993.43          | 2,446,782,503.91          | 265,961,426.00        |
| Post-employment benefits<br>(defined contribution plan) | 48,200,679.31         | 286,037,502.96            | 325,269,719.63            | 8,968,462.64          |
| Termination benefits                                    | 2,835,797.39          | 172,781.39                | 926,027.83                | 2,082,550.95          |
|   | <u>400,092,413.18</u> | <u>2,649,898,277.78</u>   | <u>2,772,978,251.37</u>   | <u>277,012,439.59</u> |

2016

|   | Opening balance       | Increase in the year    | Decrease in the year    | Closing balance       |
|---|-----------------------|-------------------------|-------------------------|-----------------------|
| Short-term remunerations                                | 113,303,064.91        | 3,414,472,437.17        | 3,178,719,565.60        | 349,055,936.48        |
| Post-employment benefits<br>(defined contribution plan) | 5,299,582.13          | 444,933,332.31          | 402,032,235.13          | 48,200,679.31         |
| Termination benefits                                    | –                     | 9,107,124.71            | 6,271,327.32            | 2,835,797.39          |
|   | <u>118,602,647.04</u> | <u>3,868,512,894.19</u> | <u>3,587,023,128.05</u> | <u>400,092,413.18</u> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 29. Wages payable (continued)

Details of short-term remunerations are as follows:

For the six months ended 30 June 2017

|  | Opening balance       | Increase in<br>the period | Decrease in<br>the period | Closing balance       |
|--|-----------------------|---------------------------|---------------------------|-----------------------|
| Salaries, bonuses, allowances<br>and subsidies | 167,202,401.24        | 1,823,566,262.85          | 1,898,574,725.85          | 92,193,938.24         |
| Staff welfare                                  | 4,801.00              | 136,940,265.55            | 136,193,693.55            | 751,373.00            |
| Social insurance                               | 61,831,894.04         | 179,287,869.93            | 179,631,443.06            | 61,488,320.91         |
| Of which: Medical insurance                    | 59,346,531.02         | 151,229,363.89            | 150,586,500.05            | 59,989,394.86         |
| Work injury insurance                          | 1,901,642.71          | 19,495,241.61             | 20,559,363.93             | 837,520.39            |
| Maternity insurance                            | 583,720.31            | 8,563,264.43              | 8,485,579.08              | 661,405.66            |
| Housing funds                                  | 19,416,158.00         | 147,269,428.00            | 157,569,630.00            | 9,115,956.00          |
| Union fund and employee<br>education fund      | 47,415,963.38         | 43,500,721.49             | 35,145,618.01             | 55,771,066.86         |
| Others   | 53,184,718.82         | 33,123,445.61             | 39,667,393.44             | 46,640,770.99         |
|  | <u>349,055,936.48</u> | <u>2,363,687,993.43</u>   | <u>2,446,782,503.91</u>   | <u>265,961,426.00</u> |

2016

|  | Opening balance       | Increase in<br>the year | Decrease in<br>the year | Closing balance       |
|--|-----------------------|-------------------------|-------------------------|-----------------------|
| Salaries, bonuses, allowances<br>and subsidies | 68,836,344.90         | 2,576,164,781.12        | 2,477,798,724.78        | 167,202,401.24        |
| Staff welfare                                  | –                     | 167,609,774.77          | 167,604,973.77          | 4,801.00              |
| Social insurance                               | 12,480,662.12         | 303,927,948.29          | 254,576,716.37          | 61,831,894.04         |
| Of which: Medical insurance                    | 10,341,633.54         | 269,731,217.50          | 220,726,320.02          | 59,346,531.02         |
| Work injury insurance                          | 1,827,262.13          | 21,598,518.61           | 21,524,138.03           | 1,901,642.71          |
| Maternity insurance                            | 311,766.45            | 12,598,212.18           | 12,326,258.32           | 583,720.31            |
| Housing funds                                  | 3,639,409.00          | 228,909,128.00          | 213,132,379.00          | 19,416,158.00         |
| Union fund and employee<br>education fund      | 24,747,375.89         | 78,456,202.41           | 55,787,614.92           | 47,415,963.38         |
| Others   | 3,599,273.00          | 59,404,602.58           | 9,819,156.76            | 53,184,718.82         |
|  | <u>113,303,064.91</u> | <u>3,414,472,437.17</u> | <u>3,178,719,565.60</u> | <u>349,055,936.48</u> |

As at the balance sheet date, there was no wages payable in arrears.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 29. Wages payable *(continued)*

Details of post-employment benefits (defined contribution plan) as at the balance sheet date are as follows:

For the six months ended 30 June 2017

|                        | Opening<br>balance   | Increase in<br>the period | Decrease in<br>the period | Closing<br>balance  |
|------------------------|----------------------|---------------------------|---------------------------|---------------------|
| Basic pension          | 42,595,443.29        | 256,337,370.00            | 292,160,120.36            | 6,772,692.93        |
| Unemployment insurance | 2,520,171.73         | 17,723,440.26             | 19,388,516.64             | 855,095.35          |
| Corporate annuity      | 3,085,064.29         | 11,976,692.70             | 13,721,082.63             | 1,340,674.36        |
|                        | <u>48,200,679.31</u> | <u>286,037,502.96</u>     | <u>325,269,719.63</u>     | <u>8,968,462.64</u> |

2016

|                        | Opening<br>balance  | Increase in<br>the year | Decrease in<br>the year | Closing<br>balance   |
|------------------------|---------------------|-------------------------|-------------------------|----------------------|
| Basic pension          | 4,034,987.16        | 381,282,398.08          | 342,721,941.95          | 42,595,443.29        |
| Unemployment insurance | 220,639.67          | 43,546,135.34           | 41,246,603.28           | 2,520,171.73         |
| Corporate annuity      | 1,043,955.30        | 20,104,798.89           | 18,063,689.90           | 3,085,064.29         |
|                        | <u>5,299,582.13</u> | <u>444,933,332.31</u>   | <u>402,032,235.13</u>   | <u>48,200,679.31</u> |

The Group participated in the pension insurance and unemployment insurance managed by local government, to which the Group and employees made contributions based on 18%-20% and 8% of the total wages in the previous year respectively. In addition, the Group also participated in the corporate annuity scheme operated and managed by a competent external management organization, to pay a certain percentage of annuity for eligible enterprises and employees.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 30. Tax payable

|                                       | 30 June 2017            | 31 December 2016        |
|---------------------------------------|-------------------------|-------------------------|
| Corporate income tax                  | 663,829,088.79          | 1,113,485,789.61        |
| VAT                                   | 312,153,538.58          | 282,255,304.53          |
| Land appreciation tax                 | 120,046,811.97          | 258,252,497.97          |
| Real estate tax                       | 40,802,597.55           | 36,759,469.98           |
| Urban and rural land use tax          | 27,470,524.48           | 30,784,243.33           |
| Resource tax                          | 12,398,957.69           | 22,323,209.13           |
| Individual income tax                 | 13,431,471.89           | 20,776,389.46           |
| City maintenance and construction tax | 22,004,161.03           | 19,732,799.54           |
| Education surcharges                  | 18,415,941.94           | 14,976,834.85           |
| Business tax                          | 2,656,450.11            | 3,210,131.66            |
| Others                                | 23,371,572.18           | 27,232,471.27           |
|                                       | <b>1,256,581,116.21</b> | <b>1,829,789,141.33</b> |

#### 31. Interests payable

|   | 30 June 2017          | 31 December 2016      |
|---|-----------------------|-----------------------|
| Interests on borrowings                     | 268,141,444.17        | 84,337,461.70         |
| Of which: Interests on long-term borrowings | 65,996,329.10         | 36,589,434.85         |
| Interests on short-term borrowings          | 202,145,115.07        | 47,748,026.85         |
| Interests of corporate bonds                | 700,988,324.40        | 714,695,404.93        |
|   | <b>969,129,768.57</b> | <b>799,032,866.63</b> |

#### 32. Dividends payable

|  | 30 June 2017          | 31 December 2016      |
|--|-----------------------|-----------------------|
| Other shareholders                         | 330,322,514.20        | 4,722,328.09          |
| Dividends payable to minority shareholders | 167,385,018.14        | 167,740,497.95        |
| Perpetual bonds                            | 286,592,043.38        | 13,347,945.21         |
| Sinoma                                     | 16,770,600.00         | 16,770,600.00         |
|  | <b>801,070,175.72</b> | <b>202,581,371.25</b> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 33. Other payables

An aging analysis of other payables is as follows:

|               | 30 June 2017                   | 31 December 2016               |
|---------------|--------------------------------|--------------------------------|
| Within 1 year | <b>3,781,531,498.81</b>        | 4,455,306,399.98               |
| 1 to 2 years  | <b>1,457,033,693.56</b>        | 804,809,789.77                 |
| 2 to 3 years  | <b>293,851,525.06</b>          | 240,991,899.24                 |
| Over 3 years  | <b>620,915,090.06</b>          | 479,586,238.61                 |
|               | <b><u>6,153,331,807.49</u></b> | <b><u>5,980,694,327.60</u></b> |

An analysis on other payables by nature is as follows:

|   | 30 June 2017                   | 31 December 2016               |
|---|--------------------------------|--------------------------------|
| Amounts collected on behalf and temporary receipts                        | <b>2,439,541,171.07</b>        | 1,761,726,097.41               |
| Deposits  | <b>1,258,719,359.57</b>        | 1,228,887,372.48               |
| Payables for land use right   | <b>247,211,992.41</b>          | 898,057,811.40                 |
| Construction costs payable  | <b>181,075,211.99</b>          | 352,280,518.12                 |
| Payables for relocation compensation                                      | <b>241,436,271.10</b>          | 246,125,204.86                 |
| Freight and miscellaneous charges payable                                 | <b>175,067,249.23</b>          | 181,257,861.94                 |
| Payables for acquisition of equity investments                            | <b>321,895,877.64</b>          | 157,967,009.56                 |
| Payables to related parties (Note X.7)                                    | <b>1,187,995.39</b>            | 94,967,631.12                  |
| Utilities   | <b>90,366,164.81</b>           | 88,425,980.23                  |
| Public maintenance fund payable   | <b>58,898,847.65</b>           | 58,701,982.83                  |
| Current portion of net liabilities of defined benefit plan<br>(Note V.39) | <b>68,290,013.55</b>           | 73,043,593.00                  |
| Others  | <b><u>1,069,641,653.08</u></b> | <b><u>839,253,264.65</u></b>   |
|   | <b><u>6,153,331,807.49</u></b> | <b><u>5,980,694,327.60</u></b> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 33. Other payables (continued)

As at 30 June 2017, significant other payables of the Group aging more than one year are as follows:

|             | Relationship<br>with the Group | Amount         | Percentage<br>of total other<br>payables<br>(%) | Reasons for<br>non-payment |
|-------------|--------------------------------|----------------|---|----------------------------|
| Customer 59 | Third party                    | 186,185,888.77 | 3.03  | Not yet settled            |
| Customer 60 | Third party                    | 103,250,000.00 | 1.68  | Not yet settled            |
| Customer 61 | Third party                    | 97,360,221.50  | 1.58  | Not yet settled            |
| Customer 62 | Third party                    | 64,800,000.00  | 1.05  | Not yet settled            |
| Customer 63 | Third party                    | 57,276,993.00  | 0.93  | Not yet settled            |

#### 34. Non-current liabilities due within one year

|  | 30 June 2017             | 31 December 2016 |
|--|--------------------------|------------------|
| Long-term loans due within one year (Note V.36)    | <b>2,034,077,997.00</b>  | 1,556,867,602.00 |
| Bonds payable due within one year (Note V.37)      | <b>9,590,948,825.21</b>  | 4,395,182,341.01 |
| Long-term payables due within one year (Note V.38) | <b>781,906,993.95</b>    | 945,370,562.70   |
|  | <b>12,406,933,816.16</b> | 6,897,420,505.71 |

Details of long-term loans due within one year are as follows:

|                  | 30 June 2017            | 31 December 2016 |
|------------------|-------------------------|------------------|
| Guaranteed loans | <b>286,497,997.00</b>   | 576,757,602.00   |
| Credit loans     | <b>1,347,580,000.00</b> | 980,110,000.00   |
| Mortgaged loans  | <b>400,000,000.00</b>   | —                |
|                  | <b>2,034,077,997.00</b> | 1,556,867,602.00 |

As at 30 June 2017, Tangshan High Voltage Porcelain Insulator Works Co., Ltd. (唐山高壓電瓷有限公司) and Tangshan Ultra-High Voltage Porcelain Insulator Co., Ltd. (唐山歐倫特高壓電瓷有限公司), subsidiaries of the the Group, had outstanding loans that were past due within one year, amounting to RMB1,080,000.00 and RMB41,897,997.00 respectively.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 35. Other current liabilities

|  | 30 June 2017            | 31 December 2016 |
|--|-------------------------|------------------|
| Deferred income carried over within one year (Note V.41) | <b>64,171,040.61</b>    | 62,547,646.85    |
| Accrued expenses   | <b>6,024,945,669.49</b> | 5,676,834,482.97 |
| Of which: Accrued development cost                       | <b>3,386,644,648.55</b> | 3,248,747,071.29 |
| Provision for LAT  | <b>2,493,130,993.35</b> | 2,284,285,942.32 |
| Accrued costs for treatment of solid wastes              | <b>98,681,328.92</b>    | 93,123,373.60    |
| Other accrued expenses                                   | <b>46,488,698.67</b>    | 50,678,095.76    |
|  | <b>6,089,116,710.10</b> | 5,739,382,129.82 |

Of which, details of deferred income carried over within one year is as follows:

|                                     | 30 June 2017         | 31 December 2016 |
|-------------------------------------|----------------------|------------------|
| Government grants related to assets |                      |                  |
| Environmental protection projects   | <b>21,618,277.75</b> | 22,535,589.35    |
| Cogeneration projects               | <b>3,594,387.92</b>  | 3,594,387.92     |
| Relocation compensation             | <b>10,989,488.40</b> | 9,217,841.28     |
| Others                              | <b>24,649,707.97</b> | 24,279,487.57    |
| Government grants related to income |                      |                  |
| Research and development funds      | <b>3,319,178.57</b>  | 2,920,340.73     |
|                                     | <b>64,171,040.61</b> | 62,547,646.85    |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 36. Long-term borrowings

|   | 30 June 2017             | 31 December 2016  |
|---|--------------------------|-------------------|
| Mortgaged loans (Note 1)                      | <b>7,034,440,000.00</b>  | 7,212,507,602.00  |
| Guaranteed loans (Note 2)                     | <b>8,167,297,997.00</b>  | 4,389,480,000.00  |
| Credit loans                                  | <b>7,915,180,000.00</b>  | 5,042,565,000.00  |
| Pledged loans (Note 1)                        | <b>3,000,000,000.00</b>  | 3,000,000,000.00  |
| Closing balance                               | <b>26,116,917,997.00</b> | 19,644,552,602.00 |
| Of which: Long-term loans due within one year | <b>2,034,077,997.00</b>  | 1,556,867,602.00  |
| Non-current portion                           | <b>24,082,840,000.00</b> | 18,087,685,000.00 |

|  | 30 June 2017             | 31 December 2016  |
|--|--------------------------|-------------------|
| An analysis on maturity of long-term loans as at the balance sheet date is as follows: |                          |                   |
| Within 1 year (inclusive)  | <b>2,034,077,997.00</b>  | 1,556,867,602.00  |
| 1 to 2 years (inclusive)   | <b>4,650,340,000.00</b>  | 3,431,720,000.00  |
| 2 to 5 years (inclusive)   | <b>12,831,900,000.00</b> | 6,484,365,000.00  |
| Over 5 years   | <b>6,600,600,000.00</b>  | 8,171,600,000.00  |
|  | <b>26,116,917,997.00</b> | 19,644,552,602.00 |

For the six months ended 30 June 2017, the above loans bore interest rates of 1.2%-10.34% (2016: 1.2%-10.34%) per annum.

Note 1: As at 30 June 2017, details and value of collaterals corresponding to mortgaged and pledged loans of the Group are set out in note V. 67.

Note 2: As at the balance sheet date, the guaranteed loans of the Group were guaranteed by the Group and its subsidiaries.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 37. Bonds payable

|   | 30 June 2017                    | 31 December 2016         |
|---|---------------------------------|--------------------------|
| Corporate bonds                               | <b>15,388,878,978.95</b>        | 11,880,492,387.25        |
| Medium-term notes                             | <b>7,000,000,000.00</b>         | 7,000,000,000.00         |
| Private bonds                                 | <b><u>6,695,561,995.94</u></b>  | <u>6,794,086,497.21</u>  |
| Closing balance                               | <b>29,084,440,974.89</b>        | 25,674,578,884.46        |
| Of which: Bonds payable due within one year   | <b><u>9,590,948,825.21</u></b>  | <u>4,395,182,341.01</u>  |
| Non-current portion                           | <b><u>19,493,492,149.68</u></b> | <u>21,279,396,543.45</u> |
|   | <b>30 June 2017</b>             | 31 December 2016         |
| <b>Analysis of maturity of bonds payable:</b> |                                 |                          |
| Within 1 year (inclusive)                     | <b>9,590,948,825.21</b>         | 4,395,182,341.01         |
| 1 to 2 years (inclusive)                      | <b>7,758,895,535.77</b>         | 9,865,164,155.24         |
| 2 to 5 years (inclusive)                      | <b>10,439,672,289.17</b>        | 8,826,521,280.97         |
| Over 5 years                                  | <b><u>1,294,924,324.74</u></b>  | <u>2,587,711,107.24</u>  |
|   | <b><u>29,084,440,974.89</u></b> | <u>25,674,578,884.46</u> |
| <b>Current portion</b>                        |                                 |                          |
| Short-term financing bonds                    | <b><u>3,798,549,680.74</u></b>  | <u>3,000,000,000.00</u>  |

As at the balance sheet date, the short-term financing bonds above would be due within one year.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 37. Bonds payable (continued)

## For the six months ended 30 June 2017

|                      | Par value                           | issuance date     | Term     | Issuance         | Balance as at the beginning of the period | Public issuance amount for the period | Interest charged during the period | Amortisation of discount/premium | Repayment during the period | Reclassified to due within one year | Closing balance  |
|----------------------|-------------------------------------|-------------------|----------|------------------|---|---------------------------------------|------------------------------------|----------------------------------|-----------------------------|-------------------------------------|------------------|
| Non-current portion: |                                     |                   |          |                  |   |                                       |                                    |                                  |                             |                                     |                  |
| 1)                   | RMB2 billion medium-term notes      | 20 September 2012 | 5 years  | 2,000,000,000.00 | -   | -                                     | 55,800,000.00                      | -                                | -                           | (2,000,000,000.00)                  | -                |
| 2)                   | RMB1.5 billion medium-term notes    | 14 October 2013   | 5 years  | 1,500,000,000.00 | 1,500,000,000.00                          | -                                     | 43,500,000.00                      | -                                | -                           | -                                   | 1,500,000,000.00 |
| 3)                   | RMB2 billion medium-term notes      | 15 October 2014   | 5 years  | 2,000,000,000.00 | 2,000,000,000.00                          | -                                     | 53,500,000.00                      | -                                | -                           | -                                   | 2,000,000,000.00 |
| 3)                   | RMB1.5 billion medium-term notes    | 17 November 2014  | 5 years  | 1,500,000,000.00 | 1,500,000,000.00                          | -                                     | 39,750,000.00                      | -                                | -                           | -                                   | 1,500,000,000.00 |
| 4)                   | RMB2 billion private bonds          | 5 February 2015   | 3 years  | 2,000,000,000.00 | 2,000,000,000.00                          | -                                     | 55,000,000.00                      | -                                | -                           | (2,000,000,000.00)                  | -                |
| 4)                   | RMB2.5 billion private bonds        | 19 March 2015     | 3 years  | 2,500,000,000.00 | 2,500,000,000.00                          | -                                     | 68,250,000.00                      | -                                | -                           | (2,500,000,000.00)                  | -                |
| 4)                   | RMB500 million private bonds        | 20 July 2015      | 3 years  | 500,000,000.00   | 500,000,000.00                            | -                                     | 12,875,000.00                      | -                                | -                           | -                                   | 500,000,000.00   |
| 5)                   | RMB3.2 billion corporate bonds      | 14 March 2016     | 5 years  | 3,200,000,000.00 | 3,185,369,201.77                          | -                                     | 51,601,336.04                      | 1,681,336.04                     | -                           | -                                   | 3,187,050,537.81 |
| 5)                   | RMB1.8 billion corporate bonds      | 14 March 2016     | 7 years  | 1,800,000,000.00 | 1,791,115,290.53                          | -                                     | 32,148,099.33                      | 648,099.33                       | -                           | -                                   | 1,791,763,389.86 |
| 6)                   | RMB1.5 billion corporate bonds      | 24 July 2015      | 3 years  | 1,500,000,000.00 | 1,495,500,000.00                          | -                                     | 24,992,876.72                      | 1,500,000.00                     | -                           | -                                   | 1,497,000,000.00 |
| 7)                   | RMB800 million corporate bonds      | 13 September 2012 | 7 years  | 800,000,000.00   | 797,106,000.00                            | -                                     | 55,341,369.85                      | 543,000.00                       | -                           | (296,075,000.00)                    | 797,649,000.00   |
| 8)                   | RMB300 million private bonds        | 4 May 2015        | 3 years  | 300,000,000.00   | 296,075,000.00                            | -                                     | 21,000,000.00                      | -                                | -                           | -                                   | 297,075,000.00   |
| 8)                   | RMB500 million private bonds        | 3 June 2015       | 3 years  | 500,000,000.00   | 500,000,000.00                            | -                                     | 34,000,000.00                      | -                                | -                           | (500,000,000.00)                    | -                |
| 9)                   | Jidong RMB900 million private bonds | 19 September 2014 | 3 years  | 900,000,000.00   | -   | -                                     | 29,250,000.00                      | 1,357,870.60                     | -                           | (899,486,995.94)                    | -                |
| 10)                  | 2007 Corporate bonds                | 1 August 2007     | 10 years | 600,000,000.00   | -   | -                                     | 16,470,000.00                      | 1,630,769.93                     | -                           | (599,728,205.01)                    | -                |
| 11)                  | RMB1.6 billion corporate bonds      | 30 August 2011    | 7 years  | 1,600,000,000.00 | 1,073,589,155.24                          | -                                     | 33,847,237.50                      | 1,255,842.71                     | -                           | -                                   | 1,074,844,997.95 |
| 11)                  | RMB900 million corporate bonds      | 20 March 2012     | 8 years  | 900,000,000.00   | 895,366,562.66                            | -                                     | 18,395,795.25                      | 660,417.60                       | (487,305,000.00)            | -                                   | 414,721,980.26   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 37. Bonds payable (continued)

For the six months ended 30 June 2017 (continued)

|  | Par value      | Issuance date   | Term     | Issuance                 | Balance as at the beginning of the period | Public issuance amount for the period | Interest charged during the period | Amortisation of discount/premium | Repayment during the period | Redeemed within one year  | Closing balance          |
|--|----------------|-----------------|----------|--------------------------|---|---------------------------------------|------------------------------------|----------------------------------|-----------------------------|---------------------------|--------------------------|
| <b>Non-current portion: (continued)</b>      |                |                 |          |                          |   |                                       |                                    |                                  |                             |                           |                          |
| 12) RMB800 million corporate bonds           | RMB800 million | 15 October 2012 | 5 years  | 800,000,000.00           | -   | -                                     | 22,600,000.00                      | 585,215.54                       | (4,000,000.00)              | (795,658,624.26)          | -                        |
| 12) RMB450 million corporate bonds           | RMB450 million | 15 October 2012 | 7 years  | 450,000,000.00           | 448,679,516.54                            | -                                     | 13,275,000.00                      | 221,869.38                       | -                           | -                         | 448,901,385.92           |
| 12) RMB800 million corporate bonds           | RMB800 million | 15 October 2012 | 10 years | 800,000,000.00           | 796,595,816.71                            | -                                     | 24,000,000.00                      | 250,945.43                       | -                           | -                         | 796,846,762.14           |
| 17) RMB3.5 billion corporate bonds           | RMB3.5 billion | 19 May 2017     | 5 years  | 3,500,000,000.00         | -   | 3,500,000,000.00                      | 21,519,866.46                      | (13,363,466.87)                  | -                           | -                         | 3,486,636,533.13         |
| 17) RMB500 million corporate bonds           | RMB500 million | 19 May 2017     | 7 years  | 500,000,000.00           | -   | 500,000,000.00                        | 3,165,895.94                       | (1,922,437.39)                   | -                           | -                         | 498,077,562.61           |
|  |                |                 |          | <b>30,150,000,000.00</b> | <b>21,279,396,543.45</b>                  | <b>4,000,000,000.00</b>               | <b>730,282,477.09</b>              | <b>(4,950,537.70)</b>            | <b>(685,305,000.00)</b>     | <b>(9,590,948,825.21)</b> | <b>19,493,492,149.68</b> |
| <b>Current portion:</b>                      |                |                 |          |                          |   |                                       |                                    |                                  |                             |                           |                          |
| 14) RMB3 billion ultra-short financing bonds | RMB3 billion   | 20 May 2016     | 266 days | 3,000,000,000.00         | 3,000,000,000.00                          | -                                     | 11,633,333.33                      | -                                | (3,000,000,000.00)          | -                         | -                        |
| 18) RMB3 billion ultra-short financing bonds | RMB3 billion   | 13 January 2017 | 88 days  | 3,000,000,000.00         | -   | 3,000,000,000.00                      | 29,250,000.00                      | -                                | (3,000,000,000.00)          | -                         | -                        |
| 18) RMB3 billion ultra-short financing bonds | RMB3 billion   | 14 March 2017   | 245 days | 3,000,000,000.00         | -   | 3,000,000,000.00                      | 40,838,333.33                      | -                                | -                           | -                         | 3,000,000,000.00         |
| 19) RMB1 billion short-term financing bonds  | RMB1 billion   | 21 June 2017    | 270 days | 1,000,000,000.00         | -   | 800,000,000.00                        | 1,254,098.36                       | (1,450,319.26)                   | -                           | -                         | 798,549,680.74           |
|  |                |                 |          | <b>10,000,000,000.00</b> | <b>3,000,000,000.00</b>                   | <b>6,800,000,000.00</b>               | <b>82,975,765.02</b>               | <b>(1,450,319.26)</b>            | <b>(6,000,000,000.00)</b>   | <b>-</b>                  | <b>3,798,549,680.74</b>  |
|  |                |                 |          | <b>40,150,000,000.00</b> | <b>24,279,396,543.45</b>                  | <b>10,800,000,000.00</b>              | <b>813,258,242.11</b>              | <b>(6,400,856.96)</b>            | <b>(6,485,305,000.00)</b>   | <b>(9,590,948,825.21)</b> | <b>23,297,041,830.42</b> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 37. Bonds payable (continued)

2016

|  | Par value      | Issuance date     | Term     | Issuance         | Balance as at beginning of the year | Issuance amount during the year | Business combination not under common control | Interest charged for the period | Amortisation of discount/premium | Repayment for the period | Reclassified to due within one year | Closing balance  |
|--|----------------|-------------------|----------|------------------|-------------------------------------|---------------------------------|---|---------------------------------|----------------------------------|--------------------------|-------------------------------------|------------------|
|  |                |                   |          |                  |                                     |                                 |   |                                 |                                  |                          |                                     |                  |
| Non-current portion:                   |                |                   |          |                  |                                     |                                 |   |                                 |                                  |                          |                                     |                  |
| 1) RMB2 billion medium-term notes      | RMB2 billion   | 20 September 2012 | 5 years  | 2,000,000,000.00 | 2,000,000,000.00                    | -                               | -   | 111,600,000.00                  | -                                | -                        | (2,000,000,000.00)                  | -                |
| 2) RMB1.5 billion medium-term notes    | RMB1.5 billion | 14 October 2013   | 5 years  | 1,500,000,000.00 | 1,500,000,000.00                    | -                               | -   | 87,000,000.00                   | -                                | -                        | -                                   | 1,500,000,000.00 |
| 3) RMB2 billion medium-term notes      | RMB2 billion   | 15 October 2014   | 5 years  | 2,000,000,000.00 | 2,000,000,000.00                    | -                               | -   | 107,000,000.00                  | -                                | -                        | -                                   | 2,000,000,000.00 |
| 3) RMB1.5 billion medium-term notes    | RMB1.5 billion | 17 November 2014  | 5 years  | 1,500,000,000.00 | 1,500,000,000.00                    | -                               | -   | 79,500,000.00                   | -                                | -                        | -                                   | 1,500,000,000.00 |
| 4) RMB2 billion private bonds          | RMB2 billion   | 5 February 2015   | 3 years  | 2,000,000,000.00 | 2,000,000,000.00                    | -                               | -   | 110,000,000.00                  | -                                | -                        | -                                   | 2,000,000,000.00 |
| 4) RMB2.5 billion private bonds        | RMB2.5 billion | 19 March 2015     | 3 years  | 2,500,000,000.00 | 2,500,000,000.00                    | -                               | -   | 136,500,000.00                  | -                                | -                        | -                                   | 2,500,000,000.00 |
| 4) RMB500 million private bonds        | RMB500 million | 20 July 2015      | 3 years  | 500,000,000.00   | 500,000,000.00                      | -                               | -   | 25,750,000.00                   | -                                | -                        | -                                   | 500,000,000.00   |
| 5) RMB3.2 billion corporate bonds      | RMB3.2 billion | 14 March 2016     | 5 years  | 3,200,000,000.00 | -                                   | 3,200,000,000.00                | -   | 82,511,290.46                   | (14,630,798.23)                  | -                        | -                                   | 3,185,369,201.77 |
| 5) RMB1.8 billion corporate bonds      | RMB1.8 billion | 14 March 2016     | 7 years  | 1,800,000,000.00 | -                                   | 1,800,000,000.00                | -   | 51,415,290.53                   | (8,884,709.47)                   | -                        | -                                   | 1,791,115,290.53 |
| 6) RMB1.5 billion corporate bonds      | RMB1.5 billion | 24 July 2015      | 3 years  | 1,500,000,000.00 | -                                   | -                               | 1,494,750,000.00                              | 30,881,095.89                   | 750,000.00                       | -                        | -                                   | 1,495,500,000.00 |
| 7) RMB800 million corporate bonds      | RMB800 million | 13 September 2012 | 7 years  | 800,000,000.00   | -                                   | -                               | 796,834,500.00                                | 12,703,561.65                   | 271,500.00                       | -                        | -                                   | 797,106,000.00   |
| 8) RMB300 million private bonds        | RMB300 million | 4 May 2015        | 3 years  | 300,000,000.00   | -                                   | -                               | 296,075,000.00                                | 5,325,616.44                    | -                                | -                        | -                                   | 296,075,000.00   |
| 8) RMB500 million private bonds        | RMB500 million | 3 June 2015       | 3 years  | 500,000,000.00   | -                                   | -                               | 500,000,000.00                                | 8,476,712.33                    | -                                | -                        | -                                   | 500,000,000.00   |
| 9) Jidong RMB100 million private bonds | RMB100 million | 20 May 2014       | 3 years  | 100,000,000.00   | -                                   | -                               | 99,806,925.83                                 | 1,725,000.00                    | 75,446.04                        | -                        | (99,882,371.87)                     | -                |
| 9) Jidong RMB900 million private bonds | RMB900 million | 19 September 2014 | 3 years  | 900,000,000.00   | -                                   | -                               | 897,450,190.04                                | 12,837,500.00                   | 678,935.30                       | -                        | (898,129,125.34)                    | -                |
| 10) 2007 Corporate bonds               | RMB600 million | 1 August 2007     | 10 years | 600,000,000.00   | -                                   | -                               | 596,532,619.75                                | 8,235,000.00                    | 1,564,815.33                     | -                        | (598,097,435.08)                    | -                |
| 11) RMB1.6 billion corporate bonds     | RMB1.6 billion | 30 August 2011    | 7 years  | 1,600,000,000.00 | -                                   | -                               | 1,074,635,690.85                              | 16,923,618.75                   | (1,046,535.61)                   | -                        | -                                   | 1,073,589,155.24 |
| 11) RMB900 million corporate bonds     | RMB900 million | 20 March 2012     | 8 years  | 900,000,000.00   | -                                   | -                               | 895,901,508.37                                | 12,555,000.00                   | (534,945.71)                     | -                        | -                                   | 895,366,562.66   |
| 12) RMB800 million corporate bonds     | RMB800 million | 15 October 2012   | 5 years  | 800,000,000.00   | -                                   | -                               | 799,481,871.04                                | 11,300,000.00                   | (408,462.32)                     | -                        | (799,073,408.72)                    | -                |
| 12) RMB450 million corporate bonds     | RMB450 million | 15 October 2012   | 7 years  | 450,000,000.00   | -                                   | -                               | 448,848,666.33                                | 6,637,500.00                    | (169,149.79)                     | -                        | -                                   | 448,679,516.54   |

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 37. Bonds payable (continued)

2016 (continued)

|  | Par value      | Issuance date     | Term     | Issuance          | Balance as at beginning of the year | Issuance amount during the year | Business combination not under common control | Interest charged for the period | Amortisation of discount/premium | Repayment for the period | Reclassified to due within one year | Closing balance   |
|--|----------------|-------------------|----------|-------------------|-------------------------------------|---------------------------------|---|---------------------------------|----------------------------------|--------------------------|-------------------------------------|-------------------|
|  |                |                   |          |                   |                                     |                                 |   |                                 |                                  |                          |                                     |                   |
| Non-current portion: (continued)               |                |                   |          |                   |                                     |                                 |   |                                 |                                  |                          |                                     |                   |
| 12) RMB800 million corporate bonds             | RMB800 million | 15 October 2012   | 10 years | 800,000,000.00    | -                                   | -                               | 796,786,952.90                                | 12,000,000.00                   | (191,116.19)                     | -                        | -                                   | 796,595,836.71    |
| Current portion:                               |                |                   |          |                   |                                     |                                 |   |                                 |                                  |                          |                                     |                   |
| 13) RMB1 billion ultra-short financing bonds   | RMB1 billion   | 16 September 2015 | 270 days | 1,000,000,000.00  | 1,000,000,000.00                    | -                               | -   | 15,954,444.44                   | -                                | (1,000,000,000.00)       | -                                   | -                 |
| 13) RMB1 billion ultra-short financing bonds   | RMB1 billion   | 24 September 2015 | 180 days | 1,000,000,000.00  | 1,000,000,000.00                    | -                               | -   | 8,143,333.33                    | -                                | (1,000,000,000.00)       | -                                   | -                 |
| 13) RMB2 billion short-term financing bonds    | RMB2 billion   | 14 October 2015   | 366 days | 2,000,000,000.00  | 2,000,000,000.00                    | -                               | -   | 53,675,000.00                   | -                                | (2,000,000,000.00)       | -                                   | -                 |
| 13) RMB2 billion ultra-short financing bonds   | RMB2 billion   | 19 November 2015  | 93 days  | 2,000,000,000.00  | 2,000,000,000.00                    | -                               | -   | 10,072,222.23                   | -                                | (2,000,000,000.00)       | -                                   | -                 |
| 14) RMB2 billion ultra-short financing bonds   | RMB2 billion   | 21 April 2016     | 180 days | 2,000,000,000.00  | -                                   | 2,000,000,000.00                | -   | 33,700,000.00                   | -                                | (2,000,000,000.00)       | -                                   | -                 |
| 14) RMB3 billion ultra-short financing bonds   | RMB3 billion   | 20 May 2016       | 266 days | 3,000,000,000.00  | -                                   | 3,000,000,000.00                | -   | 64,565,000.00                   | -                                | -                        | -                                   | 3,000,000,000.00  |
| 15) RMB500 million ultra-short financing bonds | RMB500 million | 27 January 2016   | 270 days | 500,000,000.00    | -                                   | -                               | 499,632,803.81                                | -                               | 367,196.19                       | (500,000,000.00)         | -                                   | -                 |
| 16) 15 Jidong PPN001                           | RMB500 million | 31 December 2015  | 1 year   | 500,000,000.00    | -                                   | -                               | 524,319,301.37                                | -                               | 8,180,698.63                     | (532,500,000.00)         | -                                   | -                 |
|  |                |                   |          | 12,000,000,000.00 | 6,000,000,000.00                    | 5,000,000,000.00                | 1,023,952,105.18                              | 186,110,000.00                  | 8,547,894.82                     | (9,032,500,000.00)       | -                                   | 3,000,000,000.00  |
|  |                |                   |          | 38,250,000,000.00 | 18,000,000,000.00                   | 10,000,000,000.00               | 9,721,056,010.29*                             | 1,116,987,186.05                | (13,977,125.83)                  | (9,032,500,000.00)       | (4,395,182,341.01)                  | 24,279,396,543.45 |

\* The total bonds payable of the increase of business combination not under common control for 2016 amounted to RMB9,721,056,010.29, of which long-term bonds payable, bonds payable due within one year and short-term financing bonds accounted for RMB7,103,314,169.49, RMB1,593,789,735.62 and RMB499,632,803.81 respectively. Private bonds accounted for in the other current liabilities amounted to RMB524,319,301.37.

## Notes to Unaudited Interim Financial Statements

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 37. Bonds payable *(continued)*

- 1) Upon consideration and approval by the 2011 annual general meeting of the Company held on 24 May 2012, the Company intended to issue bonds (including short-term financing bonds and medium-term notes) of no more than RMB3,000,000,000. Pursuant to the document Zhong Shi Xie Zhu [2012] No. MTN241 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of medium-term notes for 2012 totaling RMB2,000,000,000 on 20 September 2012 with a term of 5 years and a coupon rate of 5.58%.
- 2) Pursuant to the document Zhong Shi Xie Zhu [2013] No. MTN279 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of medium-term notes for 2013 on 14 October 2013, totaling RMB1,500,000,000 with a term of 5 years and a coupon rate of 5.8%.
- 3) Pursuant to the document Zhong Shi Xie Zhu [2014] No. MTN316 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of medium-term notes for 2014 on 15 October 2014, totaling RMB2,000,000,000 with a term of 5 years and a coupon rate of 5.35%; and the Company issued its second tranche of medium-term notes for 2014 on 17 November 2014, totaling RMB1,500,000,000 with a term of 5 years and a coupon rate of 5.3%.
- 4) Pursuant to the document Zhong Shi Xie Zhu [2014] No. PPN570 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of private placement notes for 2015 on 5 February 2015, totaling RMB2,000,000,000 with a term of 3 years and a coupon rate of 5.50%; the Company issued its second tranche of private placement notes for 2015 on 19 March 2015, totaling RMB2,500,000,000 with a term of 3 years and a coupon rate of 5.46%; and the Company issued its third tranche of private placement notes for 2015 on 20 July 2015, totaling RMB500,000,000 with a term of 3 years and a coupon rate of 5.15%.
- 5) Upon consideration and approval by the 27th meeting of the 3rd session of the Board held on 12 October 2015 and the 2015 second extraordinary general meeting of the Company held on 27 November 2015, the Company intended to issue corporate bonds of no more than RMB5,000,000,000. Pursuant to the document [2016] No. 35 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) for 2016 on 14 March 2016, totaling RMB3,200,000,000 with a term of 3 years and a coupon rate of 3.12%; and the Company issued its first tranche of corporate bonds (type two) for 2016 on 14 March 2016, totaling RMB1,800,000,000 with a term of 5 years and a coupon rate of 3.5%.
- 6) Jidong Group obtained the document (Zheng Jian Xu Ke [2015] No. 252) issued by the China Securities Regulatory Commission on 3 June 2015. It completed the non-public issue of corporate bonds on 24 July 2015, totaling RMB1,500,000,000 with a term of 3 years and a coupon rate of 7.44%.

## Notes to Unaudited Interim Financial Statements

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 37. Bonds payable *(continued)*

- 7) Pursuant to the document (Fa Gai Cai Jin [2012] No. 2810) issued by National Development and Reform Commission, Jidong Group issued the first tranche of corporate bonds for 2012 on 13 September 2012 ("12 Jidong Development Bond"), totaling RMB800,000,000 with a term of 7 years and a coupon rate of 6.3%.
- 8) Pursuant to the approval document (Zhong Shi Xie Zhu [2015] No. PPN73) issued by the National Association of Financial Market Institutional Investors, Tangshan Jidong Concrete Co., Ltd. could conduct non-public placement financing of no more than RMB1,500,000,000. The amount of the first tranche of non-public placement debt financing instruments for 2014-2016 is RMB300,000,000 with a term of 3 years and a coupon rate of 7.00%. The maturity date is 4 May 2018. The amount of the second tranche of non-public placement debt financing instruments for 2014-2016 is RMB500,000,000 with a term of 3 years and a coupon rate of 6.80%. The maturity date is 3 June 2018.
- 9) Pursuant to the document (Zhong Shi Xie Zhu [2013] No. PPN369) issued by the National Association of Financial Market Institutional Investors, Jidong Cement issued the first tranche of private bonds for 2014 on 20 May 2014, totaling RMB100,000,000 with a term of 3 years and a coupon rate of 6.9%. On 19 September 2014, it issued the second tranche of private bonds for 2014, totaling RMB900,000,000 with a term of 3 years and a coupon rate of 6.5%.
- 10) Pursuant to the approval of the Reply in relation to National Development and Reform Commission Agreeing the Issuance of Corporate Bonds for 2007 by Tangshan Jidong Cement Co., Ltd. (Fa Gai Cai Jin [2007] No. 1814) issued by National Development and Reform Commission and document (Ji Fa Gai Cai Jin [2007] No. 1177) issued by Hebei Development and Reform Commission, Jidong Cement issued corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2007 ("07 Jidong Cement Bond") of RMB600,000,000 with a term of 10 years and a coupon rate of 5.49% on 1 August 2007.
- 11) Pursuant to the document (Zheng Jian Xu Ke [2011] No. 1179) issued by China Securities Regulatory Commission, Jidong Cement issued corporate bonds of no more than RMB2,500,000,000 to the public, including "2011 Jidong 01" and "2011 Jidong 02". On 30 August 2011, it issued 2011 Jidong 01, totaling RMB1,600,000,000 with a coupon rate of 6.28% and an effective interest rate of 6.46%. The term of the bonds is 7 years (with the issuer's option to raise the coupon rate after the end of the fifth year and the investors' entitlement to sell back the bonds). The sale back amount as announced on 30 August 2016 is RMB522,000,000, with the remaining amount of RMB1,078,000,000 due on 30 August 2018. On 20 March 2012, it issued 2011 Jidong 02 in an amount of RMB900,000,000 with a coupon rate of 5.58% and an effective interest rate of 5.76%. The term of the bonds is 8 years (with the issuer's option to raise the coupon rate after the end of the fifth year and the investors' entitlement to sell back the bonds). The total sale back amount as announced on 17 March 2017 is RMB481,305,000.00 (exclusive of interests) with the remaining amount of RMB414,721,980.26 (exclusive of interests) due on 20 March 2020.

## Notes to Unaudited Interim Financial Statements

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 37. Bonds payable *(continued)*

- 12) Pursuant to the document (Zheng Jian Xu Ke [2012] No. 1000) issued by China Securities Regulatory Commission, Jidong Cement issued corporate bonds of no more than RMB2,050,000,000 to the public. On 15 October 2012, it issued 2012 Jidong 01 Bonds in an amount of RMB800,000,000 with a term of 5 years, a coupon rate of 5.65% and an effective interest rate of 5.80%. The maturity date is 15 October 2017. On 15 October 2012, it issued 2012 Jidong 02 Bonds in an amount of RMB450,000,000 with a term of 7 years, a coupon rate of 5.90% and an effective interest rate of 6.02%. The maturity date is 15 October 2019. On 15 October 2012, it issued 2012 Jidong 03 Bonds in an amount of RMB800,000,000 with a term of 10 years, a coupon rate of 6.00% and an effective interest rate of 6.09%. The maturity date is 15 October 2022.
- 13) Upon consideration and approval by the 17th meeting of the 3rd session of the Board held on 26 March 2015 and the 2014 annual general meeting of the Company held on 27 May 2015, the Company intended to issue short-term financing bonds of no more than RMB10,000,000,000. Pursuant to the document Zhong Shi Xie Zhu [2015] No. SCP219 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of ultrashort financing bonds for 2015 on 16 September 2015, totaling RMB1,000,000,000 with a term of 270 days and a coupon rate of 3.46%; the Company issued its second tranche of ultrashort financing bonds for 2015 on 24 September 2015, totaling RMB1,000,000,000 with a term of 180 days and a coupon rate of 3.49%; and the Company issued its third tranche of short-term financing bonds for 2015 on 19 November 2015, totaling RMB2,000,000,000 with a term of 93 days and a coupon rate of 3.70%. Pursuant to the document Zhong Shi Xie Zhu [2015] No. CP276 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of short-term financing bonds for 2015 on 14 October 2015, totaling RMB2,000,000,000 with a term of 366 days and a coupon rate of 3.39%. All the aforementioned short-term financing bonds were fully repaid.
- 14) Upon consideration and approval by the 17th meeting of the 3rd session of the Board held on 26 March 2015 and the 2014 annual general meeting of the Company held on 27 May 2015, and pursuant to the document Zhong Shi Xie Zhu [2015] No. SCP219 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of ultrashort financing bonds for 2016 on 21 April 2016, totaling RMB2,000,000,000 with a term of 180 days and a coupon rate of 3.37%; and the Company issued its second tranche of ultrashort financing bonds for 2016 on 20 May 2016, totaling RMB3,000,000,000 with a term of 266 days and a coupon rate of 3.49%.
- 15) Pursuant to the document Zhong Shi Xie Zhu [2015] No. SCP[174] issued by the National Association of Financial Market Institutional Investors, Jidong Cement issued its first tranche of super short-term financing bonds for 2016 in open market on 27 January 2016, totaling RMB500,000,000 with a term of 270 days and a coupon rate of 6.99%. The maturity date is 23 October 2016.



## Notes to Unaudited Interim Financial Statements

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 37. Bonds payable *(continued)*

- 16) Pursuant to the approval document (Zhong Shi Xie Zhu [2015] No. PPN390) issued by the National Association of Financial Market Institutional Investors on 31 August 2015, Jidong Group issued the first tranche of private placement debt financing instruments (“Private Placement Bond”) of Jidong Group for 2015 in open market on 31 December 2015, totaling RMB500,000,000 with a coupon rate of 6.50% and a term of 1 year.
- 17) Upon consideration and approval by the 4th meeting of the 4th session of the Board held on 23 March 2016 and the 2015 annual general meeting of the Company held on 18 May 2016, the Company intended to issue corporate bonds of no more than RMB4,000,000,000. Pursuant to the document [2017] No. 46 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) for 2017 on 19 May 2017, totaling RMB3,500,000,000 with a term of 5 years and a coupon rate of 5.2%; and the Company issued its first tranche of corporate bonds (type two) for 2017 on 19 May 2017, totaling RMB500,000,000 with a term of 7 years and a coupon rate of 5.38%.
- 18) Upon consideration and approval by the 17th meeting of the 3rd session of the Board held on 26 March 2015 and the 2014 annual general meeting of the Company held on 27 May 2015, and pursuant to the document Zhong Shi Xie Zhu [2015] No. SCP219 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of ultrashort financing bonds for 2017 on 13 January 2017, totaling RMB3,000,000,000 with a term of 88 days and a coupon rate of 3.9%; and the Company issued its second tranche of ultrashort financing bonds for 2017 on 14 March 2017, totaling RMB3,000,000,000 with a term of 245 days and a coupon rate of 4.58%.
- 19) Pursuant to the document Zhong Shi Xie Zhu [2015] No. SCP[174] issued by the National Association of Financial Market Institutional Investors, it was agreed that Jidong Cement issued its first tranche of ultrashort financing bonds for 2017 in open market on 21 June 2017, totaling RMB1,000,000,000 with a term of 270 days and a coupon rate of 5.1%. The maturity date is 18 March 2018.

The bonds interests payable of the above corporate bonds, medium-term notes, short-term financing bonds and private placement bonds for the current year were charged to “Interests payable”.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 38. Long-term payables

|  | 30 June 2017            | 31 December 2016 |
|--|-------------------------|------------------|
| Finance leases (Note 1)                                      | <b>1,963,651,848.22</b> | 4,386,261,999.52 |
| Others (Note 2)  | <b>39,567,383.08</b>    | 300,000,000.00   |
|  | <b>2,003,219,231.30</b> | 4,686,261,999.52 |
| Less: Long-term payables due within one year<br>(Note V. 34) | <b>781,906,993.95</b>   | 945,370,562.70   |
| Non-current portion  | <b>1,221,312,237.35</b> | 3,740,891,436.82 |
|  | <b>30 June 2017</b>     | 31 December 2016 |
| <b>Analysis of maturity of long-term payables</b>            |                         |                  |
| Within 1 year (inclusive)                                    | <b>781,906,993.95</b>   | 945,370,562.70   |
| 1 to 2 years (inclusive)                                     | <b>630,838,693.36</b>   | 1,263,211,586.84 |
| 2 to 5 years (inclusive)                                     | <b>590,473,543.99</b>   | 2,477,679,849.98 |
|  | <b>2,003,219,231.30</b> | 4,686,261,999.52 |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 38. Long-term payables *(continued)*

Note 1: BBMG Badaling Hot Spring Resort Co., Ltd., a subsidiary of the Group, rented geothermal well equipment in 2013 under finance lease. The value of the fixed asset under finance lease initially recognised was RMB29,168,129.40, with a lease period of 8 years and the unrecognized finance charges amortised at an annual interest rate of 6.55%. As at 30 June 2017, RMB19,607,039.00 was the original value of long-term payables and RMB2,284,171.83 was unrecognized finance lease payment (As at 31 December 2016, RMB21,906,839.00 was the original value of long-term payables and RMB2,852,511.47 was unrecognized finance lease payment).

BBMG Mortar Co., Ltd., a subsidiary of the Group, leased mortar cans through financing in 2017. The value of the fixed assets under finance lease initially recognised was RMB5,138,451.28, with a lease period of 2 years and the unrecognized finance charges amortised at an annual interest rate of 4.75%. As at 30 June 2017, the original value of the long-term payable was RMB4,917,826.67 and the unrecognized finance lease payment was RMB200,876.28 (31 December 2016: Nil).

The value of the fixed assets under finance lease payable to Everbright Financial Leasing Co., Ltd., CCB Financial Leasing Corporation Limited and CMB Financial Leasing Co., Ltd. by the Group and Jidong Development Group Co., Ltd., a subsidiary of the Group, initially recognised was RMB5,605,414,871.80, in which sale and leaseback borrowings amounted to RMB5,596,294,871.80. As at 30 June 2017, the original value of long-term payables amounted to RMB2,125,884,163.89 and unrecognized finance lease payment was RMB184,272,133.23 (As at 31 December 2016, the original value of long-term payables amounted to RMB4,952,410,089.38 and unrecognized finance lease payment was RMB585,202,417.39).

Note 2: Others represent the borrowings from Tangshan Dunshi Real Estate Development Co. Ltd. (唐山盾石房地產開發有限公司) to Tangshan Lubei District Urban Construction Investment Co., Ltd (唐山市路北區建設投資有限公司). The borrowings shall be due on 29 January 2018 under contract, of which RMB260,432,616.92 was repaid in advance by account set-off. The balance of RMB39,567,383.08 is carried as and reflected in the long-term liabilities due within 1 year.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 39. Long-term wages payable

|   | 30 June 2017          | 31 December 2016 |
|---|-----------------------|------------------|
| Net liabilities of defined benefit plan | <b>661,996,220.59</b> | 722,768,832.46   |

The Group's defined benefit plans are various supplementary benefit plans targeting at employees retiring before the designated dates, and the plans are subject to impacts from interest rate risk and changes in the life expectancy of pension beneficiaries. The present value of the net liabilities of the defined benefit plans was determined by Towers Watson Consulting (Shanghai) Company Limited (韜睿惠悅諮詢(上海)有限公司), a member of the China Association of Actuaries (中國精算學會), on 30 June 2017 using the projected accumulated benefit units method.

The following table sets forth the principal actuarial assumptions used as at the balance sheet date:

|  | 30 June 2017       | 31 December 2016 |
|--|--------------------|------------------|
| Discount rate (%)  | <b>3.00%-3.75%</b> | 3.00%-3.75%      |
| Expected growth rate of future retiree benefit costs (%) | <b>2.50%</b>       | 2.50%            |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 39. Long-term wages payable *(continued)*

The following table sets forth the quantitative sensitivity analysis of significant assumptions used:

##### 30 June 2017

|   | Increase/(decrease)<br>in present value<br>of defined benefit<br>obligations |                 | Increase/(decrease)<br>in present value<br>of defined benefit<br>obligations |                 |
|---|--|-----------------|--|-----------------|
|   | Increase(%)  |                 | Decrease(%)  |                 |
| Discount rate (%)   | 0.25   | (16,877,900.00) | (0.25)   | 18,245,444.00   |
| Expected growth rate of future<br>retiree benefit costs (%) | 0.50   | 23,228,338.00   | (0.50)   | (21,358,856.00) |

##### 2016

|   | Increase/(decrease)<br>in present value<br>of defined benefit<br>obligations |                 | Increase/(decrease)<br>in present value<br>of defined benefit<br>obligations |                 |
|---|--|-----------------|--|-----------------|
|   | Increase(%)  |                 | Decrease(%)  |                 |
| Discount rate (%)   | 0.25   | (18,049,523.00) | (0.25)   | 18,931,965.00   |
| Expected growth rate of future<br>retiree benefit costs (%) | 0.50   | 25,054,011.00   | (0.50)   | (23,031,893.00) |

The above sensitivity analysis represents the inference on the impacts over the defined benefit obligations based on reasonable changes in key assumptions as at the balance sheet date. The sensitivity analysis is based on changes in major assumptions with other assumptions remain unchanged. As changes in assumptions are always not isolated from each other, the sensitivity analysis may not represent the actual changes in the defined benefit obligations.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 39. Long-term wages payable *(continued)*

Relevant costs recognised in the income statement are as follows:

|   | For the<br>six months ended<br>30 June 2017 | 2016          |
|---|---|---------------|
| Net interest expenses charged to finance expenses | <b>11,792,606.75</b>                        | 16,550,950.00 |
| Charged to management expenses                    | <b>2,241,204.53</b>                         | 4,286,732.34  |

Movements in present value of net liabilities of defined benefit plan are as follows:

|  | For the<br>six months ended<br>30 June 2017 | 2016            |
|--|---|-----------------|
| Amount at the beginning of the period/year   | <b>795,812,425.46</b>                       | 498,495,429.00  |
| Increase of business combination not under<br>common control                         | –   | 359,468,418.37* |
| Interest expenses for the period/year  | <b>11,792,606.75</b>                        | 16,550,950.00   |
| Service costs for the period/year  | <b>2,241,204.53</b>                         | 4,286,732.34    |
| Welfare benefits paid for the period/year  | <b>(50,498,380.60)</b>                      | (52,626,100.25) |
| Actuarial gains recognised in other<br>comprehensive income                          | <b>(29,061,622.00)</b>                      | (30,363,004.00) |
| Of which: Actuarial changes arising from changes<br>in financial assumptions         | –   | (14,871,000.00) |
| Actuarial gains on difference in experience  | <b>(29,061,622.00)</b>                      | (15,492,004.00) |
| Amount at the end of the period/year   | <b>730,286,234.14</b>                       | 795,812,425.46  |
| Of which: Current portion of net liabilities of defined<br>benefit plan (Note V. 34) | <b>68,290,013.55</b>                        | 73,043,593.00   |
| Non-current portion  | <b>661,996,220.59</b>                       | 722,768,832.46  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 39. Long-term wages payable *(continued)*

Expected future payments to the defined benefit plan:

|               | 30 June 2017                   | 31 December 2016        |
|---------------|--------------------------------|-------------------------|
| Within 1 year | <b>68,290,014.00</b>           | 73,043,593.00           |
| 2 to 5 years  | <b>265,677,628.38</b>          | 262,053,416.65          |
| 6 to 10 years | <b>217,249,410.29</b>          | 233,665,073.54          |
| Over 10 years | <b>701,501,760.00</b>          | 723,015,118.82          |
|               | <b><u>1,252,718,812.67</u></b> | <u>1,291,777,202.01</u> |

\* Business combination not under common control in the year 2016 increased long-term wages payable of RMB359,468,418.37 in which long-term and current portions amounted to RMB325,543,418.37 and RMB33,925,000.00 respectively.

#### 40. Accrued liabilities

For the six months ended 30 June 2017

|   | Opening<br>balance           | Increase in<br>the period   | Decrease in<br>the period   | Closing<br>balance           |       |
|---|------------------------------|-----------------------------|-----------------------------|------------------------------|-------|
| Accrued concrete loss                       | 32,733,222.62                | 3,873,367.46                | 5,952,195.19                | 30,654,394.89                | Note1 |
| Restoration cost of mines                   | 241,526,126.35               | 10,920,209.44               | 6,575,194.18                | 245,871,141.61               | Note2 |
| Finance charges from sale<br>and repurchase | <u>97,020,000.00</u>         | <u>27,951,000.00</u>        | -                           | <u>124,971,000.00</u>        | Note3 |
|   | <b><u>371,279,348.97</u></b> | <b><u>42,744,576.90</u></b> | <b><u>12,527,389.37</u></b> | <b><u>401,496,536.50</u></b> |       |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 40. Accrued liabilities *(continued)*

2016

|   | Opening<br>balance    | Increase in<br>the year | Decrease in<br>the year | Closing<br>balance    |       |
|---|-----------------------|-------------------------|-------------------------|-----------------------|-------|
| Accrued concrete loss                       | 40,263,093.11         | 1,148,717.33            | 8,678,587.82            | 32,733,222.62         | Note1 |
| Restoration cost of mines                   | 96,183,259.17         | 149,006,422.47          | 3,663,555.29            | 241,526,126.35        | Note2 |
| Finance charges from<br>sale and repurchase | —                     | 97,020,000.00           | —                       | 97,020,000.00         | Note3 |
|   | <u>136,446,352.28</u> | <u>247,175,139.80</u>   | <u>12,342,143.11</u>    | <u>371,279,348.97</u> |       |

Note 1: Accrued concrete loss was recognized based on potential difference between concrete's warehouse-out amount and future settlement amount by the Group's subsidiaries engaged in the production of concrete.

Note 2: Accrued restoration cost was recognized based on the expenditure on restoration of mines required to be incurred in subsequent years by the Group's subsidiaries engaged in the production of cement.

Note 3: A subsidiary of the Group engaged in real estate has entered into an en bloc sales agreement for a commercial property in Chongqing on 16 December 2015. As the agreement provided for a possible repurchase after five years, the expected return rate may not be satisfied for the year. Finance charges were expected based on the relevant agreement.

#### 41. Deferred income

For the six months ended 30 June 2017

|                   | Opening<br>balance    | Increase in<br>the period | Decrease in<br>the period | Closing<br>balance    |
|-------------------|-----------------------|---------------------------|---------------------------|-----------------------|
| Government grants | <u>922,615,398.60</u> | <u>5,547,993.51</u>       | <u>43,639,993.02</u>      | <u>884,523,399.09</u> |

2016

|                   | Opening<br>balance    | Increase in<br>the year | Decrease in<br>the year | Closing<br>balance    |
|-------------------|-----------------------|-------------------------|-------------------------|-----------------------|
| Government grants | <u>682,258,810.90</u> | <u>315,737,950.92</u>   | <u>75,381,363.22</u>    | <u>922,615,398.60</u> |



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 41. Deferred income *(continued)*

Of which, the details of government grants are as follows:

|   | 30 June 2017          | 31 December 2016 |
|---|-----------------------|------------------|
| Government grants related to assets   |                       |                  |
| Environmental protection projects   | <b>258,096,840.57</b> | 259,086,574.00   |
| Cogeneration projects   | <b>20,561,052.02</b>  | 21,202,690.43    |
| Relocation compensation   | <b>272,936,737.58</b> | 234,899,639.42   |
| Specific funds  | <b>50,666,666.86</b>  | 50,688,412.70    |
| Others  | <b>276,866,260.81</b> | 351,563,038.24   |
| Government grants related to income   |                       |                  |
| Research and development funds  | <b>5,395,841.25</b>   | 5,175,043.81     |
| Closing balance   | <b>884,523,399.09</b> | 922,615,398.60   |
| Of which: Deferred income carried over within one year<br>and included in current liabilities | <b>64,171,040.61</b>  | 62,547,646.85    |
| Non-current portion   | <b>820,352,358.48</b> | 860,067,751.75   |

As at 30 June 2017, the major items related to government grants were as follows:

|  | Opening<br>balance | Increase in<br>the year | Recognised in<br>other income/<br>non-operating<br>income in the<br>period | Closing<br>balance | Related to<br>assets/gains |
|--|--------------------|-------------------------|--|--------------------|----------------------------|
| Asset subsidy for relocation compensation of Tiantan                             | 203,027,594.00     | -                       | 11,931,640.73  | 191,095,953.27     | Related to assets          |
| Subsidy for environmental protection equipment for<br>Bio-Island project         | 172,477,904.58     | -                       | 7,501,092.62   | 164,976,811.96     | Related to assets          |
| Appropriation for mud project of Beijing Cement Plant                            | 30,876,388.89      | -                       | 1,488,333.34   | 29,388,055.55      | Related to assets          |
| Relocation compensation for Jianji   | 51,587,878.96      | -                       | 921,212.10   | 50,666,666.86      | Related to assets          |
| Subsidy for Zanhuan – 2,500 tonnes new cement<br>clinker production line project | 7,976,444.42       | -                       | 365,333.34   | 7,611,111.08       | Related to assets          |
| Raw material storage tent of Zhenxing  | 9,408,000.00       | -                       | 336,000.00   | 9,072,000.00       | Related to assets          |
| Air pollution control project of Zanhuan   | 7,557,666.68       | -                       | 269,916.66   | 7,287,750.02       | Related to assets          |
| Heat supply renovation project of Liulihe  | 7,375,000.00       | -                       | 250,000.00   | 7,125,000.00       | Related to assets          |
| Tangshan Qixin Cement Industry Museum project                                    | 50,688,412.70      | -                       | 6,078,257.18   | 44,610,155.52      | Related to assets          |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 41. Deferred income *(continued)*

As at 31 December 2016, the major items related to government grants were as follows:

|   | Opening<br>balance | Increase in<br>the year | Recognised in<br>non-operating<br>income in the year | Closing balance | Related to<br>assets/gains |
|---|--------------------|-------------------------|--|-----------------|----------------------------|
| Asset subsidy for relocation compensation of Tiantan                              | 212,011,428.88     | –                       | 8,983,834.88   | 203,027,594.00  | Related to assets          |
| Subsidy for environmental protection equipment<br>for Bio-Island project          | 187,853,822.22     | –                       | 15,375,917.64  | 172,477,904.58  | Related to assets          |
| Appropriation for mud project of Beijing Cement Plant                             | 33,853,055.54      | –                       | 2,976,666.65   | 30,876,388.89   | Related to assets          |
| Relocation compensation for Jianji  | 53,430,303.16      | –                       | 1,842,424.20   | 51,587,878.96   | Related to assets          |
| Subsidy for Zanhuang – 2,500 tonnes new cement<br>clinker production line project | 8,707,111.10       | –                       | 730,666.68   | 7,976,444.42    | Related to assets          |
| Raw material storage tent of Zhenxing   | 10,080,000.00      | –                       | 672,000.00   | 9,408,000.00    | Related to assets          |
| Air pollution control project of Zanhuang   | 8,097,500.00       | –                       | 539,833.32   | 7,557,666.68    | Related to assets          |
| Heat supply renovation project of Liulihé   | 7,500,000.00       | –                       | 125,000.00   | 7,375,000.00    | Related to assets          |
| Tangshan Qixin Cement Industry Museum project                                     | –                  | 50,688,412.70           | –  | 50,688,412.70   | Related to assets          |

#### 42. Other non-current liabilities

|   | 30 June 2017          | 31 December 2016 |
|---|-----------------------|------------------|
| Other non-current liabilities (Note V.23) | <b>660,456,831.52</b> | 660,456,831.52   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 43. Share capital

For the six months ended 30 June 2017

|   | Opening balance   | Increase/(decrease) in the period |                                     |                    | Closing balance   |
|---|-------------------|-----------------------------------|-------------------------------------|--------------------|-------------------|
|   |                   | Issue of new shares               | Shares released from lock-up period | Subtotal           |                   |
| I. Shares subject to lock-up restriction        |                   |                                   |                                     |                    |                   |
| 1. State-owned legal person shareholdings       | 1,084,736,590.00  | -                                 | (896,057,346.00)                    | (896,057,346.00)   | 188,679,244.00    |
| 2. Other domestic shareholdings                 | 110,837,102.00    | -                                 | (105,749,102.00)                    | (105,749,102.00)   | 5,088,000.00      |
| Total shares subject to lock-up restriction     | 1,195,573,692.00  | -                                 | (1,001,806,448.00)                  | (1,001,806,448.00) | 193,767,244.00    |
| II. Shares not subject to lock-up restriction   |                   |                                   |                                     |                    |                   |
| 1. RMB ordinary shares                          | 7,143,432,572.00  | -                                 | 1,001,806,448.00                    | 1,001,806,448.00   | 8,145,239,020.00  |
| 2. Foreign listed shares                        | 2,338,764,870.00  | -                                 | -                                   | -                  | 2,338,764,870.00  |
| Total shares not subject to lock-up restriction | 9,482,197,442.00  | -                                 | 1,001,806,448.00                    | 1,001,806,448.00   | 10,484,003,890.00 |
| Total share capital                             | 10,677,771,134.00 | -                                 | -                                   | -                  | 10,677,771,134.00 |

2016

|   | Opening balance  | Increase/(decrease) in the year                            |                                     |                  | Closing balance   |
|---|------------------|--|-------------------------------------|------------------|-------------------|
|   |                  | Increase of share capital by conversion of capital reserve | Shares released from lock-up period | Subtotal         |                   |
| I. Shares subject to lock-up restriction        |                  |  |                                     |                  |                   |
| 1. State-owned legal person shareholdings       | 596,023,960.00   | 596,023,960.00   | (107,311,330.00)                    | 488,712,630.00   | 1,084,736,590.00  |
| 2. Other domestic shareholdings                 | 462,076,547.00   | 461,668,547.00   | (812,907,992.00)                    | (351,239,445.00) | 110,837,102.00    |
| Total shares subject to lock-up restriction     | 1,058,100,507.00 | 1,057,692,507.00   | (920,219,322.00)                    | 137,473,185.00   | 1,195,573,692.00  |
| II. Shares not subject to lock-up restriction   |                  |  |                                     |                  |                   |
| 1. RMB ordinary shares                          | 3,111,402,625.00 | 3,111,810,625.00   | 920,219,322.00                      | 4,032,029,947.00 | 7,143,432,572.00  |
| 2. Foreign listed shares                        | 1,169,382,435.00 | 1,169,382,435.00   | -                                   | 1,169,382,435.00 | 2,338,764,870.00  |
| Total shares not subject to lock-up restriction | 4,280,785,060.00 | 4,281,193,060.00   | 920,219,322.00                      | 5,201,412,382.00 | 9,482,197,442.00  |
| Total share capital                             | 5,338,885,567.00 | 5,338,885,567.00   | -                                   | 5,338,885,567.00 | 10,677,771,134.00 |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 44. Other equity instruments

The Company issued RMB5 billion medium-term notes in aggregate registered with the National Association of Financial Market Institutional Investors in 2015. On 15 October 2015, the Company issued 10,000,000 medium-term notes at par value of RMB100 to specific investors, and the actual proceeds after deducting related issue expenses amounted to RMB990,000,000.00. On 2 September 2016 and 6 September 2016, the Company issued 20,000,000 and 20,000,000 medium-term notes at par value of RMB100 to specific investors respectively, and the actual proceeds after deducting related issue expenses amounted to RMB3,992,000,000.00. According to the Prospectus on 2015 First Tranche of Medium-term Notes of BBMG Corporation, the Prospectus on 2016 First Tranche of Medium-term Notes of BBMG Corporation and the Prospectus on 2016 Second Tranche of Medium-term Notes of BBMG Corporation, the major terms of the medium-term notes are as follows:

|                                       |   |
|---------------------------------------|---|
| Maturity date                         | The medium-term notes have no fixed maturity date, which are on a long-term basis until redemption by the Company according to the requirement of the issuance provisions, and will expire when the Company redeems the notes according to the requirement of the issuance provisions.  |
| Distribution payment date             | 16 October each year from the issue date (if the date falls on a statutory holiday, such date shall be extended to the next following business day).  |
| Deferred distribution                 | Unless a mandatory interest payment event has occurred, on each interest payment date of the medium-term notes, the Company can elect to defer payment of interest due and all interest deferred according to the issuance provisions and its fruits to the next interest payment date without any limitation on the number of times of such deferral. The foregoing deferred interest payment does not make the Company fail to pay the interest in full according to the requirement. Interest shall accrue on each of the deferred interest at the prevailing coupon rate over the period of deferral. |
| Mandatory distribution payment events | If any of the following events occurs within 12 months prior to the interest payment date, the Company shall not defer the payment of interest due or all interest deferred pursuant to this term and its fruits: <ol style="list-style-type: none"> <li>(1) distributing dividends to ordinary shareholders;</li> <li>(2) reducing the registered capital.</li> </ol>  |
| Redemption and purchase               | The Company is entitled to redeem the medium-term notes at par value plus payable interest (including all deferred interest) on the fifth and each of the subsequent interest payment dates of the medium-term notes.   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 44. Other equity instruments *(continued)*

- Interest rate determination
- Medium-term notes carried fixed rate;
  - The coupon rate of the medium-term notes for the first five years of interest calculation is determined through book-building and centralised placing, and shall remain unchanged for the first five years of interest calculation. The coupon rate shall be reset every five years from the sixth year of interest calculation;
  - The coupon rate for the first five years of interest calculation is the initial benchmark interest rate plus initial spread. Among which, the initial benchmark interest rate is defined as the arithmetic average yield rate (rounded to the nearest 0.01%) of treasury bonds with a repayment period of 5 years in the interbank treasury bond fixed rate bond yield curve published on China Bond information webpage ([www.chinabond.com.cn](http://www.chinabond.com.cn)) (or other website recognized by China Central Depository & Clearing Co., Ltd.) 5 working days before the book-building day. Initial spread is the difference between the coupon rate and the initial benchmark interest rate;
  - In the event that the issuer does not exercise its redemption right, starting from the sixth year of interest calculation, the coupon rate shall be adjusted to benchmark interest rate for the current period plus initial spread plus 300 basis points, and shall remain unchanged from the sixth to the tenth year of interest calculation. The benchmark interest rate for the current period is defined as the arithmetic average yield rate (rounded to the nearest 0.01%) of treasury bonds with a repayment period of 5 years in the interbank treasury bond fixed rate bond yield curve published on China Bond information webpage ([www.chinabond.com.cn](http://www.chinabond.com.cn)) (or other website recognized by China Central Depository & Clearing Co., Ltd.) 5 working days before the reset of the coupon rate. Thereafter, the coupon interest rate is reset every 5 years to the benchmark interest rate for the current period plus the initial spread plus 300 basis points;
  - Formula of coupon rate: coupon rate for the current period = benchmark interest rate for the current period + initial spread + 300BPs;
  - In the event that the benchmark interest rate for the current period is not available on the date of reset due to factors such as changes in macroeconomy and policies in the future, the coupon rate will be determined based on the benchmark interest rate for the period prior to the reset of the coupon rate plus initial spread plus 300 basis points.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 44. Other equity instruments (continued)

In view of the above characteristics of the medium-term notes, the Company has no contractual obligation to repay the principal or pay interest on the bonds, namely the Company has no contractual obligation to pay in cash or other financial assets to the holders of the perpetual bonds nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds. The perpetual bonds were accounted for by the Company based on the net proceeds after deducting issue expenses and included in other equity instruments, and the relevant coupon payments declared will be treated as distribution to the holders of the equity.

For the six months ended 30 June 2017, the interest accrued amounted to RMB186,959,166.67.

#### 45. Capital reserve

For the six months ended 30 June 2017

|               | Opening balance         | Increase in the period | Decrease in the period | Closing balance         |
|---------------|-------------------------|------------------------|------------------------|-------------------------|
| Share premium | <u>5,865,195,783.46</u> | <u>-</u>               | <u>2,390,395.72</u>    | <u>5,862,805,387.74</u> |

2016

|               | Opening balance          | Increase in the year | Decrease in the year    | Closing balance         |
|---------------|--------------------------|----------------------|-------------------------|-------------------------|
| Share premium | <u>11,579,704,575.56</u> | <u>-</u>             | <u>5,714,508,792.10</u> | <u>5,865,195,783.46</u> |

See the Consolidated Statement of Changes in Equity for the reasons of movements in capital reserve.

#### 46. Other comprehensive income

Accumulated balance of other comprehensive income in the consolidated balance sheet:

|   | 1 January 2016        | Increase/decrease    | 31 December 2016      | Increase/decrease    | 30 June 2017          |
|---|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| Re-measurement of changes in net liabilities of defined benefit plan            | 4,510,281.00          | 23,664,304.00        | 28,174,585.00         | 29,061,622.00        | <b>57,236,207.00</b>  |
| Transfer of inventories/self-occupied properties into investment properties     | 198,068,231.31        | (11,151,793.59)      | 186,916,437.72        | (10,194,361.74)      | <b>176,722,075.98</b> |
| Effect on changes in other shareholders' equity of investee under equity method | -                     | (20,888.22)          | (20,888.22)           | (1,102,557.87)       | <b>(1,123,446.09)</b> |
| Foreign currency translation  | 3,468,837.42          | 7,393,864.80         | 10,862,702.22         | (661,099.26)         | <b>10,201,602.96</b>  |
| Available-for-sale financial assets   | -                     | 5,906,864.93         | 5,906,864.93          | (5,235,630.29)       | <b>671,234.64</b>     |
|   | <u>206,047,349.73</u> | <u>25,792,351.92</u> | <u>231,839,701.65</u> | <u>11,867,972.84</u> | <b>243,707,674.49</b> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 46. Other comprehensive income *(continued)*

Amount of other comprehensive income in the consolidated income statement for the period:

For the six months ended 30 June 2017

|  | Amount<br>before tax   | Less: Amount<br>transferred to<br>profit or loss for<br>the period for<br>those previously<br>included in other<br>comprehensive<br>income | Less:<br>Income tax    | Attributable<br>to parent<br>company | Equity<br>attributable<br>to minority<br>interests |
|--|------------------------|--|------------------------|--------------------------------------|--|
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods       |                        |  |                        |                                      |  |
| Re-measurement of changes in net liabilities of defined benefit plan                                   | 29,061,622.00          | -  | -                      | 29,061,622.00                        | -  |
| Other comprehensive income that will be reclassified to profit or loss in subsequent periods           |                        |  |                        |                                      |  |
| Other comprehensive income incurred from transfer of fixed assets/inventories to investment properties | -                      | 13,592,482.32  | (3,398,120.58)         | (10,194,361.74)                      | -  |
| Effect on changes in other shareholders' equity of investee under equity method                        | (3,573,352.36)         | -  | -                      | (1,102,557.87)                       | (2,470,794.49)                                     |
| Exchange differences on foreign currency translation   | (336,192.92)           | -  | -                      | (661,099.26)                         | 324,906.34   |
| Available-for-sale financial assets  | (42,308,123.52)        | -  | (10,577,030.88)        | (5,235,630.29)                       | (26,495,462.35)                                    |
|  | <u>(17,156,046.80)</u> | <u>13,592,482.32</u>   | <u>(13,975,151.46)</u> | <u>11,867,972.84</u>                 | <u>(28,641,350.50)</u>                             |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 46. Other comprehensive income *(continued)*

2016

|  | Amount<br>before tax | Less: Amount<br>transferred to<br>profit or loss for<br>the period for<br>those previously<br>included in other<br>comprehensive<br>income | Less:<br>Income tax  | Attributable<br>to parent<br>company | Equity<br>attributable<br>to minority<br>interests |
|--|----------------------|--|----------------------|--------------------------------------|--|
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods       |                      |  |                      |                                      |  |
| Re-measurement of changes in net liabilities of defined benefit plan                                   | 30,363,004.00        | -  | -                    | 23,664,304.00                        | 6,698,700.00                                       |
| Other comprehensive income that will be reclassified to profit or loss in subsequent periods           |                      |  |                      |                                      |  |
| Other comprehensive income incurred from transfer of fixed assets/inventories to investment properties | -                    | 14,869,058.12  | (3,717,264.53)       | (11,151,793.59)                      | -  |
| Effect on changes in other shareholders' equity of investee under equity method                        | (126,595.25)         | -  | -                    | (20,888.22)                          | (105,707.03)                                       |
| Exchange differences on foreign currency translation   | 10,621,155.05        | -  | -                    | 7,393,864.80                         | 3,227,290.25                                       |
| Available-for-sale financial assets  | <u>47,732,241.92</u> | <u>-</u>   | <u>11,933,060.49</u> | <u>5,906,864.93</u>                  | <u>29,892,316.50</u>                               |
|  | <u>88,589,805.72</u> | <u>14,869,058.12</u>   | <u>8,215,795.96</u>  | <u>25,792,351.92</u>                 | <u>39,712,599.72</u>                               |



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 47. Specific reserve

For the six months ended 30 June 2017

|                        | Opening balance     | Amount provided<br>for the period | Amount paid<br>for the period | Closing balance      |
|------------------------|---------------------|-----------------------------------|-------------------------------|----------------------|
| Production safety cost | <u>8,655,529.41</u> | <u>27,774,851.07</u>              | <u>25,198,897.25</u>          | <u>11,231,483.23</u> |

2016

|                        | Opening balance     | Amount provided<br>for the year | Amount paid<br>during the year | Closing balance     |
|------------------------|---------------------|---------------------------------|--------------------------------|---------------------|
| Production safety cost | <u>8,896,481.87</u> | <u>21,919,741.99</u>            | <u>22,160,694.45</u>           | <u>8,655,529.41</u> |

Pursuant to the requirements of the “Administrative Measures on Provision and Usage of Production Safety Cost of Enterprises” (Caiqi [2012] No.16) issued by the Ministry of Finance and the State Administration of Work Safety, the Group began to accrue production safety fund for the stipulated non-metal mineral products industries at a fixed amount from 2012, the details of which are set out in Note III 29. Production safety cost.

#### 48. Surplus reserve

For the six months ended 30 June 2017

|                           | Opening balance         | Increase in<br>the period | Decrease in<br>the period | Closing balance         |
|---------------------------|-------------------------|---------------------------|---------------------------|-------------------------|
| Statutory surplus reserve | <u>1,276,866,688.51</u> | <u>–</u>                  | <u>–</u>                  | <u>1,276,866,688.51</u> |

2016

|                           | Opening balance         | Increase in<br>the year | Decrease in<br>the year | Closing balance         |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Statutory surplus reserve | <u>1,053,285,969.67</u> | <u>223,580,718.84</u>   | <u>–</u>                | <u>1,276,866,688.51</u> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 48. Surplus reserve *(continued)*

According to the requirements of the Company Law and the Articles of Association of the Company, the Company shall appropriate 10% of its net profit to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve of the Company has exceeded 50% of the registered capital of the Company, additional appropriation will not be needed.

After the appropriation to statutory surplus reserve, the Company may make appropriation to the discretionary surplus reserve. Upon approval, discretionary surplus reserve can be used to make up for losses from previous years or to increase the share capital.

#### 49. General risk reserve

For the six months ended 30 June 2017

|                      | Opening balance       | Increase in<br>the period | Decrease in<br>the period | Closing balance       |
|----------------------|-----------------------|---------------------------|---------------------------|-----------------------|
| General risk reserve | <u>178,039,195.99</u> | <u>91,642,989.45</u>      | <u>-</u>                  | <u>269,682,185.44</u> |

2016

|                      | Opening balance      | Increase in<br>the year | Decrease in<br>the year | Closing balance       |
|----------------------|----------------------|-------------------------|-------------------------|-----------------------|
| General risk reserve | <u>59,993,193.86</u> | <u>118,046,002.13</u>   | <u>-</u>                | <u>178,039,195.99</u> |

The general risk reserve is made for by the Company's subsidiary BBMG Finance Co., Ltd according to a certain ratio of the balance of risk assets at the end of the period/year pursuant to the Administrative Measures on Provision of Reserves of Financial Enterprises (金融企業準備金計提管理辦法) issued by the Ministry of Finance.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 50. Retained earnings

|  | For the six<br>months ended     |                          |
|--|---------------------------------|--------------------------|
|  | 30 June 2017                    | 2016                     |
| Retained earnings as at the end of the previous year                 | <b>20,980,120,619.08</b>        | 18,846,160,038.86        |
| Net profit attributable to the shareholders of<br>the parent company | <b>1,846,371,188.87</b>         | 2,686,653,868.20         |
| Less: Cash dividends declared for ordinary shares<br>(Note 1)        | <b>491,177,472.16</b>           | 160,166,567.01           |
| Less: Appropriation of surplus reserve (Note V.48)                   | –                               | 223,580,718.84           |
| Less: Interest of perpetual bonds (Note V.44)                        | <b>186,959,166.67</b>           | 50,900,000.00            |
| Less: Appropriation of general risk reserve (Note V.49)              | <b>91,642,989.45</b>            | 118,046,002.13           |
| Retained earnings at the end of the period/year                      | <b><u>22,056,712,179.67</u></b> | <u>20,980,120,619.08</u> |

Note 1: Upon the consideration and approval by the 2016 annual general meeting of the Company convened on 18 May 2017, profit distribution for the year 2016 was calculated based on 10,677,771,134 ordinary shares in issue as of 31 December 2016, with the distribution of a dividend of RMB0.46 per 10 shares (tax inclusive) in an aggregate amount of cash dividends of RMB491,177,472.16.

#### 51. Operating revenue and operating costs

Operating revenue, which is also turnovers of the Group, represents the net invoice value of goods sold, net of returns and trade discounts, value of services rendered and total rental income received and receivable, etc.

Operating revenue are as follows:

|                      | For the six months ended        |                                 | For the six months ended |                          |
|----------------------|---------------------------------|---------------------------------|--------------------------|--------------------------|
|                      | 30 June 2017                    |                                 | 30 June 2016             |                          |
|                      | Revenue                         | Costs                           | Revenue                  | Costs                    |
| Principal operations | <b>28,778,106,439.91</b>        | <b>21,179,573,587.19</b>        | 23,155,961,554.81        | 17,453,948,997.97        |
| Other operations     | <b>687,739,842.94</b>           | <b>300,297,561.12</b>           | 290,822,153.78           | 167,435,493.98           |
|                      | <b><u>29,465,846,282.85</u></b> | <b><u>21,479,871,148.31</u></b> | <u>23,446,783,708.59</u> | <u>17,621,384,491.95</u> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 51. Operating revenue and operating costs (continued)

|                           | For the six months ended<br>30 June 2017 |                          | For the six months ended<br>30 June 2016 |                          |
|---------------------------|--|--------------------------|--|--------------------------|
|                           | Revenue                                  | Costs                    | Revenue                                  | Costs                    |
| Sale of products          | 14,703,815,505.97                        | 10,781,304,651.52        | 6,299,970,288.76                         | 5,290,625,835.87         |
| Bulk commodity trade      | 4,295,423,070.67                         | 4,191,989,825.53         | 3,099,159,798.64                         | 3,081,222,369.38         |
| Sale of properties        | 7,346,395,932.14                         | 4,965,631,414.32         | 11,727,953,335.05                        | 8,100,364,958.71         |
| Rental income from        |  |                          |  |                          |
| investment properties     | 646,855,908.42                           | 41,253,781.27            | 626,089,368.20                           | 55,282,022.59            |
| Property management       | 397,505,348.07                           | 289,830,873.44           | 359,716,413.35                           | 253,675,615.00           |
| Hotel management          | 202,153,741.55                           | 103,199,401.73           | 220,061,925.00                           | 102,472,939.00           |
| Income from decoration    | 428,100,134.10                           | 416,644,859.52           | 391,591,123.76                           | 360,215,134.23           |
| Treatment of solid wastes | 280,268,621.47                           | 190,804,433.37           | 257,175,129.27                           | 165,149,142.69           |
| Others                    | 477,588,177.52                           | 198,914,346.49           | 174,244,172.78                           | 44,940,980.50            |
|                           | <b>28,778,106,439.91</b>                 | <b>21,179,573,587.19</b> | <b>23,155,961,554.81</b>                 | <b>17,453,948,997.97</b> |

Operating revenue are as follows:

|                              | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|------------------------------|---|---|
| Sale of products             | 14,703,815,505.97                           | 6,299,970,288.76                            |
| Bulk commodity trade         | 4,295,423,070.67                            | 3,099,159,798.64                            |
| Sale of properties           | 7,346,395,932.14                            | 11,727,953,335.05                           |
| Lease income                 | 723,566,360.78                              | 712,655,121.72                              |
| Of which: Rental income from |   |   |
| investment properties        | 646,855,908.42                              | 626,089,368.20                              |
| Other lease income           | 76,710,452.36                               | 86,565,753.52                               |
| Property management          | 397,505,348.07                              | 359,716,413.35                              |
| Hotel management             | 202,153,741.55                              | 220,061,925.00                              |
| Income from decoration       | 428,100,134.10                              | 391,591,123.76                              |
| Treatment of solid wastes    | 280,268,621.47                              | 257,175,129.27                              |
| Others                       | 1,088,617,568.10                            | 378,500,573.04                              |
|                              | <b>29,465,846,282.85</b>                    | <b>23,446,783,708.59</b>                    |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 52. Tax and surcharges

|                                       | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|---------------------------------------|---|---|
| Business tax                          | <b>86,382,293.16</b>                        | 596,680,849.30                              |
| City maintenance and construction tax | <b>87,964,279.52</b>                        | 64,647,827.86                               |
| Education surcharges                  | <b>63,932,594.98</b>                        | 37,088,392.36                               |
| Land appreciation tax                 | <b>460,059,550.41</b>                       | 176,672,368.33                              |
| Others                                | <b>275,601,646.50</b>                       | 66,947,220.35                               |
|                                       | <b>973,940,364.57</b>                       | 942,036,658.20                              |

Other taxes principally include real estate tax, land use tax, vehicle and vessel tax, stamp duty and related taxes incurred from corporate operating activities.

#### 53. Selling expenses

|                             | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|-----------------------------|---|---|
| Employee remunerations      | <b>379,762,814.66</b>                       | 218,297,577.04                              |
| Office and service expenses | <b>93,591,795.94</b>                        | 54,746,809.39                               |
| Lease fee                   | <b>75,455,612.60</b>                        | 55,900,121.83                               |
| Agency intermediary fee     | <b>147,867,112.73</b>                       | 95,078,344.57                               |
| Advertisement fee           | <b>133,302,374.75</b>                       | 123,461,566.65                              |
| Transportation expenses     | <b>320,057,012.04</b>                       | 162,704,902.19                              |
| Others                      | <b>12,089,961.21</b>                        | 13,955,387.09                               |
|                             | <b>1,162,126,683.93</b>                     | 724,144,708.76                              |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 54. Administrative expenses

|                               | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|-------------------------------|---|---|
| Employee remunerations        | <b>1,177,148,649.00</b>                     | 683,720,911.38                              |
| Office and service expenses   | <b>503,374,763.70</b>                       | 223,268,934.78                              |
| R&D expenses                  | <b>22,639,608.16</b>                        | 33,013,778.38                               |
| Professional fees             | <b>96,314,676.03</b>                        | 52,988,071.18                               |
| Lease and utilities           | <b>94,062,312.59</b>                        | 53,065,743.96                               |
| Tax                           | <b>7,300,320.20</b>                         | 69,841,574.02*                              |
| Sewage and afforestation fees | <b>76,479,225.79</b>                        | 27,106,942.77                               |
| Suspension of operation       | <b>187,640,160.35</b>                       | 113,342,057.59                              |
| Others                        | <b>528,736,995.68</b>                       | 215,669,669.12                              |
|                               | <b><u>2,693,696,711.50</u></b>              | <b><u>1,472,017,683.18</u></b>              |

#### 55. Finance costs

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|--|---|---|
| Interest expenses  | <b>2,262,646,885.32</b>                     | 1,155,498,198.75                            |
| Of which: Interests on bank loans and other<br>loans to be fully repaid within 5 years | <b>2,258,566,041.90</b>                     | 1,155,498,198.75                            |
| Interests on bank loans and other loans<br>to be fully repaid over 5 years             | <b>4,080,843.42</b>                         | –   |
| Less: Interest income  | <b>102,242,372.45</b>                       | 33,161,639.57                               |
| Less: Capitalised interest (Note)  | <b>960,617,914.73</b>                       | 574,409,094.52                              |
| Exchange gains and losses  | <b>(18,255,095.79)</b>                      | (2,626,890.83)                              |
| Bank charges   | <b>47,829,987.78</b>                        | 78,924,504.03                               |
| Others   | <b>103,401,978.26</b>                       | 83,786,500.62                               |
|  | <b><u>1,332,763,468.39</u></b>              | <b><u>708,011,578.48</u></b>                |

Note: The amount of capitalized borrowing costs has been included in construction in progress of RMB45,683,124.92 and costs of properties development of RMB914,934,789.81 while in 2016, the amount of capitalized borrowing costs has been included in construction in progress of RMB1,792,219.28 and costs of properties development of RMB572,616,875.24.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 56. Asset impairment losses

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|--|---|---|
| Losses on bad debts  | <b>182,395,052.15</b>                       | 78,867,953.45                               |
| (Reversal of provision)/losses on decline<br>in value of inventory | <b>(40,839,361.85)</b>                      | 52,989,898.76                               |
| Losses on impairment of fixed assets                               | <b>3,932,146.88</b>                         | 75,158,267.62                               |
| Losses on impairment of intangible assets                          | –   | 28,342,075.79                               |
| Losses on impairment of construction in progress                   | <b>1,453,381.51</b>                         | –   |
|  | <b><u>146,941,218.69</u></b>                | <b><u>235,358,195.62</u></b>                |

#### 57. Gains from changes in fair value

|   | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|---|---|---|
| Financial assets at fair value through profit or loss | <b>(131,020,832.78)</b>                     | –   |
| Investment properties measured at fair value          | <b>257,446,447.48</b>                       | 447,182,996.11                              |
|   | <b><u>126,425,614.70</u></b>                | <b><u>447,182,996.11</u></b>                |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 58. Investment gains/(losses)

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|--|---|---|
| Long-term equity investment gains measured under cost method   | 266,086.09                                  | 174,461.30                                  |
| Long-term equity investment gains/(losses) measured under equity method  | 52,810,274.02                               | (11,768,428.97)                             |
| Investment gains from disposal of subsidiaries   | 154,210,544.33                              | –   |
| Investment gains received from holding available-for-sale financial assets   | 43,417,264.38                               | –   |
| Investment gains received from financial assets at fair value through profit or loss   | 3,244,610.12                                | –   |
| Gains from the equity interests in an investee prior to the date of acquisition remeasured at fair value on the date of acquisition due to the additional investment resulting in the exercise of control of the investee which was not under common control | 14,563,139.38                               | –   |
| Others   | 2,534,661.78                                | –   |
|  | <b>271,046,580.10</b>                       | <b>(11,593,967.67)</b>                      |

There were no significant restrictions on the repatriation of investment income of the Group as of 30 June 2017. For the six months ended 30 June 2017, the loss from listed equity investment among the investment income of the Group amounted to RMB4,964,208.46 (for the same period in 2016: nil).



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 59. Other gains

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 | Recognised in<br>non-recurring profit<br>and loss<br>for the six<br>months ended<br>30 June 2017 |
|--|---|---|--|
| Refunds of VAT                         | 193,350,474.55                              | –   | –  |
| Income from relocation<br>compensation | 5,496,291.65                                | –   | 5,496,291.65   |
| Income from other subsidies            | 55,508,697.44                               | –   | 55,508,697.44  |
| Grants of sale of heat                 | 1,118,692.74                                | –   | –  |
|  | <b>255,474,156.38</b>                       | –   | 61,004,989.09  |

In accordance with the Notice concerning the Issuance of the amended “Accounting Standards for Business Enterprises No. 16–Government Subsidies” (Cai Kuai [2017] No. 15) issued by the Ministry of Finance on 10 May 2017, the Group has implemented the amended “Accounting Standards for Business Enterprises No. 16–Government Subsidies” (hereinafter referred to as “Amended Accounting Standards for Business Enterprises”) since 12 June 2017. The government subsidies existed on 1 January 2017 were treated with prospective application method. The newly added government subsidies received from 1 January 2017 to the date of implementation of the Amended Accounting Standards for Enterprises were adjusted pursuant to the Amended Accounting Standards for Business Enterprises.

According to the requirements of the Amended Accounting Standards for Business Enterprises, the government subsidies related to the enterprise’s daily operation should be credited as other gains or set off against related costs or expenses based on the nature of the economic business. Government subsidies which are not related to the enterprise’s daily operation should be included as non-operating income. Government subsidies credited as other gains should be reflected and accounted as a separate item of “Other gains” under the “Operating profit” in the income statement. During the six months ended 30 June 2017, the refunds of VAT, items related to reconstruction after relocation and government subsidies related to the operation were included in “Other gains” and the relocation compensation unrelated to the reconstruction in “Non-operating income” by the Group (please refer to Note V. 60 for more details).

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 60. Non-operating income

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 | Recognised in<br>non-recurring profit<br>and loss<br>for the six<br>months ended<br>30 June 2017 |
|--|---|---|--|
| Gains from disposal of<br>non-current assets     | <b>9,690,578.72</b>                         | 7,329,967.04                                | 9,690,578.72   |
| Of which: Gains from disposal<br>of fixed assets | <b>9,690,578.72</b>                         | 7,329,967.04                                | 9,690,578.72   |
| Gains from debt restructuring                    | <b>10,650,578.99</b>                        | 3,095,632.24                                | 10,650,578.99  |
| Net gains from fines                             | <b>10,821,773.69</b>                        | 7,885,876.86                                | 10,821,773.69  |
| Relocation compensation/<br>Government grants    | <b>35,147,805.28</b>                        | 162,489,399.38                              | 35,147,805.28  |
| Unpayable amounts                                | <b>10,199,797.08</b>                        | 1,097,493.49                                | 10,199,797.08  |
| Others   | <b>56,803,710.07</b>                        | 27,568,273.56                               | 56,803,710.07  |
|  | <b>133,314,243.83</b>                       | 209,466,642.57                              | 133,314,243.83   |

Government grants credited to non-operating income are as follows:

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 | Related to<br>assets/gains |
|--|---|---|----------------------------|
| Refunds of VAT                         | –   | 90,285,162.43                               | Related to gains           |
| Income from relocation<br>compensation | <b>35,147,805.28</b>                        | 8,471,976.00                                | Related to assets/gains    |
| Income from other subsidies            | –   | 62,932,260.95                               | Related to assets/gains    |
| Grants of sale of heat                 | –   | 800,000.00                                  | Related to gains           |
|  | <b>35,147,805.28</b>                        | 162,489,399.38                              |                            |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 61. Non-operating expenses

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 | Recognised in<br>non-recurring profit<br>and loss<br>for the six<br>months ended<br>30 June 2017 |
|--|---|---|--|
| Losses from disposal of<br>non-current assets          | <b>25,089,286.32</b>                        | 2,516,014.49                                | 25,089,286.32  |
| Of which: Losses from disposal<br>of fixed assets      | <b>25,060,275.14</b>                        | 2,165,987.05                                | 25,060,275.14  |
| Losses from disposal<br>of intangible assets           | <b>8,156.95</b>                             | –   | 8,156.95   |
| Losses from disposal<br>of other<br>non-current assets | <b>20,854.23</b>                            | 350,027.44                                  | 20,854.23  |
| Abnormal losses  | <b>4,922.64</b>                             | 2,236,978.49                                | 4,922.64   |
| Losses from debt restructuring                         | <b>387,092.98</b>                           | 228,290.60                                  | 387,092.98   |
| Charity donation expenses                              | <b>17,708.76</b>                            | 337,063.86                                  | 17,708.76  |
| Expense on compensation,<br>penalties and fines        | <b>5,682,850.36</b>                         | 3,115,791.40                                | 5,682,850.36   |
| Others   | <b>3,899,778.48</b>                         | 19,030,615.94                               | 3,899,778.48   |
|  | <b>35,081,639.54</b>                        | 27,464,754.78                               | 35,081,639.54  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 62. Expenses by nature

The supplemental information on the Group's operating costs, selling expenses and administrative expenses by nature is as follows:

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|--|---|---|
| Consumption of raw materials                                     | <b>7,060,780,722.92</b>                     | 2,741,243,811.79                            |
| Procurement costs of tradable goods                              | <b>4,915,892,493.90</b>                     | 3,627,573,366.69                            |
| Cost of sales of real estate                                     | <b>4,965,631,414.32</b>                     | 8,100,364,958.71                            |
| Changes in work in progress, finished goods<br>and trading goods | <b>(663,398,686.08)</b>                     | 65,084,057.45                               |
| Employees' remuneration expenses                                 | <b>2,649,898,277.78</b>                     | 1,537,714,345.53                            |
| Depreciation and amortisation                                    | <b>2,101,125,398.05</b>                     | 767,191,595.78                              |
| Rentals  | <b>187,456,771.52</b>                       | 171,569,925.24                              |
| Maintenance expenses   | <b>671,108,237.47</b>                       | 302,718,751.26                              |
| Transportation fee   | <b>488,643,404.06</b>                       | 221,096,326.77                              |
| Advertising costs  | <b>133,302,374.75</b>                       | 123,461,566.65                              |
| Office and service expenses                                      | <b>82,440,967.17</b>                        | 244,123,503.06                              |
| Intermediary fee   | <b>244,181,788.77</b>                       | 144,816,534.76                              |
| Others   | <b>2,498,631,379.11</b>                     | 1,820,814,798.38                            |
|  | <b>25,335,694,543.74</b>                    | 19,867,773,542.07                           |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 63. Income tax expense

|                            | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|----------------------------|---|---|
| Current income tax expense | <b>772,280,210.87</b>                       | 824,105,793.12                              |
| Deferred tax expense       | <b>(126,617,636.00)</b>                     | (63,967,478.77)                             |
|                            | <b>645,662,574.87</b>                       | 760,138,314.35                              |

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

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|--|---|---|
| Total profit   | <b>2,427,685,642.93</b>                     | 2,361,421,308.63                            |
| Income tax expense at the statutory<br>tax rate of 25% (note 1)                        | <b>606,921,410.73</b>                       | 590,355,327.16                              |
| Effect of different tax rates applicable<br>to some subsidiaries                       | <b>(20,872,944.40)</b>                      | (1,656,822.01)                              |
| Share of profits and losses of joint ventures<br>and associates (note 2)               | <b>(21,489,437.80)</b>                      | 2,942,107.23                                |
| Expenses not deductible  | <b>6,703,140.20</b>                         | 4,627,615.74                                |
| Deductible temporary differences and deductible<br>losses utilized from previous years | <b>(146,854,619.17)</b>                     | (12,101,765.67)                             |
| Adjustments on the current income tax of<br>previous periods                           | <b>(19,100,307.79)</b>                      | (2,303,029.31)                              |
| Deductible temporary difference and deductible<br>losses not recognized                | <b>240,355,333.10</b>                       | 178,274,881.21                              |
|  | <b>645,662,574.87</b>                       | 760,138,314.35                              |

Note 1: Income tax of the Group shall be calculated based on the estimated taxable income from Mainland China and the applicable tax rate. Taxes of taxable income arising from other regions shall be calculated based on the applicable tax rate pursuant to the existing laws, interpretations, announcements and practices in the jurisdiction where the Group operates.

Note 2: The share of taxes attributable to joint ventures and associates for the six months ended 30 June 2017 were RMB13,838,222.67 and RMB4,025,902.11 respectively (six months ended 30 June 2016: RMB9,710.11 and RMB1,068,961.30 respectively).

## Notes to Unaudited Interim Financial Statements

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 64. Earnings per share

The calculation of the basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of outstanding ordinary shares in issue. The number of newly-issued ordinary shares is calculated and determined from the date of consideration receivable in accordance with the specified terms of issuance agreement.

The calculation of basic earnings per share is as follows:

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|--|---|---|
| <b>Earnings</b>  |   |   |
| Net profit for the year attributable to ordinary shareholders of the Company | <b><u>1,846,371,188.87</u></b>              | <u>1,821,145,314.54</u>                     |
| <b>Shares</b>  |   |   |
| Weighted average number of ordinary shares in issue of the Company           | <b><u>10,677,771,134.00</u></b>             | <u>10,677,771,134.00*</u>                   |
| Earnings per share   | <b><u>0.17</u></b>                          | <u>0.17*</u>                                |

The Company did not have potentially dilutive ordinary shares.

\* The Company converted the capital reserve into share capital after obtaining the approval at the 2015 annual general meeting. The Company issued 10 shares for every 10 shares to all shareholders, issuing 5,338,885,567 shares in total. According to the relevant requirements of Accounting Standards for Business Enterprises, the Company re-calculated the earnings per share for 2016, the comparative period, based on the number of shares after adjustment.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 65. Notes to items of statement of cash flows

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|--|---|---|
| Cash received from other operating activities  |   |   |
| Deposits and relevant amounts received   | <b>142,685,878.60</b>                       | 225,068,059.11                              |
| Compensation received  | <b>53,574,997.09</b>                        | 39,632,005.58                               |
| Current accounts and other current account   | <b>1,055,579,272.80</b>                     | 186,948,320.87                              |
|  | <b>1,251,840,148.49</b>                     | 451,648,385.56                              |
| Cash paid relating to other operating activities   |   |   |
| Bidding deposits of land items and relevant amounts  | –   | 417,160,000.00                              |
| Relocation compensation paid   | <b>47,877,281.24</b>                        | 57,453,447.26                               |
| Selling and administrative expenses etc. paid  | <b>1,445,770,163.84</b>                     | 1,503,409,657.20                            |
|  | <b>1,493,647,445.08</b>                     | 1,978,023,104.46                            |
| Cash received from other investing activities  |   |   |
| Disposal of financial products such as short-term funds or bonds   | <b>1,161,998,000.00</b>                     | –   |
| Repayment of borrowings from the minority shareholder, Beijing Vanke Enterprise Co., Ltd.                            | <b>490,000.00</b>                           | –   |
|  | <b>1,162,488,000.00</b>                     | –   |
| Cash paid relating to other investing activities   |   |   |
| Finance lease paid   | –   | 970,000,000.00                              |
| Purchase of financial products such as short-term funds or bonds   | <b>1,161,998,000.00</b>                     | –   |
| Purchase of large-amount certificate of deposits   | <b>1,699,137,077.01</b>                     | –   |
|  | <b>2,861,135,077.01</b>                     | 970,000,000.00                              |
| Cash received from other financing activities  |   |   |
| Borrowings from the minority shareholder, Nuode Investment Co., Ltd. of China Railway Construction Engineering Group | <b>357,259,000.00</b>                       | –   |
| Cash paid relating to other financing activities   |   |   |
| Repayment of financing of sale and lease back business   | <b>2,731,947,406.30</b>                     | –   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 66. Supplemental information to statement of cash flows

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

Reconciliation of net profit to cash flows from operating activities:

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|--|---|---|
| Net profit   | <b>1,782,023,068.06</b>                     | 1,601,282,994.28                            |
| Add: Assets impairment losses  | <b>146,941,218.69</b>                       | 235,358,195.62                              |
| Depreciation of fixed assets   | <b>1,818,000,065.00</b>                     | 672,254,721.30                              |
| Amortisation of intangible assets  | <b>222,427,738.70</b>                       | 65,270,552.54                               |
| Amortisation of long-term<br>deferred expenses   | <b>60,697,594.35</b>                        | 29,666,321.94                               |
| Net losses/(gains) from disposal of<br>fixed assets, intangible assets and<br>other long-term assets | <b>15,398,707.60</b>                        | (4,813,952.55)                              |
| Gains from changes in fair value   | <b>(126,425,614.70)</b>                     | (447,182,996.11)                            |
| Finance expenses   | <b>1,269,930,613.35</b>                     | 578,462,213.40                              |
| Investment (gains)/losses  | <b>(271,046,580.10)</b>                     | 11,593,967.67                               |
| Decrease/(increase) in deferred tax assets   | <b>37,306,864.58</b>                        | (183,695,909.95)                            |
| Decrease/(increase) in deferred tax liabilities  | <b>(163,924,500.59)</b>                     | 119,728,431.18                              |
| Increase in inventories  | <b>(20,480,555,549.16)</b>                  | (1,476,101,987.42)                          |
| Decrease/(increase) in operating receivables   | <b>3,015,707,463.97</b>                     | (1,635,415,432.87)                          |
| Increase/(decrease) in operating payables  | <b>1,330,884,239.25</b>                     | (1,211,535,402.51)                          |
| Net cash flows used in operating activities  | <b>(11,342,634,671.00)</b>                  | (1,645,128,283.48)                          |



## Notes to Unaudited Interim Financial Statements

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 66. Supplemental information to statement of cash flows *(continued)*

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

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|--|---|---|
| Material financing activities not involving cash:  |   |   |
| Operation receivables from third parties<br>set-off against long-term payables to<br>third parties (note)    | <b>260,432,616.92</b>                       | —   |
| Endorsement and transfer of bills:   |   |   |
| Endorsement and transfer of bank<br>acceptance bills received from sale of<br>goods or rendering of services | <b>5,298,976,379.66</b>                     | 3,336,816,765.27                            |
| Net movements in cash and cash equivalents:  |   |   |
| Balances of cash at end of the period  | <b>14,844,646,967.98</b>                    | 8,565,022,352.97                            |
| Less: Balances of cash at beginning of the period  | <b>18,110,782,535.76</b>                    | 11,213,584,868.55                           |
| Net decrease in cash and cash equivalents  | <b>(3,266,135,567.78)</b>                   | (2,648,562,515.58)                          |

Note: Please refer to Note V. 38 for more details

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 66. Supplemental information to statement of cash flows *(continued)*

##### (2) Information on acquisition or disposal of subsidiaries and other operating units

Information on disposal of subsidiaries and other operating units

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|--|---|---|
| Consideration of disposal of subsidiaries and other operating units for the period (note 1)                              | 30,350,000.00                               | –   |
| Cash and cash equivalents received from the prior year disposal of subsidiaries and other operating units for the period | 636,620,000.00                              | –   |
| Less: Cash and cash equivalents held by subsidiaries and other operating units disposed of                               | <u>1,734,900.69</u>                         | –   |
| Net cash received from disposal of subsidiaries and other operating units  | <u>634,885,099.31</u>                       | –   |

Information on acquisition of subsidiaries and other operating units

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|--|---|---|
| Payments for the acquisition of subsidiaries and other operating units (note 2)                  | 1,608,710.67                                | –   |
| Restricted monetary fund from the acquisition of subsidiaries and other operating units (note 2) | 209,797,472.00                              | –   |
| Less: Cash and cash equivalents held by subsidiaries and other operating units acquired          | <u>565,759.69</u>                           | –   |
| Net cash paid for acquisition of subsidiaries and other operating units                          | <u>210,840,422.98</u>                       | –   |

Note 1: The Group received the amount of RMB30,350,000.00 as the consideration of disposal of subsidiaries and other operating units for the period in December 2016.

Note 2: Please refer to Note VI. 1 for more details.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 66. Supplemental information to statement of cash flows *(continued)*

##### (3) Cash and cash equivalents

|   | 30 June 2017             | 31 December 2016  |
|---|--------------------------|-------------------|
| Cash  | <b>14,844,646,967.98</b> | 18,110,782,535.76 |
| Including: Cash on hand   | <b>9,595,159.59</b>      | 2,809,075.64      |
| Bank deposits readily withdrawn<br>on demand                      | <b>14,762,069,496.19</b> | 18,080,405,691.40 |
| Other monetary fund readily withdrawn<br>on demand                | <b>72,982,312.20</b>     | 27,567,768.72     |
| Balance of cash and cash equivalents at end of<br>the period/year | <b>14,844,646,967.98</b> | 18,110,782,535.76 |

#### 67. Assets with restricted titles or right to use

|   | Note | 30 June 2017             | 31 December 2016  |
|---|------|--------------------------|-------------------|
| Pledged assets  |      |                          |                   |
| Cash and bank balances  |      |                          |                   |
| Statutory deposit reserve placement<br>with central bank by Finance Company | (1)  | <b>1,326,333,507.31</b>  | 1,440,246,240.74  |
| Guarantee deposits for L/C  | (1)  | <b>600,889,327.63</b>    | 455,177,838.33    |
| Quality/performance deposits  | (1)  | <b>189,912,354.93</b>    | 185,295,070.68    |
| Guarantee deposits for acceptance bills                                     | (1)  | <b>255,651,132.46</b>    | 1,742,309,504.84  |
| Inventories   | (2)  | <b>9,109,018,420.79</b>  | 9,689,159,465.31  |
| Bills receivable  | (3)  | <b>23,968,885.00</b>     | 51,872,956.51     |
| Other receivables   |      | –                        | 36,819,544.33     |
| Fixed assets  | (2)  | <b>976,778,654.24</b>    | 1,159,127,880.28  |
| Investment properties   | (2)  | <b>7,453,854,732.52</b>  | 7,333,134,295.76  |
| Equity interests  | (2)  | <b>5,517,743,076.23</b>  | 5,695,283,952.00  |
| Land use rights   | (2)  | <b>104,546,120.37</b>    | 85,505,417.46     |
| Cash and bank balances whose titles are<br>restricted for other reasons     |      |                          |                   |
| Cash and bank balances  |      |                          |                   |
| Restricted cash arising from pre-sales<br>of properties                     | (4)  | <b>5,273,390,767.54</b>  | 5,927,843,305.70  |
| Other restricted cash   |      | <b>290,930,791.75</b>    | 148,556,651.48    |
|   |      | <b>31,123,017,770.77</b> | 33,950,332,123.42 |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 67. Assets with restricted titles or right to use *(continued)*

- Note 1: As at 30 June 2017, the total amount of the Group's pledged cash and bank balances was RMB2,372,786,322.33 (31 December 2016: RMB3,823,028,654.59), of which the amount paid by BBMG Finance Co., Ltd. (北京金隅財務有限公司) to the People's Bank of China as statutory deposit reserve in accordance with relevant regulations which cannot be used for daily operations was RMB1,326,333,507.31 (31 December 2016: RMB1,440,246,240.74).
- Note 2: As at 30 June 2017, the Group obtained short-term borrowings of RMB400,000,000.00 and long-term borrowings of RMB10,034,440.00 secured by inventories with a carrying amount of RMB9,109,018,420.79 (31 December 2016: RMB9,689,159,465.31), fixed assets with a carrying amount of RMB976,778,654.24 (31 December 2016: RMB1,159,127,880.28), investment properties with a carrying amount of RMB7,453,854,732.52 (31 December 2016: RMB7,333,134,295.76) and land use rights with a carrying amount of RMB104,546,120.37 (31 December 2016: RMB85,505,417.46) and pledged by equity interests with a carrying amount of RMB5,517,743,076.23 (31 December 2016: RMB5,695,283,952.00), of which RMB9,634,440,000.00 and RMB400,000,000.00 represent long-term borrowings and borrowings due in one year respectively.
- Note 3: As at 30 June 2017, the Group obtained short-term borrowings of RMB23,968,885.00 (31 December 2016: RMB3,000,000.00) by discounting the bills receivable that do not satisfy the derecognition conditions. In addition, as at 31 December 2016, the Group's bank acceptance bills business was pledged by bank acceptance bills of RMB48,872,956.51.
- Note 4: In accordance with relevant provisions, funds from pre-sales of commodity housing of property developers have to be deposited in special bank accounts of funds from pre-sales of real estates for supervision to ensure that the presales funds are used for construction projects first, and written application have to be made to the supervisory bank before using the funds. Where pre-sale projects under supervision have been completed and accepted and other required conditions have been satisfied, application for lifting supervision of the funds may be made. As at 30 June 2017, there were no bank borrowings obtained from unreleased pledge by land use rights of commodity houses of the Company which had already been delivered to the purchasers.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 68. Foreign currency monetary items

|                               | 30 June 2017      |               |                       | 31 December 2016  |               |                       |
|-------------------------------|-------------------|---------------|-----------------------|-------------------|---------------|-----------------------|
|                               | Original currency | Exchange rate | As RMB                | Original currency | Exchange rate | As RMB                |
| <b>Cash and bank balances</b> |                   |               |                       |                   |               |                       |
| Cash at banks                 |                   |               |                       |                   |               |                       |
| USD                           | 5,866,553.26      | 6.7744        | 39,742,378.40         | 9,202,414.61      | 6.9470        | 63,929,174.30         |
| HKD                           | 1,824,841.44      | 0.8679        | 1,583,779.89          | 1,411,012.36      | 0.8959        | 1,264,125.97          |
| JPY                           | -                 | -             | -                     | 24,259,901.00     | 0.0594        | 1,441,038.12          |
| ZAR                           | 23,801,091.81     | 0.5208        | 12,395,608.61         | 9,230,951.23      | 0.5083        | 4,692,092.51          |
| ZMK                           | 5,755.62          | 0.7362        | 4,237.29              | 53,437.14         | 0.6988        | 37,341.87             |
| MNT                           | 662,223,614.08    | 0.0029        | 1,920,448.48          | -                 | -             | -                     |
| <b>Accounts receivable</b>    |                   |               |                       |                   |               |                       |
| USD                           | 2,768,857.41      | 6.7744        | 18,757,347.64         | 3,304,296.42      | 6.9470        | 22,954,947.23         |
| EUR                           | 210,398.43        | 7.7496        | 1,630,503.67          | 210,398.43        | 7.3034        | 1,536,623.89          |
| JPY                           | 78,645.84         | 0.0605        | 4,758.07              | 78,645.84         | 0.0594        | 4,671.56              |
| ZAR                           | 42,491,558.39     | 0.5208        | 22,129,603.61         | 47,624,271.49     | 0.5083        | 24,207,417.20         |
| <b>Accounts payable</b>       |                   |               |                       |                   |               |                       |
| USD                           | -                 | -             | -                     | (255,672.84)      | 6.9470        | (1,776,159.22)        |
| ZAR                           | (63,816,351.11)   | 0.5208        | (33,235,555.66)       | (13,482,066.52)   | 0.5083        | (6,852,934.41)        |
| <b>Other receivables</b>      |                   |               |                       |                   |               |                       |
| USD                           | 1,751,220.73      | 6.7744        | 11,863,469.71         | 1,749,884.31      | 6.9470        | 12,156,446.30         |
| ZAR                           | 1,147,310.78      | 0.5208        | 597,519.45            | 484,509.05        | 0.5083        | 246,275.95            |
| <b>Other payables</b>         |                   |               |                       |                   |               |                       |
| USD                           | (2,232,870.68)    | 6.7744        | (15,126,359.13)       | (30,000.00)       | 6.9470        | (208,410.00)          |
| ZAR                           | (11,155,764.06)   | 0.5208        | (5,809,921.92)        | (5,132,564.37)    | 0.5083        | (2,608,882.47)        |
| HKD                           | (240,688.00)      | 0.8679        | (208,893.12)          | -                 | -             | -                     |
| <b>Long-term receivables</b>  |                   |               |                       |                   |               |                       |
| ZAR                           | 461,439,984.98    | 0.5208        | 240,317,944.18        | 399,291,341.53    | 0.5083        | 202,959,788.90        |
|                               |                   |               | <u>296,566,869.17</u> |                   |               | <u>323,983,557.70</u> |

## Notes to Unaudited Interim Financial Statements

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### VI. CHANGE IN SCOPE OF CONSOLIDATION

#### 1. Business combination not under common control

Krono (Beijing) Woods Co., Ltd.(柯諾(北京)木業有限公司)(hereinafter referred to as “Krono Woods”) was a 30%-owned associate of the Company. On 8 November 2016, Highfield (HK) Limited (高能(香港)有限公司) (hereinafter referred to as Highfield HK), Krono Woods and the Company entered into an equity transfer agreement, pursuant to which the Company agreed to acquire 70% of the equity interests in Krono Woods held by Highfield HK at a cash consideration of RMB209,797,472.00 and pay an additional amount of RMB1,608,710.67 to Highfield HK to repay the borrowings from Krono Woods. As of 26 May 2017, as the effective conditions stipulated under the above agreements have been satisfied, the Company has deposited the payment for equity interests to the supervisory bank account as stipulated in the agreement and completed the relevant equity transfer procedures and changes in the articles of association. The Company holds all of the equity interests of Krono Woods and become its controlling shareholder.

The fair values and carrying values of identifiable assets and liabilities of Krono Woods on acquisition date are set out as follows:

|  | Fair value as at<br>31 May 2017 | Carrying<br>value as at<br>31 May 2017 |
|--|---------------------------------|--|
| Cash and bank balances                               | 565,759.69                      | 565,759.69                             |
| Accounts receivable                                  | 26,210.28                       | 26,210.28                              |
| Prepayments  | 348,526.12                      | 348,526.12                             |
| Other receivables                                    | 395,839.19                      | 395,839.19                             |
| Inventories  | 20,020,559.95                   | 20,020,559.95                          |
| Other current assets                                 | 22,101.66                       | 22,101.66                              |
| Fixed assets   | 337,640,941.16                  | 272,915,877.27                         |
| Intangible assets                                    | 91,190.88                       | 91,190.88                              |
| Wages payable  | (420,186.55)                    | (420,186.55)                           |
| Tax payable  | (967,527.47)                    | (967,527.47)                           |
| Accounts payable                                     | (18,988,139.95)                 | (18,988,139.95)                        |
| Other payables                                       | (19,854,419.55)                 | (19,854,419.55)                        |
| Other current liabilities                            | (690,757.05)                    | (690,757.05)                           |
| Deferred tax liabilities                             | (16,181,265.97)                 | –                                      |
| Identifiable net assets                              | <u>302,008,832.39</u>           | <u>253,465,034.47</u>                  |
| Fair value of the original 30% equity interests      | <u>90,602,649.72</u>            |  |
| Consideration of acquisition of 70% equity interests | 209,797,472.00                  |  |
| Additional payment                                   | <u>1,608,710.67</u>             |  |
|  | <u>211,406,182.67</u>           |  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### VI. CHANGE IN SCOPE OF CONSOLIDATION *(continued)*

#### 1. Business combination not under common control *(continued)*

The operation results and cash flows of Krono Woods from the acquisition date to the end of the period are set out as follows:

|                   | From 31 May to<br>30 June 2017 |
|-------------------|--------------------------------|
| Operating revenue | –                              |
| Net profit        | <b>(1,657,313.97)</b>          |
| Net cash flows    | <b>2,548.76</b>                |

#### 2. Deregistration of subsidiaries

Two subsidiaries, namely Tangshan Jidong Development Coal Technology Co., Ltd. and Beijing Great Wall Furniture Decorative Materials Co., Ltd. were deregistered by the Company in 2017.

#### 3. New establishment of subsidiaries

Certain new subsidiaries were established by the Company in 2017, details of which are set out in Note VII. 1.

#### 4. Disposal of subsidiaries

|                                | Place of<br>registration | Business<br>nature                                  | The<br>Group's total<br>proportion of<br>shareholding | The<br>Group's total<br>proportion<br>of votes | Reason for<br>ceasing to be<br>subsidiaries |
|--------------------------------|--------------------------|---|---|--|---|
| Kinetic Traction Systems, Inc. | United States            | Research and development<br>and sales of technology | 100.00%   | 100.00%  | Disposal                                    |

On 2 December 2016, Huahai Wind Power Development Co., Ltd., a subsidiary of Jidong Development Group, and Xiamen Jialing Equity Investment Partnership (Limited Partner) (廈門市嘉領股權投資合夥企業(有限合夥人)) entered into an equity transfer agreement to sell its 100% equity interests in Kinetic Traction Systems, Inc. ("KTSI") at RMB30,500,000.00. The disposal date was 5 January 2017. Therefore, the Group ceased to include KTSI into the scope of consolidation since 6 January 2017.

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### VI. CHANGE IN SCOPE OF CONSOLIDATION *(continued)*

#### 4. Disposal of subsidiaries *(continued)*

The relevant financial information of KTSI on disposal date are set out as follows:

|                           | Carrying<br>value as at<br>5 January 2017   |
|---------------------------|---|
| Current assets            | 33,112,314.38                               |
| Non-current assets        | 26,833,645.94                               |
| Current liabilities       | 183,617,003.75                              |
| Non-current liabilities   | <u>39,500.90</u>                            |
|                           | <u>(123,710,544.33)</u>                     |
| Gains from disposal       | <u>154,210,544.33</u>                       |
| Consideration of disposal | <u>30,500,000.00</u>                        |
|                           | From<br>1 January 2017 to<br>5 January 2017 |
| Operating revenue         | –   |
| Operating costs           | –   |
| Net loss                  | –   |



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## VII. INTERESTS IN OTHER ENTITIES

### 1. Interests in the subsidiaries

Information of the Company's subsidiaries is as follows:

|  | Place of registration/<br>principal business | Business nature  | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|--|--|--|--------------------------------|--------------------------------|----------|
|  |  |  |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through establishment, investment or other ways</b>               |  |  |                                |                                |          |
| Beijing Liushui Environmental Protection Technology Co., Ltd.<br>(北京琉水環保科技有限公司)            | Beijing                                      | Manufacture of cement, mining and sale of sandstone etc.   | 66,060.00                      | 100.00                         | -        |
| Beijing Jianhua-Bulangni Concrete Co., Ltd.<br>(北京建華布朗尼混凝土有限公司)                            | Beijing                                      | Manufacture and sale of commercial concrete                | 1,269.80                       | -                              | 100.00   |
| Beijing BBMG Concrete Co., Ltd.<br>(北京金隅混凝土有限公司)   | Beijing                                      | Processing of commodity concrete etc.                      | 46,541.04                      | 100.00                         | -        |
| Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd.<br>(北京金隅紅樹林環保技術有限責任公司) | Beijing                                      | Disposal of hazardous waste etc.                           | 169,815.09                     | 51.00                          | -        |
| Hebei BBMG Mangrove Environmental Protection Technology Co., Ltd.<br>(河北金隅紅樹林環保技術有限責任公司)   | Sanhe  | Treatment and disposal of hazardous waste                  | 1,000.00                       | -                              | 100.00   |
| Beijing Jinyu Pinggu Cement Co., Ltd.<br>(北京金隅平谷水泥有限公司)                                    | Beijing                                      | Manufacture and sale of cement etc.                        | 15,000.00                      | 100.00                         | -        |
| Cangzhou Lingang Jinyu Cement Co., Ltd.<br>(滄州臨港金隅水泥有限公司)                                  | Cangzhou                                     | Manufacture and sale of cement and cement product          | 15,000.00                      | -                              | 100.00   |
| Cheng'an BBMG Taihang Concrete Co., Ltd.<br>(成安金隅太行混凝土有限公司)                                | Cheng'an<br>County                           | Manufacture and sale of commodity concrete                 | 1,000.00                       | -                              | 100.00   |
| Daming BBMG Taihang Concrete Co., Ltd.<br>(大名縣金隅太行混凝土有限公司)                                 | Daming County                                | Sales of concretes and mortar                              | 1,000.00                       | -                              | 90.00    |
| Zanhuang BBMG Cement Co., Ltd.<br>(贊皇金隅水泥有限責任公司)   | Zanhuang<br>County                           | Manufacture and sale of cement and clinker                 | 70,000.00                      | 100.00                         | -        |
| BBMG Cement Trading Co., Ltd.<br>(北京金隅水泥經貿有限公司)  | Beijing                                      | Wholesale of cement and cement product etc.                | 50,000.00                      | 100.00                         | -        |
| Sanhe Jinling Mining Co., Ltd.<br>(三河市金嶺礦業有限公司)  | Sanhe  | Processing and sale of rock materials for construction     | 500.00                         | -                              | 100.00   |
| Beijing BBMG Cement Energy Technology Co., Ltd.<br>(北京金隅水泥節能科技有限公司)                        | Beijing                                      | Development and transfer of cement and concrete technology | 3,500.00                       | 100.00                         | -        |

## Notes to Unaudited Interim Financial Statements

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### VII. INTERESTS IN OTHER ENTITIES (continued)

#### 1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows (continued):

|  | Place of registration/<br>principal business | Business nature  | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|--|--|--|--------------------------------|--------------------------------|----------|
|  |  |  |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through establishment, investment or other ways (continued)</b> |  |  |                                |                                |          |
| Siping BBMG Cement Co., Ltd.<br>(四平金隅水泥有限公司)   | Siping                                       | Manufacture and sale of cement and cement product etc.                 | 30,000.00                      | 52.00                          | –        |
| Lanxian BBMG Cement Co., Ltd.<br>(嵐縣金隅水泥有限公司)  | Lan County                                   | Manufacture and sale of cement and cement product                      | 20,030.00                      | 80.00                          | –        |
| Qinyang BBMG Cement Co., Ltd.<br>(沁陽市金隅水泥有限公司)   | Qinyang                                      | Manufacture and sale of cement and clinker etc.                        | 16,645.00                      | 86.60                          | –        |
| Lingchuan BBMG Cement Co., Ltd.<br>(陵川金隅水泥有限公司)  | Lingchuan County                             | Manufacture and sale of cement and clinker                             | 35,000.00                      | 100.00                         | –        |
| Beijing BBMG Mining Co., Ltd.<br>(北京金隅礦業有限公司)  | Beijing                                      | Sale of metal ore and mining products etc.                             | 500.00                         | 100.00                         | –        |
| Zuoquan BBMG Cement Co., Ltd.<br>(左權金隅水泥有限公司)  | Zuoquan County                               | Technical consultation service in relation to cement clinker           | 53,000.00                      | 100.00                         | –        |
| Xuanhua BBMG Cement Co., Ltd.<br>(宣化金隅水泥有限公司)  | Xuanhua County                               | Manufacture and sale of cement clinker                                 | 500.00                         | 65.00                          | –        |
| Bo'ai BBMG Cement Co., Ltd.<br>(博愛金隅水泥有限公司)  | Bo'ai County                                 | Manufacture and sale of cement and clinker                             | 30,000.00                      | 95.00                          | –        |
| Guangling Jinyu Cement Co., Ltd.<br>(廣靈金隅水泥有限公司)   | Guangling County                             | Manufacture and sale of cement clinker                                 | 31,700.00                      | 100.00                         | –        |
| BBMG Mortar Co., Ltd.<br>(北京金隅砂漿有限公司)  | Beijing                                      | Manufacture and sale of dry and mixed mortar                           | 11,875.00                      | 80.00                          | 20.00    |
| Tianjin Jinyu Treasure Bright Mortar Co., Ltd.<br>(天津金隅寶輝砂漿有限公司)                         | Tianjin                                      | Manufacture and sale of mortar   | 4,900.00                       | –                              | 70.00    |
| Fengfeng BBMG Concrete Co., Ltd.<br>(峰峰金隅混凝土有限公司)  | Handan                                       | Manufacture and sale of prepared components and processing of concrete | 6,600.00                       | 100.00                         | –        |
| Handan Hanshan BBMG Concrete Co. Ltd.<br>(邯鄲市邯山金隅混凝土有限公司)                                | Handan                                       | Manufacture and sale of commercial concrete and crushed stone          | 3,000.00                       | 92.00                          | –        |
| Wei County BBMG Concrete Co., Ltd.<br>(魏縣金隅混凝土有限公司)                                      | Handan                                       | Manufacture and sale of concrete                                       | 1,000.00                       | 92.00                          | –        |

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For the six months ended 30 June 2017

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows (continued):

|  | Place of registration/<br>principal business | Business nature   | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|--|--|---|--------------------------------|--------------------------------|----------|
|  |  |   |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through establishment, investment or other ways (continued)</b> |  |   |                                |                                |          |
| Handan BBMG Concrete Co., Ltd.<br>(邯鄲縣金隅混凝土有限公司)   | Handan                                       | Manufacture and sale of concrete  | 3,000.00                       | 92.00                          | -        |
| Handan BBMG Taihang Building Materials Co., Ltd.<br>(邯鄲金隅太行建材有限公司)                       | Handan                                       | Manufacture and sale of slag powder   | 8,109.00                       | -                              | 100.00   |
| Beijing BBMG Tiantan Furniture Co., Ltd.<br>(北京金隅天壇傢俱股份有限公司)(Note VII. 2)                | Beijing                                      | Manufacture, processing, and sale of furniture etc.   | 20,916.49                      | 97.68                          | 0.15     |
| Beijing Tiantan-Jingwei Furniture Co., Ltd.<br>(北京天壇京偉傢俱有限公司)                            | Beijing                                      | Manufacture of wooden furniture   | 600.00                         | -                              | 60.00    |
| Foshan BBMG Tiantan Furniture Co., Ltd.<br>(佛山金隅天壇傢俱有限公司)                                | Foshan                                       | Processing and sale of furniture and wooden products etc.   | 500.00                         | -                              | 100.00   |
| Beijing Tiantan Decoration and Engineering Co., Ltd. (北京天壇裝飾工程有限責任公司)                    | Beijing                                      | Building decoration and design consultation etc.  | 600.00                         | -                              | 100.00   |
| Beijing Quinette Great Wall Seats Co., Ltd.<br>(北京奇耐特長城座椅有限公司)                           | Beijing                                      | Manufacture of furniture and decoration materials and seats for opera houses and auditoriums etc. | 1,597.04                       | -                              | 59.78    |
| Beijing Woodworking Factory Co., Ltd.<br>(北京市木材廠有限責任公司)                                  | Beijing                                      | Manufacture and sale of wood-based panels, etc.   | 5,455.63                       | 100.00                         | -        |
| Beijing Tongda Refractory Engineering Technology Co., Ltd.<br>(北京通達耐火工程技術有限公司)           | Beijing                                      | Development and manufacture of various new refractory materials etc.                              | 1,000.00                       | -                              | 100.00   |
| Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.<br>(鞏義通達中原耐火技術有限公司)              | Gongyi                                       | Manufacture and distribution of refractory materials etc.   | 1,050.00                       | -                              | 100.00   |
| Gongyi Tongda Zhongyuan Refractory Testing Center Co., Ltd.<br>(鞏義通達中原耐火材料檢測中心有限公司)      | Gongyi                                       | Testing of refractory materials   | 30.00                          | -                              | 100.00   |
| Beijing Jinyu Energy-Saving Technology Co., Ltd.<br>(北京金隅節能保溫科技有限公司)                     | Beijing                                      | Manufacture and sale of building materials  | 37,496.77                      | 100.00                         | -        |
| Zhangjiakou Star Building Materials Co., Ltd.<br>(張家口市星牌建材有限責任公司)                        | Beijing                                      | Manufacture, processing and sale of rockwool products   | 500.00                         | -                              | 100.00   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

*Information of the Company's subsidiaries is as follows (continued):*

|   | Place of registration/<br>principal business | Business nature  | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|---|--|--|--------------------------------|--------------------------------|----------|
|   |  |  |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through establishment, investment or other ways <i>(continued)</i></b> |  |  |                                |                                |          |
| Beijing Jianzong Building, Installation and Engineering Co., Ltd.<br>(北京建總建築安裝工程有限公司)           | Beijing                                      | Construction contracting   | 2,001.12                       | –                              | 100.00   |
| Beijing Aerated Concrete Co., Ltd.<br>(北京市加氣混凝土有限責任公司)  | Beijing                                      | Manufacture and sale of aerated concrete panels                  | 27,480.00                      | 55.68                          | –        |
| Beijing Jinyu Aerated Concrete Co., Ltd.<br>(北京金隅加氣混凝土有限責任公司)                                   | Beijing                                      | Manufacture and sale of aerated concrete products etc.           | 10,000.00                      | 100.00                         | –        |
| Beijing BBMG Coating Co., Ltd.<br>(北京金隅塗料有限責任公司)  | Beijing                                      | Manufacture of coating; professional contracting                 | 8,900.00                       | 100.00                         | –        |
| Dachang BBMG Coating Co., Ltd.<br>(大廠金隅塗料有限責任公司)  | Dachang County                               | Manufacture and sale of coating                                  | 3,000.00                       | –                              | 100.00   |
| Xinjiang BBMG Coating Co., Ltd.<br>(新疆金隅塗料有限公司)   | Urumqi                                       | Manufacture of coating; sale of building materials etc           | 100.00                         | –                              | 55.00    |
| Beijing Building Materials Academy Co., Ltd.<br>(北京建築材料科學研究總院有限公司)                              | Beijing                                      | Development, manufacture and sale of building materials etc.     | 19,170.00                      | 100.00                         | –        |
| Beijing Building Materials Testing Academy Co., Ltd.<br>(北京建築材料檢驗研究院有限公司)                       | Beijing                                      | Testing for building material quality etc.                       | 8,136.61                       | –                              | 100.00   |
| Beijing Keshi Hardware Co., Ltd.<br>(北京市科實五金有限責任公司)   | Beijing                                      | Manufacture of new products like construction hardware           | 6,595.92                       | 100.00                         | –        |
| Beijing BBMG Dongrun Construction Materials Co., Ltd.<br>(北京金隅東潤建材有限公司)                         | Beijing                                      | Wholesale of building materials etc.                             | 2,000.00                       | –                              | 51.00    |
| Beijing BBMT-Xinke Building Materials Co., Ltd.<br>(北京建質新科建材有限公司)                               | Beijing                                      | Purchase and sale of building materials etc.                     | 17,000.00                      | –                              | 100.00   |
| BBMG Home Furnishing Co., Ltd.<br>(北京金隅家居有限公司)  | Beijing                                      | Purchase and sale of building materials and metal materials etc. | 600.00                         | –                              | 100.00   |
| Beijing BBMG Decoration and Engineering Co., Ltd.<br>(北京金隅裝飾工程有限公司)                             | Beijing                                      | Design and construction of building decoration projects etc.     | 5,882.35                       | –                              | 51.00    |
| Beijing Jiandu Design and Research Institute Co., Ltd.<br>(北京建都設計研究院有限公司)                       | Beijing                                      | Design of modern building materials etc.                         | 954.12                         | 100.00                         | –        |

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows (continued):

|  | Place of registration/<br>principal business | Business nature  | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|--|--|--|--------------------------------|--------------------------------|----------|
|  |  |  |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through establishment, investment or other ways (continued)</b> |  |  |                                |                                |          |
| Beijing Jiantuo Engineering Management Co., Ltd.<br>(北京建拓工程管理有限公司)                       | Beijing                                      | Agent for construction tendering                         | 300.00                         | -                              | 100.00   |
| Beijing Sanchong Mirror Co., Ltd.<br>(北京三重鏡業有限公司)  | Beijing                                      | Manufacture and sale of glass-made spectacle lenses      | 5,766.00                       | -                              | 100.00   |
| BBMG (Dachang) Modern Industrial Park Management Co., Ltd.<br>(大廠金隅現代工業園管理有限公司)          | Dachang County                               | Manufacture of various modern building materials etc.    | 50,000.00                      | 100.00                         | -        |
| Yangquan Tongda BBMG Refractory Materials Co., Ltd.<br>(陽泉金隅通達高溫材料有限公司)                  | Yangquan                                     | Manufacture and sale of refractory ceramic etc.          | 6,000.00                       | -                              | 100.00   |
| Beijing BBMG Business and Trading Co., Ltd.<br>(北京金隅商貿有限公司)                              | Beijing                                      | Wholesale of building materials and metal materials etc. | 66,000.00                      | 100.00                         | -        |
| Dachang BBMG Jinhaiyan Glass Wool Co., Ltd.<br>(大廠金隅金海燕玻璃棉有限公司)                          | Dachang County                               | Manufacture and sale of glass wool products              | 8,000.00                       | -                              | 100.00   |
| BBMG Material Industrial (Shanghai) Co., Ltd.<br>(金隅物產上海有限公司)                            | Shanghai                                     | Import and export of coke, iron ore and metal materials  | 8,000.00                       | 51.00                          | -        |
| Tangshan Jinyu Aerated Concrete Co., Ltd.<br>(唐山金隅加氣混凝土有限責任公司)                           | Tangshan                                     | Manufacture and sale of aerated concrete panels etc      | 6,860.00                       | -                              | 100.00   |
| BBMG GEM Real Estate Development Co., Ltd.<br>(北京金隅嘉業房地產開發有限公司)                          | Beijing                                      | Property development and operation etc.                  | 340,000.00                     | 100.00                         | -        |
| BBMG (Qingdao) Property Development Co., Ltd.<br>(金隅(青島)房地產開發有限公司)                       | Qingdao                                      | Property development and brokerage                       | 5,000.00                       | -                              | 100.00   |
| Inner Mongolia BBMG Property Investment Co., Ltd.<br>(內蒙古金隅置地投資有限公司)                     | Hohhot                                       | Property development and operation etc.                  | 20,000.00                      | -                              | 100.00   |
| BBMG (Hangzhou) Property Development Co., Ltd.<br>(金隅(杭州)房地產開發有限公司)                      | Hangzhou                                     | Property development and operation etc.                  | 75,000.00                      | -                              | 100.00   |
| Hangzhou BBMG Mountain Villa Property Development Co., Ltd.<br>(杭州金隅山墅房地產開發有限公司)         | Hangzhou                                     | Property development and others                          | 25,000.00                      | -                              | 100.00   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### VII. INTERESTS IN OTHER ENTITIES (continued)

#### 1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows (continued):

|   | Place of registration/<br>principal business | Business nature   | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|---|--|---|--------------------------------|--------------------------------|----------|
|   |  |   |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through establishment, investment or other ways (continued)</b>                          |  |   |                                |                                |          |
| BBMG (Tianjin) Property Development Co., Ltd.<br>(金隅(天津)房地產開發有限公司)  | Tianjin                                      | Property development and sales etc.                     | 80,000.00                      | -                              | 100.00   |
| Tangshan BBMG Julong Property Development Co., Ltd.<br>(唐山金隅巨龍房地產開發有限公司)  | Tangshan                                     | Property development and operation etc.                 | 5,000.00                       | -                              | 80.00    |
| Beijing BBMG Property Development Co., Ltd.<br>(北京金隅置地房地產開發有限公司)  | Beijing                                      | Property development and sales etc.                     | 5,000.00                       | -                              | 100.00   |
| Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd.<br>(北京西三旗高新建材城經營開發有限公司) | Beijing                                      | Property rental and development etc.                    | 6,129.76                       | 100.00                         | -        |
| Chengdu BBMG Dacheng Property Development Co., Ltd.<br>(成都金隅大成房地產開發有限公司)  | Chengdu                                      | Property development etc.                               | 5,000.00                       | -                              | 80.00    |
| Chongqing BBMG Dacheng Property Development Co., Ltd.<br>(重慶金隅大成房地產開發有限公司)  | Chongqing                                    | Property development and consultation etc.              | 20,000.00                      | -                              | 100.00   |
| Beijing BBMG Chengyuan Property Development Co., Ltd.<br>(北京金隅程遠房地產開發有限公司)  | Beijing                                      | Property development and sale of commodity housing etc. | 45,944.06                      | 100.00                         | -        |
| Beijing Jinyexincheng Property Management Co., Ltd.<br>(北京市金業新城物業管理有限責任公司)  | Beijing                                      | Property management                                     | 50.00                          | -                              | 100.00   |
| Inner Mongolia BBMG Dacheng Property Management Co., Ltd.<br>(內蒙古金隅大成物業管理有限公司)                                    | Hohhot                                       | Property management                                     | 200.00                         | -                              | 100.00   |
| BBMG Property Management Co., Ltd.<br>(北京金隅物業管理有限責任公司)  | Beijing                                      | Property management                                     | 2,000.00                       | 100.00                         | -        |
| Beijing Jinhuyuan Property Management Co., Ltd.<br>(北京錦湖園物業管理有限公司)  | Beijing                                      | Property management                                     | 50.00                          | -                              | 100.00   |
| BBMG Fengshan Hot Spring Resort Co., Ltd.<br>(北京金隅鳳山溫泉度假村有限公司)  | Beijing                                      | Provision of accommodation and dining services etc.     | 36,818.91                      | 100.00                         | -        |

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows (continued):

|  | Place of registration/<br>principal business | Business nature   | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|--|--|---|--------------------------------|--------------------------------|----------|
|  |  |   |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through establishment, investment or other ways (continued)</b> |  |   |                                |                                |          |
| Beijing Jianyuan Hotel Co., Ltd.<br>(北京市建苑賓館有限公司)  | Beijing                                      | Provision of accommodation and dining services                      | 1,000.53                       | -                              | 100.00   |
| Beijing Jianji Assets Management Co., Ltd.<br>(北京建機資產經營有限公司)                             | Beijing                                      | Self-owned property rental, property management etc.                | 78,732.79                      | 100.00                         | -        |
| Beijing Jinhaiyan Assets Management Co., Ltd.<br>(北京金海燕資產經營有限責任公司)                       | Beijing                                      | Self-owned property rental, investment management etc.              | 8,292.36                       | 100.00                         | -        |
| Beijing Jinhaiyan Property Management Co., Ltd.<br>(北京金海燕物業管理有限公司)                       | Beijing                                      | Property management   | 1,370.00                       | 100.00                         | -        |
| BBMG Property Operation Management Co., Ltd.<br>(北京金隅地產經營管理有限公司)                         | Beijing                                      | Commercial housing rental, property management and hotel management | 9,900.00                       | 100.00                         | -        |
| Beijing BBMG Real Estate Agency Co., Ltd.<br>(北京金隅房地產經紀有限公司)                             | Beijing                                      | Property agency business and property consultation                  | 500.00                         | -                              | 100.00   |
| Beijing Kaicheng Cinda Property Management Co., Ltd.<br>(北京凱誠信達物業管理有限公司)                 | Beijing                                      | Property management   | 300.00                         | -                              | 100.00   |
| Beijing Wancheng Hengtai Commercial Property Management Co., Ltd.<br>(北京萬成恆泰商業物業管理有限公司)  | Beijing                                      | Property management   | 200.00                         | -                              | 100.00   |
| Jinyu Ligang (Tianjin) Property Development Co., Ltd.<br>(金隅麗港(天津)房地產開發有限公司)             | Tianjin                                      | Property development and operation etc.                             | 39,000.00                      | -                              | 100.00   |
| Beijing Jinyu Chaoxin Tiandi Property Investment Co., Ltd.<br>(北京金隅朝新天地置業有限公司)           | Beijing                                      | Property development and property management etc.                   | 1,000.00                       | -                              | 100.00   |
| Jinyu Mengcheng (Ma'anshan) Property Development Co., Ltd.<br>(金隅夢城(馬鞍山)房地產開發有限公司)       | Ma'anshan                                    | Property development and sale of commodity housing etc.             | 5,000.00                       | -                              | 100.00   |
| BBMG Finance Co., Ltd.<br>(北京金隅財務有限公司)   | Beijing                                      | Operation of finance business and financing advisory business etc.  | 300,000.00                     | 100.00                         | -        |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

*Information of the Company's subsidiaries is as follows (continued):*

|  | Place of registration/<br>principal business | Business nature  | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|--|--|--|--------------------------------|--------------------------------|----------|
|  |  |  |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through establishment, investment or other ways <i>(continued)</i></b>                      |  |  |                                |                                |          |
| Hangzhou BBMG Guanchao Real Estate Development Co., Ltd.<br>(杭州金隅觀潮房地產開發有限公司)  | Hangzhou                                     | Property development and operation etc.  | 58,600.00                      | –                              | 100.00   |
| Beijing BBMG Changyang Jiaye Real Estate Development Co., Ltd.<br>(北京金隅長陽嘉業地產開發有限公司)                                 | Beijing                                      | Property development and sale of commodity housing etc.  | 237,254.90                     | –                              | 100.00   |
| BBMG Nanjing Real Estate Development Co., Ltd.<br>(金隅南京房地產開發有限公司)  | Nanjing                                      | Property development and operation etc.  | 122,000.00                     | –                              | 100.00   |
| Dachang BBMG Alavus Energy Saving Components Co., Ltd.<br>(大廠金隅愛樂屋建築節能製品有限公司)  | Dachang County                               | Provision of timber for construction purpose and processing of timber products                                 | 3,000.00                       | –                              | 100.00   |
| Beijing Tongda New Green High-temperature Materials Engineering Research Centre Co., Ltd.<br>(北京通達綠色高溫新材料工程研究中心有限公司) | Beijing                                      | Research, experimentation and development of engineering and technology  | 1,000.00                       | –                              | 98.00    |
| Beijing Dacheng Changrun Properties Limited<br>(北京大成昌潤置業有限公司)  | Beijing                                      | Property development and operation   | 1,000.00                       | –                              | 82.00    |
| Chongqing BBMG Dacheng Shanshui Real Estate Co., Ltd.<br>(重慶金隅大成山水置業有限公司)  | Chongqing                                    | Property development and sales of housing etc.   | 49,250.00                      | –                              | 100.00   |
| Jilin BBMG Tiantan Furniture Co., Ltd.<br>(吉林市金隅天壇傢俱有限責任公司)  | Huadian                                      | Manufacture and sale of furniture, fixture, panels and wooden products etc.                                    | 3,000.00                       | –                              | 55.00    |
| Beijing BBMG Cement Environmental Protection Technology Co., Ltd.<br>(北京金隅水泥環保工程技術有限公司)                              | Beijing                                      | Construction project management, construction general contracting and eco-friendly technology development etc. | 1,000.00                       | –                              | 100.00   |
| Beijing BBMG Pension Industry Investment Management Co., Ltd.<br>(北京金隅養老產業投資管理有限公司)                                  | Beijing                                      | Property development and property management etc.  | 1,000.00                       | –                              | 100.00   |



# Notes to Unaudited Interim Financial Statements

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows (continued):

|  | Place of registration/<br>principal business | Business nature   | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|--|--|---|--------------------------------|--------------------------------|----------|
|  |  |   |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through establishment, investment or other ways (continued)</b>             |  |   |                                |                                |          |
| Guantao BBMG Yuzhen Concrete Co., Ltd.<br>(館陶縣金隅宇震混凝土有限公司)   | Handan                                       | Processing and sale of commercial concrete; manufacture and sale of prepared components | 1,000.00                       | -                              | 100.00   |
| Shanghai BBMG Dacheng Property Development Co., Ltd.<br>(上海金隅大成房地產開發有限公司)                            | Shanghai                                     | Property development and operation etc.   | 100,000.00                     | -                              | 100.00   |
| Ningbo BBMG Dacheng Property Development Co., Ltd.<br>(寧波金隅大成房地產開發有限公司)                              | Ningbo                                       | Property development and operation etc.   | 5,000.00                       | -                              | 100.00   |
| Jize BBMG Taihang Concrete Co., Ltd.<br>(雞澤縣金隅太行混凝土有限公司)   | Jize County                                  | Processing and sale of commercial concrete  | 1,200.00                       | -                              | 100.00   |
| Handan BBMG Taihang International Economic & Technical Cooperation Co., Ltd.<br>(邯鄲金隅太行對外經濟技術合作有限公司) | Handan                                       | Consulting services of international economic and trading information and technology    | 600.00                         | -                              | 100.00   |
| Liaocheng BBMG Hongjun Concrete Co., Ltd.<br>(聊城金隅泓均砼業有限公司)  | Liaocheng                                    | Manufacture and sale of commercial concrete   | 1,000.00                       | -                              | 80.00    |
| Liaocheng BBMG Yonghui Concrete Co., Ltd.<br>(聊城金隅永輝砼業有限公司)  | Liaocheng                                    | Manufacture and sale of commercial concrete   | 2,000.00                       | -                              | 80.00    |
| Dachang BBMG Tiantan Furniture Co., Ltd.<br>(大廠金隅天壇傢俱有限責任公司)   | Langfang                                     | Manufacturing, processing, sale of furniture, etc.                                      | 68,000.00                      | -                              | 100.00   |
| BBMG Huitong (Dachang) Trading Co., Ltd.<br>(金隅匯通(大廠)經貿有限公司)   | Langfang                                     | Wholesale of coal and building materials, etc.  | 20,000.00                      | -                              | 100.00   |
| BBMG Business and Trading Co., Ltd.<br>(金隅商貿有限公司)  | Tanzania                                     | Import and export of bulk materials   | 217.35                         | -                              | 100.00   |
| Beijing BBMG Property Investment Co., Ltd.<br>(北京金隅房地置業有限公司)   | Beijing                                      | Real estate development, sale of self-developed commercial housing                      | 5,000.00                       | -                              | 70.00    |
| Beijing BBMG Aixun Tonghe Elderly Services Co., Ltd.<br>(北京金隅愛馨通和養老服務有限公司)                           | Beijing                                      | Provision of centralized accommodation and daily care services for the elderly          | 50.00                          | -                              | 100.00   |
| Beijing BBMG Aixun Taihe Elderly Services Co., Ltd.<br>(北京金隅愛馨泰和養老服務有限公司)                            | Beijing                                      | Elderly services and catering management, housework services                            | 50.00                          | -                              | 100.00   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### VII. INTERESTS IN OTHER ENTITIES (continued)

#### 1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows (continued):

|  | Place of registration/<br>principal business | Business nature  | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|--|--|--|--------------------------------|--------------------------------|----------|
|  |  |  |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through establishment, investment or other ways (continued)</b>       |  |  |                                |                                |          |
| Qingdao BBMG Yangguang Property Development Co., Ltd.<br>(青島金隅陽光房地產開發有限公司)                     | Qingdao                                      | Real estate development and fiduciary agent for sale of real estate                              | 60,000.00                      | –                              | 100.00   |
| Beijing BBMG Fengshan Training Centre Co., Ltd.<br>(北京金隅鳳山培訓中心有限公司)                            | Beijing                                      | Accommodation and conference services, etc.  | 200.00                         | –                              | 100.00   |
| Xi'an BBMG Tianli Business and Trading Co., Ltd.<br>(西安金隅天麗商貿有限公司)                             | Xi'an  | Sale of building materials and sanitary ware   | 5,000.00                       | –                              | 65.00    |
| BBMG Properties (Anhui) Co., Ltd.<br>(金隅置業安徽有限公司)  | Hefei  | Property development and property management, etc.   | 50,000.00                      | –                              | 100.00   |
| BBMG Real Estate Development (Hefei) Co., Ltd.<br>(金隅房地產開發合肥有限公司)                              | Hefei  | Property development and operation   | 150,000.00                     | –                              | 100.00   |
| Beijing BBMG Innovation and Technology Incubator Co., Ltd.<br>(北京金隅創新科技孵化器有限公司)                | Beijing                                      | Incubating property management and technology business   | 100,000.00                     | 51.37                          | 48.63    |
| Chongqing BBMG Dacheng New Metropolis Co., Ltd.<br>(重慶金隅大成新都會有限公司)                             | Chongqing                                    | Property development; Sale of commodity housing etc.   | 150,000.00                     | –                              | 100.00   |
| BBMG Finance Lease Co., Ltd.<br>(金隅融資租賃有限公司)   | Tianjin                                      | Finance lease business   | 65,594.00                      | 60.00                          | 40.00    |
| Beijing BBMG Culture Technology Development Co., Ltd.<br>(北京金隅文化科技發展有限公司)                      | Beijing                                      | Technology development, transfer, consulting, services, and engagement in cultural economy, etc. | 5,000.00                       | –                              | 68.00    |
| Beijing Jinyu Energy-Saving Materials & Technology (Dachang) Co., Ltd.<br>(北京金隅節能保溫科技(大廠)有限公司) | Langfang                                     | Manufacture and sale of building materials   | 1,700.00                       | –                              | 100.00   |
| Beijing Sanchong Mirror (Dachang) Co., Ltd.<br>(北京三重鏡業(大廠)有限公司)                                | Langfang                                     | Manufacture and sale of glass-made spectacle lenses  | 5,800.00                       | –                              | 100.00   |
| BBMG Weiguan (Cangzhou) Chemical Co., Ltd.<br>(金隅微觀(滄州)化工有限公司)                                 | Beijing                                      | Manufacture of wood-based panels, resin for impregnated paper, etc.                              | 6,000.00                       | –                              | 100.00   |

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows (continued):

|  | Place of registration/<br>principal business | Business nature   | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|--|--|---|--------------------------------|--------------------------------|----------|
|  |  |   |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through establishment, investment or other ways (continued)</b>       |  |   |                                |                                |          |
| Beijing BBMG Chengye Property Development Co., Ltd.<br>(北京金隅成業房地產開發有限公司)                       | Beijing                                      | Property development  | 5,000.00                       | -                              | 100.00   |
| BBMG Jiahua Nanjing Real Estate Co., Ltd.<br>(金隅嘉華南京置業有限公司)                                    | Nanjing                                      | Property development  | 50,000.00                      | -                              | 100.00   |
| Fujian BBMG Coating Co., Ltd.<br>(福建金隅塗料有限公司)  | Fuzhou                                       | Manufacture and sale of coating   | 1,000                          | -                              | 55.00    |
| Beijing BBMG Dongcheng Real Estate Co., Ltd.<br>(北京金隅東成置業有限公司)                                 | Beijing                                      | Property development  | 100,000                        | -                              | 90.50    |
| BBMG Jindian (Tianjin) Property Development Co., Ltd.<br>(金隅津典(天津)房地產開發有限公司)                   | Tianjin                                      | Property development  | 10,000                         | -                              | 100.00   |
| Beijing BBMG Beijia Engineering Co., Ltd.<br>(北京金隅北加工工程技術有限公司)(1)                              | Beijing                                      | Consultation of engineering technology and professional contracting, etc. | 2,000.00                       | -                              | 100.00   |
| BBMG China Railway Nuode (Hangzhou) Property Development Co., Ltd.<br>(金隅中鐵諾德(杭州)房地產開發有限公司)(1) | Hangzhou                                     | Property development; sale of commodity housing etc.                      | 20,000.00                      | -                              | 51.00    |
| BBMG Jinghua Property Development Hefei Co., Ltd.<br>(金隅京華房地產開發合肥有限公司)(1)                      | Hefei  | Property development; sale of commodity housing etc.                      | 50,000.00                      | -                              | 100.00   |
| Dacheng Meixi International Property Development (Beijing) Co., Ltd.<br>大成美西國際置業發展(北京)有限公司(1)  | Beijing                                      | Property development; sale of commodity housing etc.                      | 10,000.00                      | -                              | 100.00   |
| Beijing BBMG Business Management Co., Ltd.<br>北京金隅商業管理有限公司(1)                                  | Beijing                                      | Corporate management and consultation, etc.                               | 1,000.00                       | -                              | 100.00   |
| Beijing BBMG Konggang Development Co., Ltd.<br>北京金隅空港開發有限公司(1)                                 | Beijing                                      | Property development; sale of commodity housing etc.                      | 10,000.00                      | -                              | 95.00    |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### VII. INTERESTS IN OTHER ENTITIES (continued)

#### 1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows (continued):

|   | Place of registration/<br>principal business | Business nature   | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|---|--|---|--------------------------------|--------------------------------|----------|
|   |  |   |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through business combination under common control</b>    |  |   |                                |                                |          |
| Beijing Yanshui Assets Management Co., Ltd.<br>(北京燕水資產管理有限公司)                     | Beijing                                      | Manufacture of cement   | 6,266.85                       | 100.00                         | -        |
| Zhangjiakou Jinyu Cement Co., Ltd.<br>(張家口金隅水泥有限公司)                               | Zhangjiakou                                  | Manufacture and sale of cement and cement products  | 37,300.00                      | 100.00                         | -        |
| Zhuolu Jinyu Cement Co., Ltd.<br>(涿鹿金隅水泥有限公司)                                     | Zhuolu County                                | Manufacture and sale of cement and cement products  | 38,000.00                      | 100.00                         | -        |
| Quyong Jinyu Cement Co., Ltd.<br>(曲陽金隅水泥有限公司)                                     | Quyong County                                | Manufacture and sale of cement and clinker  | 28,000.00                      | 90.00                          | -        |
| Beijing Bio-Island Science and Technology Co., Ltd.<br>(北京生態島科技有限責任公司)            | Beijing                                      | Development of technologies for waste disposal and comprehensive utilisation and environmental protection | 5,000.00                       | -                              | 100.00   |
| Tianjin Zhenxing Cement Co., Ltd.<br>(天津振興水泥有限公司)                                 | Tianjin                                      | Manufacture of cement   | 57,943.97                      | 62.09                          | -        |
| Tongda Refractory Technology Co., Ltd.<br>(通達耐火技術股份有限公司)                          | Beijing                                      | Research and development and manufacture of new refractory materials, etc.                                | 28,517.14                      | 92.82                          | -        |
| Shanghai BBMG Sanming Building Materials Co., Ltd.<br>(上海金隅三明建材有限公司)              | Shanghai                                     | Manufacture and sale of modern building materials   | 3,200.00                       | -                              | 100.00   |
| BBMG Human Resources Management Co., Ltd.<br>(北京金隅人力資源管理有限公司)                     | Beijing                                      | Dispatch of labour  | 50.00                          | -                              | 100.00   |
| Beijing Hengxing Land Real Estate Co., Ltd.<br>(北京恆興置地房地產有限公司)                    | Beijing                                      | Property development, etc   | 4,635.00                       | -                              | 100.00   |
| Haikou Dacheng Property Investment Co., Ltd.<br>(海口大成置業有限公司)                      | Haikou                                       | Property development, etc   | 1,600.00                       | -                              | 100.00   |
| BBMG Hong Kong Limited<br>(金隅香港有限公司)  | Hong Kong                                    | Self-owned property rental  | (HKD)100.00                    | 100.00                         | -        |
| Beijing Building Decoration and Design Engineering Co., Ltd.<br>(北京市建築裝飾設計工程有限公司) | Beijing                                      | Design of projects' decoration and furniture decoration, etc.   | 8,500.00                       | 100.00                         | -        |

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## VII. INTERESTS IN OTHER ENTITIES *(continued)*

### 1. Interests in the subsidiaries *(continued)*

*Information of the Company's subsidiaries is as follows (continued):*

|   | Place of registration/<br>principal business | Business nature   | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|---|--|---|--------------------------------|--------------------------------|----------|
|   |  |   |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through business combination under common control <i>(continued)</i></b> |  |   |                                |                                |          |
| Beijing Building Decoration and Design Institute Co., Ltd.<br>(北京市建築裝飾設計院有限公司)                    | Beijing                                      | Decorative design technical service                                   | 2,000.00                       | -                              | 100.00   |
| Beijing Longshuncheng Chinese Style Furniture Co., Ltd.<br>(北京市龍順成中式傢俱有限公司)                       | Beijing                                      | Manufacture of furniture, etc.  | 1,292.40                       | -                              | 100.00   |
| Beijing BBMG Doudian Technology Corporate Management Co., Ltd.<br>(北京金隅實店科技企業管理有限公司)              | Beijing                                      | Manufacture of insulation and energy-saving building materials, etc.  | 15,037.66                      | 100.00                         | -        |
| BBMG Badaling Hot Spring Resort Co., Ltd.<br>(北京金隅八達嶺溫泉度假村有限責任公司)                                 | Beijing                                      | Provision of travelling service and guest rooms rental, etc.          | 45,420.00                      | -                              | 100.00   |
| Beijing Oakland Building Waterproofing Materials Co., Ltd.<br>(北京奧克蘭建築防水材料有限公司)                   | Beijing                                      | Processing and sale of waterproof materials                           | 500.00                         | -                              | 100.00   |
| Beijing Xisanqi Heating Co., Ltd.<br>(北京西三旗熱力有限責任公司)  | Beijing                                      | Manufacture of low to medium pressure steam and distilled water, etc. | 7,560.00                       | -                              | 100.00   |
| BBMG Hongye Ecological Science and Technology Co., Ltd.<br>(北京金隅宏業生態科技有限責任公司)                     | Beijing                                      | Property rental and management, etc.                                  | 200.00                         | 100.00                         | -        |
| BBMG Dacheng Property Management Co., Ltd.<br>(北京金隅大成物業管理有限公司)                                    | Beijing                                      | Property management   | 500.00                         | 100.00                         | -        |
| BBMG Dacheng Property Development Co., Ltd.<br>(北京金隅大成開發有限公司)                                     | Beijing                                      | Property development, etc.  | 290,000.00                     | 100.00                         | -        |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### VII. INTERESTS IN OTHER ENTITIES (continued)

#### 1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows (continued):

|  | Place of registration/<br>principal<br>business | Business nature   | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|--|---|---|--------------------------------|--------------------------------|----------|
|  |   |   |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through business combination<br/>not under common control</b> |   |   |                                |                                |          |
| Hetian Yuhe Sand Stone Company Limited<br>(和田市玉河砂石有限公司)                                | Hetian  | Manufacture and sale of concrete                            | 2,040.80                       | –                              | 51.00    |
| Hebei BBMG Dingxin Cement Co., Ltd.<br>(河北金隅鼎鑫水泥有限公司)                                  | Luquan  | Manufacture and sale of cement and<br>clinker, etc.         | 131,700.00                     | 100.00                         | –        |
| Hebei Taihang Huaxin Building Materials Co. Ltd.<br>(河北太行華信建材有限責任公司)                   | Handan  | Mining of limestone and cement<br>products operation        | 22,800.00                      | 100.00                         | –        |
| Beijing BBMG Qianjing Environmental Technology Co.,<br>Ltd. (北京金隅前景環保科技有限公司)           | Beijing   | Manufacture and sale of cement and<br>cement products, etc. | 10,000.00                      | 67.00                          | –        |
| Baoding Taihang Heyi Cement Co., Ltd.<br>(保定太行和益水泥有限公司)                                | Yi County                                       | Manufacture and sale of cement and<br>cement products, etc. | 16,000.00                      | 75.00                          | –        |
| Yixian Tenghui Mineral Building Materials Company<br>Limited<br>(易縣騰輝礦產建材有限公司)         | Yi County                                       | Sale of lime and rock materials, etc.                       | 2,100.00                       | –                              | 100.00   |
| Beijing Qianglian Cement Co., Ltd.<br>(北京強聯水泥有限公司)                                     | Beijing   | Manufacture of cement                                       | 2,000.00                       | –                              | 60.00    |
| Handan BBMG Taihang Cement Co., Ltd.<br>(邯鄲金隅太行水泥有限責任公司)                               | Handan  | Manufacture of cement                                       | 66,434.29                      | 92.63                          | –        |
| Cheng'an BBMG Taihang Cement Co., Ltd.<br>(成安金隅太行水泥有限公司)                               | Cheng'an<br>County                              | Manufacture of cement                                       | 6,000.00                       | –                              | 75.00    |
| Guantao BBMG Taihang Concrete Co., Ltd.<br>(館陶縣金隅太行混凝土有限公司)                            | Guantao County                                  | Manufacture and sale of commercial<br>concrete              | 4,000.00                       | –                              | 100.00   |
| Handan Shexian BBMG Cement Co., Ltd.<br>(邯鄲涉縣金隅水泥有限公司)                                 | She County                                      | Manufacture and sale of cement                              | 10,000.00                      | 91.00                          | –        |
| Tianjin BBMG Concrete Co., Ltd.<br>(天津金隅混凝土有限公司)(2)                                    | Tianjin   | Concrete project construction and<br>manufacturing, etc.    | 39,590.51                      | 91.01                          | –        |
| Shijiazhuang BBMG Xucheng Concrete Co., Ltd.<br>(石家莊金隅旭成混凝土有限公司)                       | Shijiazhuang                                    | Manufacture and sale of concrete                            | 20,000.00                      | 97.80                          | –        |
| Beijing BBMG Beishui Environmental Technology Co., Ltd.<br>(北京金隅北水環保科技有限公司)            | Beijing   | Manufacture of cement and mining<br>of limestone, etc.      | 96,346.28                      | –                              | 100.00   |

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows (continued):

|   | Place of registration/<br>principal business | Business nature   | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|---|--|---|--------------------------------|--------------------------------|----------|
|   |  |   |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through business combination</b>                             |  |   |                                |                                |          |
| <b>not under common control (continued)</b>   |  |   |                                |                                |          |
| Beijing Chinefarge Cement Co., Ltd.<br>(北京興發水泥有限公司)                                   | Beijing                                      | Manufacture of cement and clinker, etc.   | 31,500.00                      | 95.70                          | -        |
| BBMG Shunfa Cement Co., Ltd.<br>(北京金隅順發水泥有限公司)  | Beijing                                      | Manufacture of cement and clinker, etc.   | 15,000.00                      | 70.00                          | -        |
| Beijing Alavus Building Energy Saving Components Co., Ltd.<br>(北京愛樂屋建築節能製品有限公司)       | Beijing                                      | Manufacture, sale and repair of energy efficient doors and windows  | (EUR)400.00                    | 82.00                          | -        |
| Chengde BBMG Cement Co., Ltd.<br>(承德金隅水泥有限責任公司)                                       | Chengde                                      | Manufacture of cement and clinker, etc.   | 40,000.00                      | 85.00                          | -        |
| Beijing Dynea Chemical Industry Co., Ltd.<br>(北京太爾化工有限公司)                             | Beijing                                      | Manufacture of wood-based panels, resin for impregnated paper, etc.   | 7,808.61                       | 100.00                         | -        |
| BBMG Vanke Property Development Co., Ltd.<br>(北京金隅萬科房地產開發有限公司)                        | Beijing                                      | Property development and sale of housing, etc.  | 19,000.00                      | -                              | 51.00    |
| Xingtai BBMG Yongning Cement Co., Ltd.<br>(邢台金隅詠寧水泥有限公司)                              | Xingtai                                      | Manufacture and sale of cement clinker  | 33,000.00                      | 60.00                          | -        |
| Jidong Group (3)  | Tangshan                                     | Operating capital through holding, equity participation, merger and lease, wholesale and retail of building materials, etc. | 247,950.40                     | 55.00                          | -        |
| Jidong Rizhang Energy-Conserving Fan Manufacture Co., Ltd.<br>(冀東日彰節能風機製造有限公司)(3)     | Tangshan                                     | State-owned enterprise (machinery manufacturing industry)   | 8,400.00                       | -                              | 100.00   |
| Krono Woods(5)  | Beijing                                      | Manufacture, sale and technology services of decoration panels  | 44,987.38                      | 100.00                         | -        |
| Hebei Building Material Industry Design & Research Institution<br>(河北省建築材料工業設計研究院)(3) | Shijiazhuang                                 | Building materials industry engineering design  | 11,550.60                      | -                              | 100.00   |
| Jidong Development Logistics Co., Ltd.<br>(冀東發展物流有限責任公司)(3)                           | Tangshan                                     | Transportation and storage of general goods, etc.   | 10,000.00                      | -                              | 100.00   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### VII. INTERESTS IN OTHER ENTITIES (continued)

#### 1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows (continued):

|  | Place of registration/<br>principal business | Business nature  | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|--|--|--|--------------------------------|--------------------------------|----------|
|  |  |  |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through business combination</b>  |  |  |                                |                                |          |
| <b>not under common control (continued)</b>  |  |  |                                |                                |          |
| Huahai Wind Power Development Co., Ltd.<br>(華海風能發展有限公司)(3)   | Tangshan                                     | Wind power equipment manufacturing   | 15,000.00                      | -                              | 58.95    |
| Beijing Oriental Royal Banquet Restaurant Co., Ltd.<br>(北京東方御宴大酒樓有限公司)(3)                            | Beijing                                      | Food and beverage industry   | 500.00                         | -                              | 100.00   |
| Tangshan Jidong Guye Mining Investment Co., Ltd.<br>(唐山冀東古冶礦業投資有限責任公司)(3)                            | Tangshan                                     | Other machinery and equipment repair industry                              | 10,650.00                      | -                              | 70.00    |
| Hebei Jidong Development Group Mining Engineering Co., Ltd.<br>(冀東發展集團河北礦山工程有限公司)(3)                 | Shijiazhuang                                 | Other construction and installation industry                               | 2,000.00                       | -                              | 85.00    |
| Tang Ren Investment Development Limited<br>(唐人投資發展有限公司)(3)   | Hong Kong                                    | Investment in building materials industry                                  | 0.80                           | -                              | 100.00   |
| China-Africa Jidong Building Materials Investment Co., Ltd.<br>(中非冀東建材投資有限責任公司)(3)                   | Tangshan                                     | Investment in building materials industry                                  | 34,830.00                      | -                              | 60.00    |
| Shijiazhuang Dunshi Real Estate Development Co., Ltd.<br>(石家莊盾石房地產開發有限公司)(3)                         | Shijiazhuang                                 | Property development and operation, etc.                                   | 10,000.00                      | -                              | 65.00    |
| Jidong Development (HK) International Ltd.<br>(冀東發展(香港)國際有限公司)(3)                                    | Hong Kong                                    | Commodities trading  | 6,294.36                       | -                              | 100.00   |
| Hebei Dunshi Trading Co., Ltd.<br>(河北盾石商貿有限公司)(3)  | Tangshan                                     | Wholesale and retail of cement, clinker and concrete, etc.                 | 15,000.00                      | -                              | 100.00   |
| Tangshan Qixin Jiayi Property Services Co., Ltd.<br>(唐山啟新記憶物業服務有限公司)(3)                              | Tangshan                                     | Property service, commodity retail, etc.                                   | 100.00                         | -                              | 100.00   |
| Tangshan Jidong Development Machinery and Equipment Manufacturing Co., Ltd.<br>(唐山冀東發展機械設備製造有限公司)(3) | Tangshan                                     | Manufacture and sales of machinery equipment and accessories               | 55,000.00                      | -                              | 100.00   |
| Hebei Dunshi Engineering Technology Co., Ltd.<br>(河北盾石工程技術有限公司)(3)                                   | Tangshan                                     | Cement engineering and technical consultation, etc.                        | 300.00                         | -                              | 100.00   |
| Tangshan Jixin Cement Transition Co., Ltd.<br>(唐山冀新水泥中轉有限公司)(3)                                      | Tangshan                                     | Loading, offloading and handling   | (USD)600                       | -                              | 60.00    |
| Tangshan Qixin Cement Industry Museum<br>(唐山啟新水泥工業博物館)(3)  | Tangshan                                     | Cultural relic collection and exhibition to promote national culture, etc. | 6,724.00                       | -                              | 100.00   |



# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## VII. INTERESTS IN OTHER ENTITIES *(continued)*

### 1. Interests in the subsidiaries *(continued)*

*Information of the Company's subsidiaries is as follows (continued):*

|   | Place of registration/<br>principal business | Business nature   | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|---|--|---|--------------------------------|--------------------------------|----------|
|   |  |   |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through business combination</b>                             |  |   |                                |                                |          |
| <b>not under common control <i>(continued)</i></b>                                    |  |   |                                |                                |          |
| Tangshan Jidong Cement Nanhu Property Development Co., Ltd.<br>(唐山冀東水泥南湖房地產開發有限公司)(3) | Tangshan                                     | Real estate   | 75,000.00                      | -                              | 100.00   |
| Jidong Development Group Dunshi Industrial Co., Ltd.<br>(冀東發展集團盾石實業公司)(3)             | Tangshan                                     | Other general equipment manufacturing industry            | 10,576.00                      | -                              | 100.00   |
| Tangshan Jidong Property Services Co., Ltd.<br>(唐山冀東物業服務有限公司)(3)                      | Tangshan                                     | Property service  | 300.00                         | -                              | 100.00   |
| Jidong Development International Trading Co., Ltd.<br>(冀東發展集團國際貿易有限公司)(3)             | Beijing                                      | Trading agent   | 10,000.00                      | -                              | 100.00   |
| Jidong Housing Industry Technology Development Co., Ltd.<br>(冀東住宅產業化科技發展有限公司)(3)      | Tangshan                                     | Housing industry technology promotion and transfer, etc.  | 10,000.00                      | -                              | 100.00   |
| Tangshan Dunshi Real Estate Development Co., Ltd.<br>(唐山盾石房地產開發有限公司)(3)               | Tangshan                                     | Real estate   | 30,000.00                      | -                              | 100.00   |
| Tangshan High Voltage Porcelain Insulator Works Co., Ltd.<br>(唐山高壓電瓷有限公司)(3)          | Tangshan                                     | Manufacture and sales of high voltage insulator           | 5,000.00                       | -                              | 100.00   |
| Tangshan Jidong Development Yan Dong Construction Co., Ltd.<br>(唐山冀東發展燕東建設有限公司)(3)    | Tangshan                                     | Construction industry                                     | 10,000.00                      | -                              | 59.00    |
| Tangshan Qixin Cement Co., Ltd.<br>(唐山啟新水泥有限公司)(3)                                    | Tangshan                                     | Manufacture of limestone, cement and cement clinker, etc. | 23,544.00                      | -                              | 100.00   |
| Tangshan Qixin Building Materials Co., Ltd.<br>(唐山啟新建材有限公司)(3)                        | Tangshan                                     | Manufacture of cement and cement products                 | 16,747.00                      | -                              | 100.00   |
| Jidong Development Group Tangshan Xinxing Knitting Factory<br>(冀東發展集團唐山新星針織總廠)(3)     | Tangshan                                     | Knitting processing                                       | 4,171.00                       | -                              | 100.00   |
| Tangshan Jidong Concrete Co., Ltd.<br>(唐山冀東混凝土有限公司)(3)                                | Tangshan                                     | Manufacture and sales of concrete and concrete products   | 199,000.00                     | -                              | 100.00   |
| Jidong Sand Gravel Aggregate Co., Ltd.<br>(冀東砂石骨料有限公司)(3)                             | Tangshan                                     | Aggregate   | 25,000.00                      | -                              | 100.00   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

*Information of the Company's subsidiaries is as follows (continued):*

|   | Place of registration/<br>principal business |  | Registered capital<br>RMB0'000 | Percentage of shareholding (%) |          |
|---|--|--|--------------------------------|--------------------------------|----------|
|   |  | Business nature                                      |                                | Direct                         | Indirect |
| <b>Subsidiaries acquired through business combination<br/>not under common control <i>(continued)</i></b> |  |  |                                |                                |          |
| Tangshan Jidong Equipment & Engineering Co., Ltd.<br>(唐山冀東裝備工程股份有限公司)(3)/(4)                              | Tangshan                                     | Manufacturing  | 22,700.00                      | -                              | 30.00    |
| Jidong Cement (3)/(4)   | Tangshan                                     | Manufacture and sales of cement<br>and clinker, etc. | 134,752                        | -                              | 30.00    |

- (1) Newly-established subsidiaries during the period.
- (2) In September 2010, Tianjin Building Materials Supply Corporation (天津市建築材料供應總公司) entrusted 11.21% of its voting rights in Tianjin BBMG Concrete Co., Ltd. to BBMG with a term of 8 years. In September 2015, pursuant to a resolution at the extraordinary general meeting held by Tianjin BBMG Concrete Co., Ltd., BBMG unilaterally made capital contribution of RMB100,000,000 to Tianjin BBMG Concrete Co., Ltd., resulting in an increase of BBMG's shareholding to 91.01% from previous 88.79%. As such, as at 30 June 2017, BBMG's shareholding in Tianjin BBMG Concrete Co., Ltd. was 91.01% with 100% voting rights.
- (3) In 2016, the Company acquired 55% equity interests of Jidong Group through capital increase and acquisition of equity interests, becoming the controlling shareholder of Jidong Group. The proportion of indirect shareholding in Jidong Group's subsidiaries represents the proportion of voting rights in these subsidiaries held by the Group through Jidong Group.
- (4) The Company holds 30% equity interests of Jidong Cement and Tangshan Jidong Equipment & Engineering Co., Ltd. ("Jidong Equipment") respectively through Jidong Group. After comprehensive consideration of the Group's ongoing asset restructuring plan for Jidong Cement, the Group's voting rights in Jidong Cement and Jidong Equipment as compared with other shareholders' entitlement, historic exercise of voting rights at general meetings of Jidong Cement and Jidong Equipment, the Group's board seats in Jidong Cement and Jidong Equipment as well as the actual arrangement of production and operation activities of Jidong Cement and Jidong Equipment, the management of the Group believes that the Group has effective control over Jidong Cement and Jidong Equipment.
- (5) Newly-acquired companies during the period.

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## VII. INTERESTS IN OTHER ENTITIES *(continued)*

### 1. Interests in the subsidiaries *(continued)*

*Subsidiaries with significant minority interests are as follows:*

|  | Percentage<br>of minority<br>shareholding | Comprehensive income<br>attributable to<br>minority shareholders | Dividend paid to<br>minority shareholders | Specific reserve | Accumulated equity<br>attributable to minority<br>interests at the end<br>of the period/year |
|--|---|--|---|------------------|--|
| <b>For the six months ended 30 June 2017</b>                           |   |  |   |                  |  |
| BBMG Vanke Property Development Co., Ltd.                              | 49.00%                                    | (2,381,227.23)   | -   | -                | 351,356,699.15   |
| Beijing BBMG Mangrove Environmental Protection<br>Technology Co., Ltd. | 49.00%                                    | 11,571,610.20  | -   | 1,020,984.07     | 1,266,639,291.57   |
| Jidong Group   | 45.00%                                    | (28,104,722.46)  | 6,488,800.00                              | 4,361,713.20     | 15,780,040,694.60  |
| <b>2016</b>  |   |  |   |                  |  |
| BBMG Vanke Property Development Co., Ltd.                              | 49.00%                                    | (4,052,585.18)   | -   | -                | 353,737,926.38   |
| Beijing BBMG Mangrove Environmental Protection<br>Technology Co., Ltd. | 49.00%                                    | 25,157,570.24  | 100,449,997.45                            | 459,735.62       | 1,254,046,697.30   |
| Jidong Group   | 45.00%                                    | 315,776,750.09   | -   | 2,105,473.76     | 15,810,272,503.86  |

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For the six months ended 30 June 2017

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

The following table sets forth the major financial information of the above-mentioned subsidiaries. Relevant figures represent amounts before intragroup offsetting:

30 June 2017

|  | BBMG Vanke Property<br>Development Co., Ltd. | Beijing BBMG Mangrove<br>Environmental Protection<br>Technology Co., Ltd. | Jidong Group      |
|--|--|---|-------------------|
| Current assets                               | 845,572,612.07                               | 1,986,933,368.48  | 21,472,050,657.08 |
| Non-current assets                           | 1,908,707.86                                 | 1,478,252,094.84  | 43,244,166,036.12 |
| Total assets                                 | 847,481,319.93                               | 3,465,185,463.32  | 64,716,216,693.20 |
| Current liabilities                          | 130,426,831.87                               | 673,281,814.38  | 35,207,162,411.93 |
| Non-current liabilities                      | –  | 206,925,437.31  | 11,293,673,705.03 |
| Total liabilities                            | 130,426,831.87                               | 880,207,251.69  | 46,500,836,116.96 |
| <b>For the six months ended 30 June 2017</b> |  |   |                   |
| Operating revenue                            | 10,840,678.74                                | 460,155,241.06  | 9,918,355,323.72  |
| Net profit/(loss)                            | (4,859,647.41)                               | 23,615,531.01   | (292,332,723.74)  |
| Total comprehensive income                   | (4,859,647.41)                               | 23,615,531.01   | (326,915,154.63)  |
| Net cash flows used in operating activities  | (7,422,049.48)                               | (1,203,592,421.22)  | (140,790,439.23)  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

31 December 2016

|   | Beijing Vanke Property<br>Development Co., Ltd. | Beijing BBMG Mangrove<br>Environmental Protection<br>Technology Co., Ltd. | Jidong Group                |
|---|---|---|-----------------------------|
| Current assets  | 849,448,109.04                                  | 1,934,096,260.89  | 21,525,480,046.80           |
| Non-current assets                                    | 13,440,256.86                                   | 1,510,556,184.50  | 44,027,347,493.19           |
| Total assets  | 862,888,365.90                                  | 3,444,652,445.39  | 65,552,827,539.99           |
| Current liabilities                                   | 136,102,230.56                                  | 668,481,556.63  | 32,311,159,395.95           |
| Non-current liabilities                               | 4,871,999.87                                    | 216,891,914.68  | 14,885,987,075.34           |
| Total liabilities                                     | 140,974,230.43                                  | 885,373,471.31  | 47,197,146,471.29           |
|   | 2016  | 2016  | October to<br>December 2016 |
| Operating revenue                                     | 67,347,412.38                                   | 996,014,075.07  | 4,442,190,791.55            |
| Net profit  | 8,270,582.00                                    | 51,341,980.09   | 188,204,633.03              |
| Total comprehensive income                            | 8,270,582.00                                    | 51,341,980.09   | 271,515,117.71              |
| Net cash flows from/(used in)<br>operating activities | (29,513,407.35)                                 | 156,744,671.84  | 729,880,301.92              |

#### 2. Transactions resulting in changes in equity attributable to shareholders in subsidiaries with no effect on right of control

On 17 March 2017, the Company made a unilateral capital injection to Beijing BBMG Tiantan Furniture Co., Ltd., a subsidiary of the Company. Capital contribution was made based on the net asset per share of RMB3.5825 per share as at the date of the capital injection with the actual contribution made by the Company amounting to RMB185,000,000.00. The registered capital was increased by RMB51,639,916.00, and the Company's direct shareholding was increased from 97.11% to 97.68%.

## Notes to Unaudited Interim Financial Statements

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### VII. INTERESTS IN OTHER ENTITIES (continued)

#### 3. Interests in joint ventures and associates

|   | Place of registration/<br>principal business | Business nature  | Registered capital<br>RMB'000 | Percentage of shareholding (%) |          | Accounting treatment |
|---|--|--|-------------------------------|--------------------------------|----------|----------------------|
|   |  |  |                               | Direct                         | Indirect |                      |
| <b>Joint ventures</b>   |  |  |                               |                                |          |                      |
| STAR-USG Building Materials Co., Ltd.<br>(星牌優時吉建築材料有限公司)  | Dachang County                               | Production of mineral wool acoustic board, etc.  | (USD)54,520                   | 50.00                          | –        | Equity method        |
| BBMG Landao Commercial Operation Management Co., Ltd.<br>(北京金隅藍島商業運營管理有限公司)                                 | Beijing                                      | Commodities retail   | 6,000                         | –                              | 50.00    | Equity method        |
| BBMG TUS Technology Incubator Co., Ltd.<br>(北京金隅啓迪科技孵化器有限公司)  | Beijing                                      | Incubating technology business, enterprise management, etc.                                | 8,000                         | –                              | 50.00    | Equity method        |
| Jidong Heidelberg (Fufeng) Cement Co., Ltd.<br>(冀東海德堡(扶風)水泥有限公司)  | Baoji  | Manufacture and sales of cement and clinker, etc.  | 489,975                       | –                              | 48.11    | Equity method        |
| Jidong Heidelberg (Jingyang) Cement Co., Ltd.<br>(冀東海德堡(滄州)水泥有限公司)  | Xianyang                                     | Manufacture and sales of cement and clinker, etc.  | 458,960                       | –                              | 50.00    | Equity method        |
| Tangshan Caofeidian Dunshi New Building Material Co., Ltd.<br>(唐山曹妃甸盾石新型建材有限公司)                             | Tangshan                                     | Manufacture and sales of slag fine powder and by-product                                   | 200,000                       | –                              | 50.00    | Equity method        |
| Anshan Jidong Cement Co., Ltd.<br>(鞍山冀東水泥有限責任公司)  | Anshan                                       | Manufacture and sales of cement and clinker, etc.  | 300,000                       | –                              | 50.00    | Equity method        |
| Jidong Pacific (Beijing) Environmental Protection Engineering Technology Co., Ltd.<br>(冀東太平洋(北京)環保工程技術有限公司) | Beijing                                      | Design, research and development of cement energy-saving and environmental equipment, etc. | 30,000                        | –                              | 50.00    | Equity method        |
| Cross Point Trading 274 (Pty) Ltd (RF)  | South Africa                                 | Investment in building materials industry  | (ZAR)300,000                  | –                              | 56.00    | Equity method        |
| <b>Associates</b>   |  |  |                               |                                |          |                      |
| Beijing Gaoqiang Concrete Co., Ltd.<br>(北京市高強混凝土有限責任公司)   | Beijing                                      | Production of concrete, pumping, etc.  | 55,000                        | 25.00                          | –        | Equity method        |
| Zehnder (China) Indoor Climate Co., Ltd.<br>(森德(中國)暖通設備有限公司)  | Beijing                                      | Production of radiators, etc.  | (USD)27,500                   | 26.70                          | –        | Equity method        |
| OCV Reinforcements (Beijing) Co., Ltd.<br>(歐文斯科寧複合材料(北京)有限公司)   | Beijing                                      | Complete non-standard control of concrete and pumping                                      | 55,000                        | 20.00                          | –        | Equity method        |
| Beijing Sinobaide Technology Co., Ltd.<br>(北京金時佰德技術有限公司)  | Beijing                                      | Design and production of equipment   | 10,000                        | –                              | 23.00    | Equity method        |
| Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.<br>(河北睿索固廢工程技術研究院有限公司)         | Chengde                                      | Technology research and testing for comprehensive utilization of solid waste, etc.         | 46,000                        | –                              | 34.78    | Equity method        |

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures and associates (continued)

|   | Place of registration/<br>principal business | Business nature  | Registered capital<br>RMB'000 | Percentage of shareholding (%) |          | Accounting treatment |
|---|--|--|-------------------------------|--------------------------------|----------|----------------------|
|   |  |  |                               | Direct                         | Indirect |                      |
| <b>Associates (continued)</b>   |  |  |                               |                                |          |                      |
| Tangshan Conch Profiles Co., Ltd.<br>(唐山海螺型材有限責任公司)                                     | Tangshan                                     | Manufacture and sales of architectural profiles              | 160,000                       | 40.00                          | -        | Equity method        |
| Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.<br>(北京青年營金隅鳳山教育科技有限公司) | Beijing                                      | Education technology promotion services, etc.                | 10,000                        | -                              | 30.00    | Equity method        |
| SINJI TRADING PTE LTD<br>(新冀貿易私人有限公司)   | Singapore                                    | Wholesale and sales of metal and metallic mineral, etc.      | (SGD)800,000                  | -                              | 40.00    | Equity method        |
| Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.<br>(中房華瑞(唐山)置業有限公司)                   | Tangshan                                     | Property development and operation, etc.                     | 10,000                        | -                              | 40.00    | Equity method        |
| Tangshan Harbor Datangtongzhou Building Materials Co., Ltd.<br>(唐山海港大唐同舟建材有限公司)         | Tangshan                                     | Manufacture and sales of concrete blocks, etc.               | 15,000                        | -                              | 20.00    | Equity method        |
| Changchun Light Rail Jidong Concrete Co., Ltd.<br>(長春輕軌冀東混凝土有限公司)                       | Changchun                                    | Manufacture and sales of commercial concrete, etc.           | 10,000                        | -                              | 49.00    | Equity method        |
| Baogang Jidong Cement Co., Ltd.<br>(包鋼冀東水泥有限公司)   | Baotou                                       | Manufacture and sale of micro-powder from metallurgical slag | 250,000                       | -                              | 49.00    | Equity method        |
| Jidong Cement Fufeng Transportation Co., Ltd.<br>(冀東水泥扶風運輸有限責任公司)                       | Baoji  | Automobile transportation, etc.                              | 16,000                        | -                              | 23.75    | Equity method        |
| Jilin Changjitu Investment Co., Ltd.<br>(吉林省長吉圖投資有限公司)                                  | Jilin  | Service industry, etc.                                       | 500,000                       | -                              | 30.00    | Equity method        |
| Tangshan Hangdao Marine Heavy Industry Co., Ltd.<br>(唐山航島海洋重工有限公司)                      | Tangshan                                     | Research and developemnt of offshore platform technology     | 150,000                       | -                              | 30.00    | Equity method        |
| Beijing XinYuan Concrete Co., Ltd.<br>(北京新源混凝土有限公司)                                     | Beijing                                      | Manufacture of sales of cement                               | 20,000                        | -                              | 65.00    | Equity method        |
| Xianyang Jidong High New Concrete Co., Ltd.<br>(咸陽冀東高新混凝土有限公司)                          | Xianyang                                     | Manufacture of sales of cement                               | 25,000                        | -                              | 60.00    | Equity method        |
| Tangshan Fengrun District the First Transportation Co., Ltd.<br>(唐山市豐潤區第一運輸公司)          | Tangshan                                     | Transportation services etc.                                 | 4,503                         | -                              | 17.38    | Equity method        |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 3. Interests in joint ventures and associates *(continued)*

The following table sets forth the consolidated financial information on joint ventures and associates which are not individually significant to the Group:

|   | For the six months<br>ended 30 June<br>2017 | 2016             |
|---|---|------------------|
| Joint ventures                                |   |                  |
| Total carrying amount of investments          | <b>1,394,296,550.55</b>                     | 1,448,991,687.72 |
| Total amount calculated based on shareholding |   |                  |
| Net gain                                      | <b>70,229,267.81</b>                        | 44,603,548.04    |
| Total comprehensive income                    | <b>70,229,267.81</b>                        | 44,603,548.04    |
| Associates                                    |   |                  |
| Total carrying amount of investments          | <b>654,397,093.26</b>                       | 784,659,287.04   |
| Total amount calculated based on shareholding |   |                  |
| Net (loss)/profit                             | <b>(17,418,993.80)</b>                      | 64,296,961.72    |
| Total comprehensive income                    | <b>(17,418,993.80)</b>                      | 64,296,961.72    |

### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

#### 1. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

##### 30 June 2017

| Financial assets  | Financial assets held<br>for trading at fair<br>value through profit<br>or loss | Loans and<br>receivables | Available-for-sale<br>financial assets |
|---|---|--------------------------|--|
| Cash and bank balances  | –   | 22,781,754,849.60        | –                                      |
| Financial assets held for trading at<br>fair value through profit or loss | <b>468,323,047.37</b>   | –                        | –                                      |
| Bills receivable  | –   | 5,924,154,845.84         | –                                      |
| Accounts receivable   | –   | 9,278,021,405.06         | –                                      |
| Interest receivable   | –   | 10,415,476.72            | –                                      |
| Dividends receivable  | –   | 37,513,183.95            | –                                      |
| Other receivables   | –   | 4,165,688,955.81         | –                                      |
| Available-for-sale financial assets                                       | –   | –                        | 4,155,177,357.45                       |
| Long-term receivables   | –   | 240,317,944.18           | –                                      |
|   | <b>468,323,047.37</b>   | <b>42,437,866,661.16</b> | <b>4,155,177,357.45</b>                |



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 1. Financial instruments by category *(continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows *(continued)*:

2016

| Financial assets  | Financial assets held<br>for trading at fair<br>value through profit<br>or loss | Loans and<br>receivables               | Available-for-sale<br>financial assets |
|---|---|--|--|
| Cash and bank balances  | –   | 28,010,211,147.53                      | –                                      |
| Financial assets held for trading at fair<br>value through profit or loss | 615,807,328.90  | –                                      | –                                      |
| Bills receivable  | –   | 3,857,028,994.07                       | –                                      |
| Accounts receivable   | –   | 8,889,912,604.49                       | –                                      |
| Interest receivable   | –   | 11,652,789.72                          | –                                      |
| Dividends receivable  | –   | 3,071,700.00                           | –                                      |
| Other receivables   | –   | 5,373,694,010.13                       | –                                      |
| Available-for-sale financial assets                                       | –   | –                                      | 2,498,348,403.92                       |
| Long-term receivables   | –   | 207,709,788.90                         | –                                      |
|   | <u>615,807,328.90</u>   | <u>46,353,281,034.84</u>               | <u>2,498,348,403.92</u>                |
|   |   | <b>30 June 2017</b>                    | 31 December 2016                       |
|   |   | <b>Other financial<br/>liabilities</b> | Other financial<br>liabilities         |
| Financial liabilities   |   |  |  |
| Short-term loans  |   | <b>36,188,435,740.00</b>               | 32,027,734,141.83                      |
| Bills payable   |   | <b>950,253,015.59</b>                  | 2,313,321,400.81                       |
| Accounts payable  |   | <b>13,416,798,219.15</b>               | 12,311,643,681.22                      |
| Interest payable  |   | <b>969,129,768.57</b>                  | 799,032,866.63                         |
| Dividends payable   |   | <b>801,070,175.72</b>                  | 202,581,371.25                         |
| Other payables  |   | <b>5,734,933,950.45</b>                | 5,643,088,423.00                       |
| Non-current liabilities due within one year                               |   | <b>12,406,933,816.16</b>               | 6,897,420,505.71                       |
| Long-term loans   |   | <b>24,082,840,000.00</b>               | 18,087,685,000.00                      |
| Bonds payable   |   | <b>19,493,492,149.68</b>               | 21,279,396,543.45                      |
| Short-term financing bonds payable  |   | <b>3,798,549,680.74</b>                | 3,000,000,000.00                       |
| Long-term payables  |   | <b>1,221,312,237.35</b>                | 3,740,891,436.82                       |
|   |   | <u><b>119,063,748,753.41</b></u>       | <u>106,302,795,370.72</u>              |

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For the six months ended 30 June 2017

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 2. Transfers of financial assets

As at 30 June 2017, the Group endorsed to its suppliers for settlement of accounts payable or bank acceptance bills and commercial acceptance bills discounted to the banks with a carrying amount of RMB5,870,373,955.08 and RMB265,714,364.33 respectively, of which bank acceptance bills amounting to RMB2,338,615,287.24 were derecognised, and bank acceptance bills and commercial acceptance bills amounting to RMB3,797,473,032.17 were not derecognised.

##### ***Financial assets transferred but not yet fully derecognised***

As at 30 June 2017, the Group endorsed bank acceptance bills and commercial acceptance bills with a carrying amount of RMB2,338,680,171.84 and RMB200,924,819.33 respectively (31 December 2016: RMB1,442,696,807.64 and RMB216,490,750.67) to its suppliers for settlement of accounts payable, and bank acceptance bills and commercial acceptance bills discounted to the banks with an amount of RMB1,193,078,496.00 and RMB64,789,545.00 respectively (31 December 2016: bank acceptance bills of RMB3,000,000.00 and no commercial acceptance bills). As the Group is of the opinion that the Group has retained substantially all their risks and rewards, including the default risk associated, the Group continues to recognise them and the settled accounts payable or short-term borrowings associated therewith. After the endorsement or discount, the Group no longer reserves the rights to use these financial assets, including the rights to sell, transfer or pledge to any other third party. As at 30 June 2017, the carrying amount of accounts payable settled or short-term borrowings secured by the Group through these financial assets amounted to RMB2,539,604,991.17 and RMB1,257,868,041.00 respectively (31 December 2016: RMB1,659,187,558.31 and RMB3,000,000.00).

##### ***Transferred financial assets fully derecognised but with continuing involvement***

As at 30 June 2017, the Group endorsed to its suppliers for settlement of accounts payable or bank acceptance bills discounted to the banks with a carrying amount of RMB2,338,615,287.24 (31 December 2016: RMB1,711,849,070.99). As at 30 June 2017, the maturities ranged from 1 to 12 months. Pursuant to relevant provisions of the "Law of Negotiable Instruments", the holders of commercial instruments shall have the right of recourse against the Group ("Continuing Involvement") if the relevant acceptance bank defaults. As the Group is of the opinion that the Group has transferred substantially all their risks and rewards, the Group has derecognised them and the settled accounts payable associated therewith (carrying amounts). The maximum exposure to loss from the Group's Continuing Involvement and repurchase and the undiscounted cash flows equal to their carrying amounts. The Group is of the opinion that the fair value of the Continuing Involvement is insignificant.

For the six months ended 30 June 2017, no gains or losses were recognised on their dates of transfer by the Group. No income or expenses were recognised for the current year or on an accumulative basis as a result of the Group's Continuing Involvement in derecognised financial assets. Endorsements were incurred basically evenly during the year.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks

The Group's principal financial instruments comprise bank borrowings, short-term financing bonds payable, bonds payable and cash and bank balances. The main purpose of these financial instruments is to raise capital for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group's risk management policies in this regard are summarized below.

##### ***Credit risk***

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, balances of accounts receivable are monitored on an ongoing basis to ensure that the Group's exposure to bad debt is not significant. For transactions that are not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, accounts receivable, interest receivable, dividends receivable, available-for-sale financial assets, bills receivable and other receivables, etc. arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note XI. Contingencies.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's accounts receivable are widely dispersed in different sectors and industries. The Group does not hold any collateral or other credit enhancements over the balances of accounts receivable.

Please refer to Note V. 4 and 8 for quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable and other receivables.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### *Credit risk (continued)*

As at 30 June 2017 and 31 December 2016, the analysis of maturity of financial assets not considered to be impaired is set out as follows:

##### 30 June 2017

|  | Total            | Neither past due<br>nor impaired | Past due           |                  |                  |
|--|------------------|----------------------------------|--------------------|------------------|------------------|
|  |                  |                                  | Within<br>3 months | 3 to 6<br>months | Over 6<br>months |
| Accounts receivable                    | 7,142,461,353.34 | 5,520,604,669.80                 | 770,552,358.26     | 183,512,051.96   | 667,792,273.32   |
| Other receivables                      | 3,489,826,824.72 | 3,489,826,824.72                 | -                  | -                | -                |
| Bills receivable                       | 5,924,154,845.84 | 5,924,154,845.84                 | -                  | -                | -                |
| Interest receivable                    | 10,415,476.72    | 10,415,476.72                    | -                  | -                | -                |
| Dividends receivable                   | 37,513,183.95    | 37,513,183.95                    | -                  | -                | -                |
| Available-for-sale<br>financial assets | 4,155,177,357.45 | 4,155,177,357.45                 | -                  | -                | -                |
| Long-term receivables                  | 240,317,944.18   | 240,317,944.18                   | -                  | -                | -                |

##### 31 December 2016

|  | Total            | Neither past<br>due nor impaired | Past due           |                  |                  |
|--|------------------|----------------------------------|--------------------|------------------|------------------|
|  |                  |                                  | Within<br>3 months | 3 to 6<br>months | Over 6<br>months |
| Accounts receivable                    | 7,091,095,418.69 | 5,633,948,741.33                 | 882,858,163.57     | 368,316,127.89   | 205,972,385.90   |
| Other receivables                      | 4,635,789,082.18 | 4,635,789,082.18                 | -                  | -                | -                |
| Bills receivable                       | 3,857,028,994.07 | 3,857,028,994.07                 | -                  | -                | -                |
| Interest receivable                    | 11,652,789.72    | 11,652,789.72                    | -                  | -                | -                |
| Dividends receivable                   | 3,071,700.00     | 3,071,700.00                     | -                  | -                | -                |
| Available-for-sale<br>financial assets | 2,498,348,403.92 | 2,498,348,403.92                 | -                  | -                | -                |
| Long-term receivables                  | 207,709,788.90   | 207,709,788.90                   | -                  | -                | -                |

As at 30 June 2017, the accounts receivable that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

As at 30 June 2017, the accounts receivable that were past due but not impaired related to a large number of independent customers that have a good track record with the Group. Based on the past experience, the Group believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### *Liquidity risk*

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and the projected cash flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of bank borrowings, financial leasing, bonds payable and short-term financing bonds payable. In addition, the Group also raised capital by way of non-public issue, so as to fund its own operations and development.

The liquidity of the Group is primarily dependent on adequate cash inflows from operations to meet its debt obligations as they fall due and external financing to meet its committed future capital expenditure. With respect to future capital commitment and other funding requirements, the Company's credit facilities granted by domestic banks amounted to RMB121.2 billion as at 30 June 2017, of which approximately RMB53.9 billion remained unused.

The table below summarises the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

##### As at 30 June 2017

|                    | Within 1 year            | 1-2 years                | 2-5 years                | Over 5 years            | Total                     |
|--------------------|--------------------------|--------------------------|--------------------------|-------------------------|---------------------------|
| Accounts payable   | 13,416,798,219.15        | -                        | -                        | -                       | 13,416,798,219.15         |
| Interest payable   | 969,129,768.57           | -                        | -                        | -                       | 969,129,768.57            |
| Dividends payable  | 801,070,175.72           | -                        | -                        | -                       | 801,070,175.72            |
| Other payables     | 5,734,933,950.45         | -                        | -                        | -                       | 5,734,933,950.45          |
| Bills payable      | 950,253,015.59           | -                        | -                        | -                       | 950,253,015.59            |
| Long-term payables | 781,906,993.95           | 630,838,693.36           | 590,473,543.99           | -                       | 2,003,219,231.30          |
| Bank borrowings    | 40,097,207,122.32        | 5,655,946,177.92         | 13,931,164,625.75        | 8,156,887,113.42        | 67,841,205,039.41         |
| Bonds payable      | 15,019,969,193.44        | 9,056,429,663.44         | 11,928,427,469.44        | 841,166,773.67          | 36,845,993,099.99         |
|                    | <u>77,771,268,439.19</u> | <u>15,343,214,534.72</u> | <u>26,450,065,639.18</u> | <u>8,998,053,887.09</u> | <u>128,562,602,500.18</u> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### *Liquidity risk (continued)*

As at 31 December 2016

|                    | Within 1 year            | 1-2 years                | 2-5 years                | Over 5 years             | Total                     |
|--------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| Accounts payable   | 12,311,643,681.22        | -                        | -                        | -                        | 12,311,643,681.22         |
| Interest payable   | 799,032,866.63           | -                        | -                        | -                        | 799,032,866.63            |
| Dividends payable  | 202,581,371.25           | -                        | -                        | -                        | 202,581,371.25            |
| Other payables     | 5,643,088,423.00         | -                        | -                        | -                        | 5,643,088,423.00          |
| Bills payable      | 2,313,321,400.81         | -                        | -                        | -                        | 2,313,321,400.81          |
| Long-term payables | 945,370,562.73           | 1,264,057,249.88         | 2,476,834,186.89         | -                        | 4,686,261,999.50          |
| Bank borrowings    | 35,381,410,748.86        | 4,652,212,014.49         | 8,893,517,877.08         | 10,910,694,926.58        | 59,837,835,567.01         |
| Bonds payable      | <u>8,746,430,465.75</u>  | <u>11,179,881,609.59</u> | <u>11,224,948,000.00</u> | <u>837,873,972.60</u>    | <u>31,989,134,047.94</u>  |
|                    | <u>66,342,879,520.25</u> | <u>17,096,150,873.96</u> | <u>22,595,300,063.97</u> | <u>11,748,568,899.18</u> | <u>117,782,899,357.36</u> |

##### **Market risk**

###### *Interest rate risk*

The Group's exposure to the changes in market interest rates is mainly related to the floating-rate long-term liabilities of the Group. The Group manages its interest cost using a mix of fixed- and floating-rate debts.

The table below demonstrates the sensitivity analysis of interest rate risk that reflects the impact on net profit or loss (through the impact on floating-rate borrowings) and net other comprehensive income after tax when a reasonably possible change in interest rates occurs, with all other variables held constant.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

### 3. Financial Instruments Risks *(continued)*

**Market risk** *(continued)*

*Interest rate risk* *(continued)*

For the six months ended 30 June 2017

|     | Increase/<br>(decrease) in<br>the impact of loans<br>at the end of<br>the period (at<br>floating rate) on<br>profit or loss | Increase/<br>(decrease)<br>in net other<br>comprehensive<br>income after tax | Increase/<br>(decrease)<br>in total<br>shareholder's<br>equity |
|-----|---|--|--|
| RMB | 100 (9,661,392.82)  | –  | (9,661,392.82)   |

2016

|     | Increase/<br>(decrease) in the<br>impact of loans<br>at the end of the<br>period (at floating<br>rate) on profit<br>or loss | Increase/<br>(decrease)<br>in net other<br>comprehensive<br>income after tax | Increase/<br>(decrease) in total<br>shareholder's<br>equity |
|-----|---|--|---|
| RMB | 100 (12,607,229.13)   | –  | (12,607,229.13)   |

*Foreign exchange risk*

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to foreign currency risk mainly arises from certain financial assets and liabilities held by the Group that are principally denominated in USD, HKD, EUR, JPY, ZAR, MNT and ZMK.

The table below demonstrates the sensitivity analysis of foreign exchange risk to a possible change in exchange rates of RMB against USD, HKD, EUR, JPY, ZAR, MNT and ZMK, with all other variables held constant, with respect to the effects on net profit or loss and net other comprehensive income after tax.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### *Market risk (continued)*

##### *Foreign exchange risk (continued)*

For the six months ended 30 June 2017

|                              | Increase/<br>(decrease) In<br>exchange rate | Increase/<br>(decrease) in net<br>profit or loss | Increase/<br>(decrease)<br>in net other<br>comprehensive<br>income after tax | Increase/<br>(decrease)<br>in total<br>shareholder's<br>equity |
|------------------------------|---|--|--|--|
| USD appreciation against RMB | 1%  | 414,276.27                                       | –  | 414,276.27   |
| HKD appreciation against RMB | 1%  | 10,103.56  | 2,947,367.50   | 2,957,471.06   |
| EUR appreciation against RMB | 1%  | 12,228.78  | –  | 12,228.78  |
| ZAR appreciation against RMB | 1%  | 1,773,077.46                                     | –  | 1,773,077.46   |
| MNT appreciation against RMB | 1%  | 14,403.36  | –  | 14,403.36  |

2016

|                              | Increase/<br>(decrease) In<br>exchange rate | Increase/<br>(decrease) in net<br>profit or loss | Increase/<br>(decrease)<br>in net other<br>comprehensive<br>income after tax | Increase/<br>(decrease) in total<br>shareholder's<br>equity |
|------------------------------|---|--|--|---|
| USD appreciation against RMB | 1%  | 104,781.92                                       | –  | 104,781.92  |
| HKD appreciation against RMB | 1%  | 10,582.59  | 2,989,429.77   | 3,000,012.36  |
| EUR appreciation against RMB | 1%  | 1,577.99   | –  | 1,577.99  |
| JPY appreciation against RMB | 1%  | 182,539.10                                       | –  | 182,539.10  |
| ZAR appreciation against RMB | 1%  | 3,285,123.32                                     | –  | 3,285,123.32  |
| ZMK appreciation against RMB | 1%  | 400.78   | –  | 400.78  |

##### *Price risk of equity instrument investment*

Price risk of equity instrument investment is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to price risk of equity instrument investment arising from individual equity instrument investment classified as held-for-trading equity instrument investment (Note V. 2) and available-for-sale equity instrument investment (Note V. 11) as at 30 June 2017. The Group's listed equity instrument investments are listed on the stock exchange in Shanghai and Shenzhen and are measured at quoted market prices at the balance sheet date.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 4. Capital management

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

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. During the six months ended 30 June 2017 and 2016, there was no change in the Group's capital management objectives, policies or procedures.

The Group manages its capital using leverage ratio, which is calculated by dividing net debts by the sum of adjusted capital and net debts. Net debts represent bank borrowings, bonds payable and short-term financing bonds, net of cash and bank balances while capital refers to equity capital. The Group's leverage ratios as at the balance sheet dates are set out as follows:

|                              | 30 June 2017               | 31 December 2016    |
|------------------------------|----------------------------|---------------------|
| Bank borrowings              | <b>62,305,353,737.00</b>   | 51,672,286,743.83   |
| Bonds payable                | <b>29,084,440,974.89</b>   | 25,674,578,884.46   |
| Short-term financing bonds   | <b>3,798,549,680.74</b>    | 3,000,000,000.00    |
|                              | <b>95,188,344,392.63</b>   | 80,346,865,628.29   |
| Less: Cash and bank balances | <b>(22,781,754,849.60)</b> | (28,010,211,147.53) |
| Net debts                    | <b>72,406,589,543.03</b>   | 52,336,654,480.76   |
| Owners' equity               | <b>64,010,008,181.33</b>   | 62,909,510,786.60   |
| Leverage ratio               | <b>113.12%</b>             | 83.19%              |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### IX. DISCLOSURE OF FAIR VALUE

#### 1. Assets measured and disclosed at fair value

##### Hierarchies of fair value

|   | Fair value as at 30 June 2017           |   |   | Total                    |
|---|---|---|---|--------------------------|
|   | Quoted price in active market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |                          |
| Continuously measured at fair value:                  |   |   |   |                          |
| Financial assets at fair value through profit or loss | 468,323,047.37                          | –                                       | –   | 468,323,047.37           |
| Available-for-sale financial assets                   | 551,090,429.44                          | –                                       | –   | 551,090,429.44           |
| Commercial properties- garage                         | –                                       | 492,000,000.00                          | 14,679,548,777.53                         | 15,171,548,777.53        |
| <b>Total</b>  | <b>1,019,413,476.81</b>                 | <b>492,000,000.00</b>                   | <b>14,679,548,777.53</b>                  | <b>16,190,962,254.34</b> |

|   | Fair value as at 31 December 2016       |   |   | Total             |
|---|---|---|---|-------------------|
|   | Quoted price in active market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |                   |
| Continuously measured at fair value:                  |   |   |   |                   |
| Financial assets at fair value through profit or loss | 615,807,328.90                          | –                                       | –   | 615,807,328.90    |
| Available-for-sale financial assets                   | 593,398,552.96                          | –                                       | –   | 593,398,552.96    |
| Commercial properties- garage                         | –                                       | 492,000,000.00                          | 14,484,628,345.79                         | 14,976,628,345.79 |
|   | 1,209,205,881.86                        | 492,000,000.00                          | 14,484,628,345.79                         | 16,185,834,227.65 |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### IX. DISCLOSURE OF FAIR VALUE *(continued)*

#### 1. Assets measured and disclosed at fair value *(continued)*

##### *Hierarchies of fair value (continued)*

The following sets forth the valuation method and key inputs used for the valuation of fair value of the investment properties for the six months ended 30 June 2017:

| Valuation method | Significant unobservable inputs | Range of variation |
|------------------|---------------------------------|--------------------|
| Income approach  | Unit rental (RMB/sq.m./day)     | 1.22-17.46         |
|                  | Term yield                      | 5.50%-8.00%        |
|                  | Reversionary yield              | 6.00%-8.50%        |

For Level 3 fair value measurement under income approach, term and reversion approach in particular, the rental income derived from the existing tenancies with due allowance for the reversionary potential of the property is capitalised at the capitalisation rate. The estimated net leased income is capitalized over the remaining term of lease of the investment property at an appropriate market yield expected by investors for the type of properties to calculate the fair value of investment properties.

For Level 2 fair value measurement under market comparable approach, as for investment property with ancillary garages, the fair value of the investment property is estimated upon the principle of substitution under which the value of such investment property approximates the value of a comparable substitute property for a potential buyer. In theory, the best comparable transaction would be an exact duplicate of the subject property. In practice, the value of the evaluated property at the benchmark date of evaluation is calculated by comparing it with the recent selling prices of similar properties and adjusting in accordance with transaction condition, transaction date, the conditions of the property, etc.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### IX. DISCLOSURE OF FAIR VALUE *(continued)*

#### 2. Valuation of fair value

The following table sets forth the changes in Level 3 fair value of the investment properties of the Group for the six months ended 30 June 2017:

|                                   | Commercial<br>properties |
|-----------------------------------|--------------------------|
| Value as at 1 January 2017        | 14,484,628,345.79        |
| Disposal of investment properties | (62,526,015.74)          |
| Changes in fair value             | <u>257,446,447.48</u>    |
| Value as at 30 June 2017          | <u>14,679,548,777.53</u> |

For the six months ended 30 June 2017, there was no change in fair value hierarchies of investment properties of the Group.

#### **Assets and Liabilities disclosed at fair value**

Set out below are the carrying amount and fair value of each category of financial instruments of the Group other than short-term financial instruments with minor differences between the carrying amount and fair value, and equity instruments without a quoted price from an active market and whose fair value cannot be reliably measured:

|  | Carrying amount          |                   | Fair value               |                   |
|--|--------------------------|-------------------|--------------------------|-------------------|
|  | 30 June 2017             | 31 December 2016  | 30 June 2017             | 31 December 2016  |
| <b>Financial assets</b>                |                          |                   |                          |                   |
| Available-for-sale<br>financial assets | <u>3,597,389,477.05</u>  | 1,898,252,400.00  | <u>3,597,389,477.05</u>  | 1,898,252,400.00  |
| <b>Financial liabilities</b>           |                          |                   |                          |                   |
| Long-term loans                        | 24,082,840,000.00        | 18,087,685,000.00 | 24,082,840,000.00        | 18,087,685,000.00 |
| Bonds payable                          | 19,493,492,149.68        | 21,279,396,543.45 | 19,493,492,149.68        | 21,279,396,543.45 |
| Long-term payables                     | <u>1,221,312,237.35</u>  | 3,740,891,436.82  | <u>1,221,312,237.35</u>  | 3,740,891,436.82  |
|  | <u>44,797,644,387.03</u> | 43,107,972,980.27 | <u>44,797,644,387.03</u> | 43,107,972,980.27 |

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

## IX. DISCLOSURE OF FAIR VALUE *(continued)*

### 2. Valuation of fair value *(continued)*

#### *Assets and Liabilities disclosed at fair value (continued)*

Management has assessed that the fair values of the short-term financial assets and financial liabilities, such as cash and bank balances, bill receivable, accounts receivable, interests receivable, dividends receivable, other receivables, short-term borrowings, short-term financing bonds payable, bills payable, accounts payable, interests payable, dividends payable, other payables and non-current liabilities due within one year, approximate their carrying amounts due to the short residual term of these instruments.

The fair values of available-for-sale financial assets, long-term borrowings, bonds payable and long-term payables are calculated by discounting the future cash flows using market yields for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 30 June 2017, the Group's exposure to non-performance risk associated with the long-term borrowings is assessed as insignificant.

The Group's finance team is led by the Finance Manager, and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial officer and the Audit Committee. As at each balance sheet date, the finance team analyses changes in the value of financial instruments and determines the main inputs applicable to the valuation, and the valuation must be reviewed and approved by the chief financial officer. For the purpose of preparing interim and annual financial statements, the finance team meets the Audit Committee twice a year to discuss the valuation process and results.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, instead of the amount under forced sale or under liquidation. The following methods and assumptions are used to estimate the fair value.

The fair values of long-term borrowings, bonds payable and long-term payables are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 30 June 2017, the Group's exposure to non-performance risk associated with the long-term borrowings, bonds payable and long-term payables is assessed as insignificant.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

#### 1. Parent company

|            | Place of registration | Business nature   | Registered capital<br>RMB'000 | Over the Company               |                         | Period of control             |
|------------|-----------------------|---|-------------------------------|--------------------------------|-------------------------|-------------------------------|
|            |                       |   |                               | Proportion of shareholding (%) | Proportion of votes (%) |                               |
| BBMG Group | Beijing               | Operation and management of stateowned assets within the authorised scope; manufacture and sale of building materials, non-metallic minerals, furniture, construction metalware, etc.; comprehensive property development, etc. | 344,086                       | 44.93                          | 44.93                   | Before 29 December 2016       |
| BSCOMC     | Beijing               | Investment and investment management, assets management, as well as the organization of the restructure or merger of assets of enterprises  | 35,000,000                    | 44.93                          | 44.93                   | On and after 29 December 2016 |

As at 30 June 2017, BSCOMC is the parent and ultimate holding company of the Company.

#### 2. Subsidiaries

For details on the subsidiaries, please refer to Note VII. 1. Interests in the subsidiaries.

#### 3. Jointly-controlled entities and associates

For details on the jointly-controlled entities and associates, please refer to Note VII. 3.

#### 4. Other related parties

| Names of other related parties  | Relationship with related parties |
|---|-----------------------------------|
| BBMG Group  | Other related parties             |
| Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee | Other related parties             |
| Beijing Xisha Assets Management Co., Ltd.   | Other related parties             |
| Beijing Dacheng Real Estate Development Co., Ltd.   | Other related parties             |
| Handan Hanni Building Materials Co., Ltd.   | Other related parties             |
| Beijing Longfengshan Sands and Stone Factory  | Other related parties             |
| Beijing Jinyu Scien-tech School   | Other related parties             |
| Beijing Guanghua Woodworking Factory  | Other related parties             |
| BBMG Properties Limited   | Other related parties             |
| Beijing Jianmao Property Management Co., Ltd.   | Other related parties             |
| Beijing Doors and Windows Co., Ltd.   | Other related parties             |

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

### 5. Major transactions between the Group and related parties

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

|   | Type of goods<br>or services                 | For the<br>six months<br>ended 30<br>June 2017 | For the<br>six months<br>ended 30<br>June 2016 |
|---|--|--|--|
| <b>Purchase of goods and receipt of services<br/>from related parties</b>             |  |  |  |
| <b>Transactions with jointly-controlled<br/>entities and associates</b>               |  |  |  |
| Anshan Jidong Cement Co., Ltd.  | Purchase of goods                            | 12,111,764.23                                  | –  |
| Tangshan Caofeidian Dunshi New Building<br>Materials Co., Ltd.                        | Purchase of goods                            | 2,675,048.49                                   | –  |
| Jidong Pacific (Beijing) Environmental Protection<br>Engineering Technology Co., Ltd. | Purchase of goods                            | 2,441,728.17                                   | –  |
| Baogang Jidong Cement Co., Ltd.   | Purchase of goods                            | 1,212,710.40                                   | –  |
| Jidong Heidelberg (Jingyang) Cement Co., Ltd.   | Purchase of goods and<br>receipt of services | 1,049,273.79                                   | –  |
| Jidong Pacific (Beijing) Environmental Protection<br>Engineering Technology Co., Ltd. | Receipt of services                          | 764,150.93                                     | –  |
| Beijing Sinobaide Technology Co., Ltd.  | Purchase of goods                            | 427,350.43                                     | 3,374,992.00                                   |
| Jidong Cement Fufeng Transportation Co., Ltd.   | Receipt of services                          | 382,926.65                                     | –  |
| Jidong Heidelberg (Fufeng) Cement Co., Ltd.   | Purchase of goods                            | 7,213.67                                       | –  |
| STAR-USG Building Materials Co., Ltd.   | Purchase of goods                            | –  | 1,869,902.71                                   |
| Zehnder (China) Indoor Climate Co., Ltd.  | Purchase of goods                            | –  | 386,938.19                                     |
|   |  | <b>21,072,166.76</b>                           | <b>5,631,832.90</b>                            |
| <b>Transactions with other related parties</b>  |  |  |  |
| Beijing Dacheng Real Estate Development Co., Ltd.                                     | Purchase of goods and<br>receipt of services | 46,763.00                                      | 279,963.66                                     |
| Beijing Jinyu Scien-tech School   | Receipt of training services                 | 17,603.77                                      | –  |
| Beijing Longfengshan Sands and Stone Factory  | Receipt of services                          | 7,884.00                                       | 1,427,366.37                                   |
|   |  | <b>72,250.77</b>                               | <b>1,707,330.03</b>                            |
| <b>Sale of goods and rendering of<br/>services to related parties</b>                 |  |  |  |
| BBMG Group  | Rendering of<br>property services            | 540,600.00                                     | 520,700.00                                     |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. Major transactions between the Group and related parties *(continued)*

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

|   | Type of goods<br>or services               | For the<br>six months<br>ended 30<br>June 2017 | For the<br>six months<br>ended 30<br>June 2016 |
|---|--|--|--|
| <b>Transactions with jointly-controlled entities<br/>and associates</b> |  |  |  |
| Changchun Light Rail Jidong Concrete Co., Ltd.                          | Sale of goods                              | 18,316,249.33                                  | –  |
| Baogang Jidong Cement Co., Ltd.   | Sale of goods                              | 12,561,399.65                                  | –  |
| Jidong Heidelberg (Fufeng) Cement Co., Ltd.                             | Sale of goods and<br>rendering of services | 9,426,689.06                                   | –  |
| Jidong Heidelberg (Jingyang) Cement Co., Ltd.                           | Sale of goods                              | 9,391,337.47                                   | –  |
| OCV Reinforcements (Beijing) Co., Ltd.                                  | Sale of goods                              | 7,917,360.33                                   | 8,391,849.35                                   |
| Jidong Cement Fufeng Transportation Co., Ltd.                           | Rendering of services                      | 2,959,966.06                                   | –  |
| Anshan Jidong Cement Co., Ltd.  | Sale of goods                              | 2,464,469.14                                   | –  |
| Beijing Gaoqiang Concrete Co., Ltd.                                     | Sale of goods                              | 475,045.64                                     | –  |
| Tangshan Caofeidian Dunshi New Building<br>Materials Co., Ltd.          | Sale of goods                              | 41,880.34                                      | –  |
| STAR-USG Building Materials Co., Ltd.                                   | Rendering of services                      | –  | 177,192.16                                     |
| Beijing Sinobaide Technology Co., Ltd.                                  | Sale of goods                              | –  | –  |
| Zehnder (China) Indoor Climate Co., Ltd.                                | Sale of goods                              | –  | –  |
|   |  | <b>63,554,397.02</b>                           | <b>8,569,041.51</b>                            |
| <b>Transactions with other related parties</b>                          |  |  |  |
| Handan Hanni Building Materials Co., Ltd.                               | Sale of goods                              | 265,900.23                                     | 163,740.73                                     |
| Beijing Guanghua Woodworking Factory                                    | Render of quality<br>inspection services   | –  | 200,000.00                                     |
| Beijing Dacheng Real Estate Development Co., Ltd.                       | Render of property services                | 355,371.33                                     | 393,244.38                                     |
| Beijing Jianmao Property Management Co., Ltd.                           | Render of engineering<br>services          | –  | 1,233,139.17                                   |
| Beijing Doors and Windows Co., Ltd.                                     | Render of decoration<br>services           | –  | 158,128.68                                     |
|   |  | <b>621,271.56</b>                              | <b>2,148,252.96</b>                            |

Purchase or sale of goods and receipt or rendering of services from/to related parties by the Group are negotiated and determined based on market price, and carried out according to the agreed terms entered into between the Group and related parties.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. Major transactions between the Group and related parties *(continued)*

##### (2) Leases with related parties

*As lessor*

| Name of the lessee                                | Category of leased assets | For the six months ended<br>30 June 2017 | For the six months ended<br>30 June 2016 |
|---|---------------------------|--|--|
| STAR-USG Building Materials Co., Ltd.             | Building                  | 3,949,930.20                             | 5,853,511.89                             |
| Beijing Dacheng Real Estate Development Co., Ltd. | Building                  | 757,996.88                               | 1,970,791.87                             |
| OCV Reinforcements (Beijing) Co., Ltd.            | Plant                     | 142,857.12                               | 620,691.19                               |
| Beijing Sinobaide Technology Co., Ltd.            | Building                  | 457,684.82                               | 440,902.66                               |
| BBMG Group  | Building                  | –  | 314,700.00                               |
| Beijing Doors and Windows Co., Ltd.               | Building                  | 181,587.50                               | –  |
|   |                           | <b>5,490,056.52</b>                      | <b>9,200,597.61</b>                      |

*As lessee*

| Name of the lessor                        | Category of leased assets | For the six months ended<br>30 June 2017 | For the six months ended<br>30 June 2016 |
|---|---------------------------|--|--|
| Beijing Xisha Assets Management Co., Ltd. | Building                  | 861,359.00                               | 838,500.00                               |

The rentals from the assets leased out to or leased from related parties by the Group are negotiated and determined by making reference to market price, and carried out according to the agreed terms entered into between the Group and related parties.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. Major transactions between the Group and related parties *(continued)*

##### (3) Guarantees received from/provided to related parties

###### *Guarantees received from related parties*

For the six months ended 30 June 2017, the Group did not receive guarantees in respect of borrowings from related parties.

###### For the six months ended 30 June 2016

| Guarantor  | Guaranteed party                           | Amount guaranteed     | Starting date   | Maturity date | Completion of performance of guarantee or not |
|------------|--|-----------------------|-----------------|---------------|---|
| BBMG Group | BBMG GEM Real Estate Development Co., Ltd. | 200,000,000.00        | 18 October 2013 | 26 June 2016  | Yes   |
| BBMG Group | BBMG GEM Real Estate Development Co., Ltd. | 420,000,000.00        | 27 June 2013    | 26 June 2016  | Yes   |
| BBMG Group | BBMG GEM Real Estate Development Co., Ltd. | 20,000,000.00         | 18 April 2014   | 26 June 2016  | Yes   |
| BBMG Group | BBMG GEM Real Estate Development Co., Ltd. | 100,000,000.00        | 6 May 2014      | 26 June 2016  | Yes   |
| BBMG Group | BBMG GEM Real Estate Development Co., Ltd. | 100,000,000.00        | 7 May 2014      | 26 June 2016  | Yes   |
|            |  | <u>840,000,000.00</u> |                 |               |   |

The above related parties provided guarantees in respect of borrowings for the Group at nil consideration.

###### *Guarantees provided to related parties*

| Guarantor     | Guaranteed party               | Amount guaranteed    | Starting date   | Maturity date    | Completion of performance of guarantee or not |
|---------------|--------------------------------|----------------------|-----------------|------------------|---|
| Jidong Cement | Anshan Jidong Cement Co., Ltd. | 20,000,000.00        | 11 July 2016    | 10 July 2017     | No  |
| Jidong Cement | Anshan Jidong Cement Co., Ltd. | 14,000,000.00        | 28 October 2016 | 27 October 2017  | No  |
| Jidong Cement | Anshan Jidong Cement Co., Ltd. | 18,000,000.00        | 6 March 2017    | 5 March 2018     | No  |
| Jidong Cement | Anshan Jidong Cement Co., Ltd. | 875,000.00           | 3 June 2015     | 31 December 2017 | No  |
| Jidong Cement | Anshan Jidong Cement Co., Ltd. | 2,629,800.00         | 9 January 2017  | 9 July 2017      | No  |
| Jidong Cement | Anshan Jidong Cement Co., Ltd. | 2,046,000.00         | 11 January 2017 | 11 July 2017     | No  |
| Jidong Cement | Anshan Jidong Cement Co., Ltd. | 2,400,000.00         | 1 April 2017    | 1 October 2017   | No  |
| Jidong Cement | Anshan Jidong Cement Co., Ltd. | 4,920,000.00         | 27 April 2017   | 27 October 2017  | No  |
|               |                                | <u>64,870,800.00</u> |                 |                  |   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. Major transactions between the Group and related parties *(continued)*

##### (3) Guarantees received from/provided to related parties *(continued)*

As at 30 June 2017, Jidong Cement, a subsidiary of the Group, provided joint obligation guarantees in respect of borrowings, bank guarantees and bank acceptance bills for Anshan Jidong Cement Co., Ltd. at nil consideration, with total amount guarantees of RMB64,870,800.00.

As at 30 June 2016, the Group did not provide guarantees in respect of borrowings for related parties.

##### (4) Lending to/borrowing from related parties

*Borrowings*

**30 June 2017**

|            | Amount        | Commencement date | Maturity date   |
|------------|---------------|-------------------|-----------------|
| BBMG Group | 50,000,000.00 | 7 December 2016   | 7 December 2017 |
| BBMG Group | 81,000,000.00 | 25 January 2017   | 24 January 2018 |
| BSCOMC     | 60,000,000.00 | 27 May 2017       | 27 May 2018     |

As at 30 June 2016, the Group did not have borrowing from related parties.

Note: Through financial institutions, the Group obtained entrusted loans of RMB50,000,000.00 from BBMG Group in 2016, and entrusted loans of RMB81,000,000.00 and RMB60,000,000.00 from BBMG Group and BSCOMC, in 2017, respectively, which were used for liquidity purposes. As at 30 June 2017, the balance of such loans amounted to RMB191,000,000.00 (30 June 2016: Nil). The interest rate of each the above loans was in line with the benchmark rate for loans of the same period and same ranking issued by People's Bank of China on the drawdown date corresponding to the period of the loan. During the six months ended 30 June 2017, the total interest expenses recognised for the loans were RMB2,595,258.33 (During the six months ended 30 June 2016: Nil).

*Lending:*

During the six months ended 30 June 2017, the Group had no additional lending to STAR-USG Building Materials Co., Ltd. (For the six months ended 30 June 2016: lending of RMB7,500,000.00). As at 30 June 2017, the accumulated lending amounted to RMB104,188,940.00 (30 June 2016: accumulated lending of RMB104,188,940.00).

During the six months ended 30 June 2017, Baogang Jidong Cement Co., Ltd. secured lending of RMB60,000,000.00 from the Group at interest rate of 4.75% per annum. As at 30 June 2017, the outstanding lending amounted to RMB60,000,000.00 (30 June 2016: Nil).

During the six months ended 30 June 2017, Cross Point Trading 274 (Pty) Ltd (RF) secured lending of RMB16,640,696.45 from the Group at interest rate of 10.50% per annum. As at 30 June 2017, the outstanding lending amounted to RMB182,686,519.61 (30 June 2016: Nil).

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. Major transactions between the Group and related parties *(continued)*

##### (4) Lending to/borrowing from related parties *(continued)*

*Interest income from lending:*

|  | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|--|---|---|
| Cross Point Trading 274 (Pty) Ltd (RF) | 16,974,634.96                               | –   |
| STAR-USG Building Materials Co., Ltd.  | 2,417,183.42                                | –   |
| Baogang Jidong Cement Co., Ltd.        | 1,491,425.38                                | –   |
|  | <b>20,883,243.76</b>                        | –   |

*Interest expenses from borrowing:*

|            | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|------------|---|---|
| BBMG Group | 2,456,058.33                                | –   |
| BSCOMC     | 139,200.00                                  | –   |
|            | <b>2,595,258.33</b>                         | –   |

##### (5) Remuneration for key management personnel

|   | For the six<br>months ended<br>30 June 2017 | For the six<br>months ended<br>30 June 2016 |
|---|---|---|
| Remuneration for key management personnel | <b>3,117,252.10</b>                         | 2,745,832.00                                |

Note: Apart from related party transactions with associates and joint ventures, other major transactions mentioned above between the group and its related parties constitute connected transactions or continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables from related parties

|   | 30 June 2017         | 31 December 2016      |
|---|----------------------|-----------------------|
| Accounts receivable   |                      |                       |
| <b>Due from associates</b>  |                      |                       |
| Baogang Jidong Cement Co., Ltd.   | 35,423,262.02        | 45,358,102.49         |
| Changchun Light Rail Jidong Concrete Co., Ltd.  | 18,528,621.12        | –                     |
| Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.                                     | 17,120,000.00        | 17,170,320.32         |
| Jidong Cement Fufeng Transportation Co., Ltd.   | 841,883.19           | 272,460.61            |
| Zehnder (China) Indoor Climate Co., Ltd.  | –                    | 19,276.00             |
| OCV Reinforcements (Beijing) Co., Ltd.  | 267,305.25           | –                     |
|   | <b>72,181,071.58</b> | <b>62,820,159.42</b>  |
| <b>Due from joint ventures</b>  |                      |                       |
| STAR-USG Building Materials Co., Ltd.   | 15,403,441.06        | 14,435,910.86         |
| Anshan Jidong Cement Co., Ltd.  | 5,441,164.73         | 12,823,896.24         |
| Jidong Heidelberg (Jingyang) Cement Co., Ltd.   | 3,445,108.92         | 8,651,727.95          |
| Jidong Heidelberg (Fufeng) Cement Co., Ltd.   | 976,275.65           | 14,081,518.51         |
| Tangshan Caofeidian Dunshi New Building<br>Materials Co., Ltd.                        | –                    | 174,000.00            |
| Jidong Pacific (Beijing) Environmental Protection<br>Engineering Technology Co., Ltd. | –                    | 7,562.50              |
|   | <b>25,265,990.36</b> | <b>50,174,616.06</b>  |
| <b>Due from other related parties</b>   |                      |                       |
| Beijing Dacheng Real Estate Development Co., Ltd.                                     | 415,784.46           | –                     |
|   | <b>97,862,846.40</b> | <b>112,994,775.48</b> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables from related parties *(continued)*

|  | 30 June 2017          | 31 December 2016        |
|--|-----------------------|-------------------------|
| Prepayments  |                       |                         |
| <b>Prepayments to associates</b>   |                       |                         |
| Zehnder (China) Indoor Climate Co., Ltd.   | <u>351,173.63</u>     | <u>812,595.93</u>       |
| <b>Prepayments to joint ventures</b>   |                       |                         |
| Tangshan Caofeidian Dunshi New Building<br>Materials Co., Ltd.   | <u>5,844,738.70</u>   | <u>25,769.20</u>        |
| Jidong Pacific (Beijing) Environmental Protection<br>Engineering Technology Co., Ltd.                  | <u>151,450.00</u>     | <u>921,400.00</u>       |
| Jidong Heidelberg (Fufeng) Cement Co., Ltd.  | <u>260.00</u>         | <u>–</u>                |
| Jidong Heidelberg (Jingyang) Cement Co., Ltd.  | <u>–</u>              | <u>573.70</u>           |
|  | <u>5,996,448.70</u>   | <u>947,742.90</u>       |
| <b>Prepayments to other related parties</b>  |                       |                         |
| Party School of the Communist Party of China Beijing<br>Building Materials Group Corporation Committee | <u>500.00</u>         | <u>500.00</u>           |
|  | <u>6,348,122.33</u>   | <u>1,760,838.83</u>     |
| Other receivables  |                       |                         |
| BBMG Group   | <u>40,767,584.72</u>  | <u>–</u>                |
| <b>Due from associates</b>   |                       |                         |
| Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.  | <u>513,963,268.55</u> | <u>1,191,784,692.71</u> |
| Changchun Light Rail Jidong Concrete Co., Ltd.   | <u>–</u>              | <u>1,253,715.93</u>     |
| Baogang Jidong Cement Co., Ltd.  | <u>60,000,000.00</u>  | <u>62,171,874.19</u>    |
| Beijing Sinobaide Technology Co., Ltd.   | <u>43,412.19</u>      | <u>276,970.62</u>       |
| Zehnder (China) Indoor Climate Co., Ltd.   | <u>9,500.00</u>       | <u>9,500.00</u>         |
|  | <u>574,016,180.74</u> | <u>1,255,496,753.45</u> |
| <b>Due from joint ventures</b>   |                       |                         |
| STAR-USG Building Materials Co., Ltd.  | <u>104,906,070.07</u> | <u>104,906,070.07</u>   |
| Jidong Heidelberg (Fufeng) Cement Co., Ltd.  | <u>157,413.75</u>     | <u>–</u>                |
|  | <u>105,063,483.82</u> | <u>104,906,070.07</u>   |
|  | <u>719,847,249.28</u> | <u>1,360,402,823.52</u> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** (continued)**6. Balances of receivables from related parties** (continued)

|  | 30 June 2017        | 31 December 2016     |
|--|---------------------|----------------------|
| Bills receivable                               |                     |                      |
| <b>Due from joint ventures</b>                 |                     |                      |
| Jidong Heidelberg (Fufeng) Cement Co., Ltd.    | –                   | 3,871,242.06         |
| Jidong Heidelberg (Jingyang) Cement Co., Ltd.  | –                   | 4,170,000.00         |
|  | –                   | 8,041,242.06         |
| <b>Due from associates</b>                     |                     |                      |
| Changchun Light Rail Jidong Concrete Co., Ltd. | 3,450,000.00        | 9,000,000.00         |
| Baogang Jidong Cement Co., Ltd.                | –                   | 9,670,734.17         |
| Jidong Cement Fufeng Transportation Co., Ltd.  | –                   | 2,500,000.00         |
|  | 3,450,000.00        | 21,170,734.17        |
|  | <b>3,450,000.00</b> | <b>29,211,976.23</b> |
| Interest receivable                            |                     |                      |
| <b>Due from a joint venture</b>                |                     |                      |
| STAR-USG Building Materials Co., Ltd.          | 4,854,302.26        | 6,716,763.51         |
| Dividends receivable                           |                     |                      |
| <b>Due from associates</b>                     |                     |                      |
| Zehnder (China) Indoor Climate Co., Ltd.       | 32,307,000.00       | –                    |
| Beijing Gaoqiang Concrete Co., Ltd.            | 3,071,700.00        | 3,071,700.00         |
| Changchun Light Rail Jidong Concrete Co., Ltd. | 2,134,483.95        | –                    |
|  | 37,513,183.95       | 3,071,700.00         |
| Long-term receivables                          |                     |                      |
| <b>Due from a joint venture</b>                |                     |                      |
| Cross Point Trading 274 (Pty) Ltd (RF)         | 240,317,944.18      | 202,959,788.90       |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 7. Balances of payables to related parties

|   | 30 June 2017         | 31 December 2016     |
|---|----------------------|----------------------|
| Accounts payable  |                      |                      |
| <b>Due to associates</b>  |                      |                      |
| Beijing Sinobaide Technology Co., Ltd.  | 3,116,965.56         | 2,780,056.12         |
| Baogang Jidong Cement Co., Ltd.   | 1,721,039.68         | 586,218.22           |
| Hebei Ruisuo Solid Waste Engineering<br>Technology Research Institute Co., Ltd.       | 1,620,114.00         | 2,521,263.00         |
| Jidong Cement Fufeng Transportation Co., Ltd.   | 122,867.10           | 86,190.94            |
| Zehnder (China) Indoor Climate Co., Ltd.  | 95,000.00            | 95,000.00            |
|   | <u>6,675,986.34</u>  | <u>6,068,728.28</u>  |
| <b>Due to joint ventures</b>  |                      |                      |
| Anshan Jidong Cement Co., Ltd.  | 3,058,284.41         | 14,938,189.48        |
| Jidong Pacific (Beijing) Environmental Protection<br>Engineering Technology Co., Ltd. | 2,248,942.00         | 2,021,171.25         |
| Jidong Heidelberg (Jingyang) Cement Co., Ltd.   | 1,334,887.81         | 1,354,152.87         |
| STAR-USG Building Materials Co., Ltd.   | 748,656.41           | 1,172,042.95         |
|   | <u>7,390,770.63</u>  | <u>19,485,556.55</u> |
| <b>Due to other related parties</b>   |                      |                      |
| Beijing Jinyu Scien-tech School   | 19,600.00            | 1,400.00             |
|   | <u>14,086,356.97</u> | <u>25,555,684.83</u> |



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** (continued)**7. Balances of payables to related parties** (continued)

|   | 30 June 2017             | 31 December 2016    |
|---|--------------------------|---------------------|
| Receipts in advance   |                          |                     |
| <b>Advances from other related parties</b>  |                          |                     |
| Beijing Longfengshan Sands and Stone Factory  | <u>149,098.29</u>        | —                   |
| <b>Advances from associates</b>   |                          |                     |
| Baogang Jidong Cement Co., Ltd.   | —                        | 2,880,459.52        |
| Beijing Gaoqiang Concrete Co., Ltd.   | <b>7,388.80</b>          | 183,192.20          |
| OCV Reinforcements (Beijing) Co., Ltd.  | <b>2,520.00</b>          | 2,520.00            |
|   | <u><b>9,908.80</b></u>   | <u>3,066,171.72</u> |
| <b>Advances from joint ventures</b>   |                          |                     |
| Jidong Heidelberg (Fufeng) Cement Co., Ltd.   | —                        | 4,255,990.11        |
| Jidong Heidelberg (Jingyang) Cement Co., Ltd.   | —                        | 738,795.10          |
| Jidong Pacific (Beijing) Environmental Protection<br>Engineering Technology Co., Ltd. | —                        | 165,500.00          |
| Tangshan Caofeidian Dunshi New Building<br>Materials Co., Ltd.                        | —                        | 24,821.08           |
| Changchun Light Rail Jidong Concrete Co., Ltd.  | —                        | 398,097.28          |
|   | —                        | <u>5,583,203.57</u> |
|   | <u><b>159,007.09</b></u> | <u>8,649,375.29</u> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 7. Balances of payables to related parties *(continued)*

|  | 30 June 2017          | 31 December 2016 |
|--|-----------------------|------------------|
| Other payables   |                       |                  |
| BBMG Group   | –                     | 45,704,295.16    |
| <b>Due to associates</b>                                       |                       |                  |
| OCV Reinforcements (Beijing) Co., Ltd.                         | <b>159,200.00</b>     | 159,200.00       |
| Beijing Sinobaide Technology Co., Ltd.                         | <b>130,236.56</b>     | –                |
| Tangshan Conch Profiles Co., Ltd.                              | <b>6,633.05</b>       | 1,080.05         |
| Baogang Jidong Cement Co., Ltd.                                | <b>630,000.00</b>     | 630,000.00       |
| Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.              | –                     | 527,000.00       |
| Jidong Cement Fufeng Transportation Co., Ltd.                  | <b>1,310.10</b>       | –                |
|  | <b>927,379.71</b>     | 1,317,280.05     |
| <b>Due to joint ventures</b>                                   |                       |                  |
| Tangshan Caofeidian Dunshi New Building<br>Materials Co., Ltd. | <b>241,179.22</b>     | 85,280.02        |
| STAR-USG Building Materials Co., Ltd.                          | <b>19,436.46</b>      | 5,203.08         |
| Jidong Heidelberg (Jingyang) Cement Co., Ltd.                  | –                     | 48,972.57        |
|  | <b>260,615.68</b>     | 139,455.67       |
|  | <b>1,187,995.39</b>   | 47,161,030.88    |
| Short-term loans   |                       |                  |
| BBMG Group   | <b>131,000,000.00</b> | 50,000,000.00    |
| BSCOMC   | <b>60,000,000.00</b>  | –                |
|  | <b>191,000,000.00</b> | 50,000,000.00    |

Except for the short-term loans and the balances due from STAR-USG Building Materials Co., Ltd in other receivables and due from Cross Point Trading 274 (Pty) Ltd (RF) in long-term receivables, other amounts due from and due to related parties are interest-free, unsecured and have no fixed terms of repayment.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### XI. CONTINGENCIES

|   | Note   | 30 June 2017             | 31 December 2016  |
|---|--------|--------------------------|-------------------|
| Provision of guarantee on housing mortgage to third parties | Note 1 | <b>13,843,546,707.45</b> | 11,567,845,119.91 |
| Provision of guarantee on loans and others to third parties | Note 2 | <b>4,594,000,000.00</b>  | 4,644,000,000.00  |
|   |        | <b>18,437,546,707.45</b> | 16,211,845,119.91 |

Note 1: Certain customers of the Group have purchased the commodity housing developed by the Group by way of bank mortgage (secured loans). According to the bank requirement in respect of the secured loans of the individual purchase of housing, the Group has provided guarantees to secure the periodical and joint obligation of such secured loans granted by banks for home buyers. These guarantees will be released upon obtaining building ownership certificates and completion of formalities of housing mortgage by the home buyers. The management is of the opinion that in the event of default in payments, the net realizable value of the relevant properties is still sufficient to cover the outstanding mortgage principals together with the accrued interests and penalties, and therefore no provision for the guarantees has been made in the financial statements.

Note 2: As at 30 June 2017, Jidong Development Group Co., Ltd., a subsidiary of the Group, provided guarantees on the borrowings of RMB2,220,000,000.00 and the borrowings of RMB2,374,000,000.00 for Tangshan Nanhu Eco-City Development and Construction Investment Co., Ltd. (唐山市南湖生態城開發建設投資有限責任公司) and Tangshan Construction Investment Co., Ltd. (唐山建設投資有限責任公司), respectively. The guarantees will expire on 21 May 2029 and 20 April 2018, respectively.

Please refer to Note X. 5 for details of the guarantees provided to related parties by the Group.

### XII. COMMITMENTS

|                                 | 30 June 2017             | 31 December 2016  |
|---------------------------------|--------------------------|-------------------|
| Contracted but not provided for |                          |                   |
| Capital commitments             | <b>609,930,337.20</b>    | 542,376,549.90    |
| Property development contracts  | <b>12,711,640,094.12</b> | 11,085,389,938.29 |
|                                 | <b>13,321,570,431.32</b> | 11,627,766,488.19 |

### XIII. EVENTS AFTER BALANCE SHEET DATE

As at the date of approval of the financial statements, the Group did not have events after the balance sheet date required to be disclosed.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### XIV. OTHER SIGNIFICANT MATTERS

#### 1. Lease

##### *As lessor*

Significant operating leases: according to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable leases are as follows:

|                                     | 30 June 2017            | 31 December 2016 |
|-------------------------------------|-------------------------|------------------|
| Within 1 year (inclusive of 1 year) | <b>886,158,339.80</b>   | 852,488,252.07   |
| 1 to 2 years (inclusive of 2 years) | <b>578,855,289.99</b>   | 516,034,658.55   |
| 2 to 3 years (inclusive of 3 years) | <b>324,294,487.54</b>   | 260,942,415.80   |
| Over 3 years                        | <b>292,195,995.61</b>   | 395,169,720.73   |
|                                     | <b>2,081,504,112.94</b> | 2,024,635,047.15 |

Please refer to Note V. 14 and 15 for details of investment properties and fixed assets leased under operating leases.

##### *As lessee*

Significant operating leases: according to the lease contracts entered into with lessors, the minimum lease payments under non-cancellable leases are as follows:

|                                     | 30 June 2017          | 31 December 2016 |
|-------------------------------------|-----------------------|------------------|
| Within 1 year (inclusive of 1 year) | <b>71,368,740.79</b>  | 47,641,809.93    |
| 1 to 2 years (inclusive of 2 years) | <b>61,226,797.11</b>  | 27,487,427.62    |
| 2 to 3 years (inclusive of 3 years) | <b>64,815,011.50</b>  | 23,589,485.32    |
| Over 3 years                        | <b>75,468,925.93</b>  | 120,893,049.64   |
|                                     | <b>272,879,475.33</b> | 219,611,772.51   |

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## **XIV. OTHER SIGNIFICANT MATTERS** *(continued)*

### **2. Segment reporting**

#### ***Operating segments***

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments as follows:

- (1) the cement segment engages in the manufacture and sale of cement and concrete;
- (2) the building materials and commerce and logistics segment engages in the manufacture and sale of building materials and furniture and commerce and logistics;
- (3) the property development segment engages in the development and sale of real estate;
- (4) the property investment and management segment invests in properties for their rental income potential and/or for capital appreciation, and provides management and security services to residential and commercial properties.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results are evaluated based on the segment profits reported. It represents the indicator after adjustments have been made to total profit, and other than the exclusion of overheads attributable to the headquarters, the indicator is consistent with the Group's total profit.

Segment assets and segment liabilities exclude unallocated assets and liabilities of the headquarters as these assets and liabilities are under the unified management of the Group.

Pricing for transfer between operating segments is agreed upon by both parties of transactions with reference to the fair price quoted from transactions with third parties.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### XIV. OTHER SIGNIFICANT MATTERS (continued)

#### 2. Segment reporting (continued)

*Operating segments (continued)*

For the six months ended 30 June 2017

|   | Cement Segment           | Building Materials and Commerce and Logistics Segment | Property Development Segment | Property Investment and Management Segment | Unallocated Assets/Liabilities/ Expenses of the Headquarters | Elimination on Consolidation | Total                    |
|---|--------------------------|---|------------------------------|--|--|------------------------------|--------------------------|
| Revenue from external transactions  | 13,285,651,855.35        | 6,975,794,012.28                                      | 7,334,205,335.26             | 1,870,195,079.96                           | -  | -                            | 29,465,846,282.85        |
| Revenue from inter-segment transactions                                       | 849,224,989.22           | 134,587,915.09  | -                            | 244,187,534.18                             | -  | (1,228,000,438.49)           | -                        |
|   | <u>14,134,876,844.57</u> | <u>7,110,381,927.37</u>                               | <u>7,334,205,335.26</u>      | <u>2,114,382,614.14</u>                    | <u>-</u>   | <u>(1,228,000,438.49)</u>    | <u>29,465,846,282.85</u> |
| Gains/(losses) on investment in joint ventures and associates                 | 69,549,449.99            | (15,144,905.75)                                       | 1,652.47                     | (1,595,922.69)                             | -  | -                            | 52,810,274.02            |
| Losses from impairment of assets  | 178,674,698.23           | (686,436.20)  | (38,635,237.49)              | 7,588,194.15                               | -  | -                            | 146,941,218.69           |
| Depreciation and amortisation   | 1,817,917,633.25         | 68,164,523.30   | 57,991,306.48                | 146,959,302.87                             | 10,249,414.70  | -                            | 2,101,282,180.60         |
| Total profits/(losses)  | 244,840,747.37           | 31,871,416.97   | 1,419,920,497.17             | 1,176,589,113.71                           | (532,788,631.55)   | 87,252,499.26                | 2,427,685,642.93         |
| Income tax expense  | 162,230,716.82           | 16,788,250.43   | 337,564,064.69               | 240,463,576.01                             | (133,197,157.89)   | 21,813,124.81                | 645,662,574.87           |
| Total assets  | 82,636,431,050.73        | 10,888,804,447.07                                     | 102,329,517,211.59           | 47,226,735,731.36                          | 2,431,402,819.14   | (21,542,009,981.81)          | 223,970,881,278.08       |
| Total liabilities   | 53,934,668,373.08        | 6,634,231,556.96                                      | 88,097,959,009.34            | 19,760,943,308.29                          | 17,517,777,278.99  | (25,984,706,429.91)          | 159,960,873,096.75       |
| <b>Other disclosure</b>   |                          |   |                              |  |  |                              |                          |
| Long-term equity investment in joint ventures and associates                  | 1,629,316,560.67         | 194,694,554.58  | 4,991,625.54                 | 219,690,903.02                             | -  | -                            | 2,048,693,643.81         |
| Increase in other non-current assets (excluding long-term equity investments) | 1,228,121,783.38         | 207,158,684.99  | 120,806,983.81               | 405,494,917.59                             | -  | -                            | 1,961,582,369.77         |

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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## XIV. OTHER SIGNIFICANT MATTERS (continued)

### 2. Segment reporting (continued)

#### Operating segments (continued)

For the six months ended 30 June 2016

|   | Cement<br>Segment       | Building Materials<br>and Commerce<br>and Logistics<br>Segment | Property<br>Development<br>Segment | Property Investment<br>and Management<br>Segment | Unallocated Assets/<br>Liabilities/ Expenses<br>of the Headquarters | Elimination on<br>Consolidation | Total                    |
|---|-------------------------|--|------------------------------------|--|---|---------------------------------|--------------------------|
| Revenue from external transactions  | 5,175,355,031.41        | 5,142,865,568.14   | 11,786,976,533.50                  | 1,341,586,575.54                                 | -   | -                               | 23,446,783,708.59        |
| Revenue from inter-segment<br>transactions  | 7,765,383.09            | 110,026,035.59   | -                                  | 124,327,479.23                                   | -   | (242,118,897.91)                | -                        |
|   | <u>5,183,120,414.50</u> | <u>5,252,891,603.73</u>  | <u>11,786,976,533.50</u>           | <u>1,465,914,054.77</u>                          | <u>-</u>  | <u>(242,118,897.91)</u>         | <u>23,446,783,708.59</u> |
| Gains/(losses) on investment in joint<br>ventures and associates                    | (1,933,491.94)          | (9,864,067.36)   | -                                  | 29,130.33  | -   | -                               | (11,768,428.97)          |
| Losses from impairment of assets  | 105,732,743.29          | 55,654,885.10  | 45,678,997.18                      | 28,291,570.05                                    | -   | -                               | 235,358,195.62           |
| Depreciation and amortisation   | 612,597,106.42          | 66,525,072.41  | 10,505,796.54                      | 65,885,813.01                                    | 11,677,807.40   | -                               | 767,191,595.78           |
| Total profits/(losses)  | (247,589,604.08)        | (73,792,016.25)  | 2,241,713,980.74                   | 1,022,963,328.45                                 | (492,163,286.33)  | (89,711,093.90)                 | 2,361,421,308.63         |
| Income tax expense  | 8,421,277.87            | 365,863,132.68   | 244,115,980.58                     | 265,300,256.05                                   | (123,040,821.58)  | (521,511.25)                    | 760,138,314.35           |
| Total assets  | 27,817,276,777.42       | 10,927,187,214.16  | 74,443,327,573.11                  | 36,689,659,076.59                                | 2,853,597,833.73  | (16,608,830,178.33)             | 136,122,218,296.68       |
| Total liabilities   | 14,656,730,877.98       | 6,091,005,501.47   | 60,865,808,515.73                  | 8,911,335,985.00                                 | 19,001,806,768.49   | (16,897,473,526.54)             | 92,629,214,122.13        |
| <b>Other disclosure</b>   |                         |  |                                    |  |   |                                 |                          |
| Long-term equity investment in joint<br>ventures and associates                     | 22,220,119.79           | 265,131,142.01   | -                                  | 3,692,862.62                                     | -   | -                               | 291,044,124.42           |
| Increase in other non-current<br>assets (excluding long-term<br>equity investments) | 327,362,139.12          | 326,148,455.01   | 6,912,029.72                       | 39,925,067.14                                    | -   | -                               | 700,347,690.99           |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### XIV. OTHER SIGNIFICANT MATTERS *(continued)*

#### 2. Segment reporting *(continued)*

##### **Other information**

*Information on products and labour services*

Revenue by product/service is set out in Note V. 51.

*Geographic information*

Operating revenue

|                            | <b>For the six<br/>months ended<br/>30 June 2017</b> | For the six<br>months ended<br>30 June 2016 |
|----------------------------|--|---|
| PRC                        | <b>28,440,547,737.24</b>                             | 23,446,783,708.59                           |
| Singapore                  | <b>74,751,041.07</b>                                 | –   |
| South Africa               | <b>17,655,810.39</b>                                 | –   |
| Japan                      | <b>121,524,543.94</b>                                | –   |
| Other countries or regions | <b>811,367,150.21</b>                                | –   |
|                            | <b><u>29,465,846,282.85</u></b>                      | <b><u>23,446,783,708.59</u></b>             |

Revenues from external transactions are attributable to the geographic locations where the customers are located.

Major non-current assets of the Group are located in the PRC

*Information about major customers*

For the six months ended 30 June 2017 and 2016, none of the sales income arising from any single customer of the Group exceeds 10% of the Group's total revenues.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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### XIV. OTHER SIGNIFICANT MATTERS *(continued)*

#### 3. Supplemental information to the balance sheet

|  | 30 June 2017              | 31 December 2016   |
|--|---------------------------|--------------------|
| Net current assets (consolidated)                    |                           |                    |
| Current assets                                       | <b>133,984,321,522.32</b> | 119,478,725,399.42 |
| Less: current liabilities                            | <b>107,979,795,088.56</b> | 94,964,189,744.13  |
| Net current assets                                   | <b>26,004,526,433.76</b>  | 24,514,535,655.29  |
| Total assets less current liabilities (consolidated) |                           |                    |
| Total assets   | <b>223,970,881,278.08</b> | 208,397,116,875.73 |
| Less: current liabilities                            | <b>107,979,795,088.56</b> | 94,964,189,744.13  |
| Total assets less current liabilities                | <b>115,991,086,189.52</b> | 113,432,927,131.60 |
| Net current assets (the Company)                     |                           |                    |
| Current assets                                       | <b>55,104,639,210.44</b>  | 43,222,755,710.75  |
| Less: current liabilities                            | <b>37,369,232,103.54</b>  | 26,406,750,171.50  |
| Net current assets                                   | <b>17,735,407,106.90</b>  | 16,816,005,539.25  |
| Total assets less current liabilities (the Company)  |                           |                    |
| Total assets   | <b>101,583,411,597.71</b> | 89,338,616,897.51  |
| Less: current liabilities                            | <b>37,369,232,103.54</b>  | 26,406,750,171.50  |
| Total assets less current liabilities                | <b>64,214,179,494.17</b>  | 62,931,866,726.01  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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

#### 1. Other receivables

An aging analysis of other receivables is as follows:

|  | 30 June 2017             | 31 December 2016  |
|--|--------------------------|-------------------|
| Within 1 year (inclusive of 1 year)                | <b>44,700,618,826.50</b> | 33,325,425,032.73 |
| 1 to 2 years (inclusive of 2 years)                | <b>7,500,000.00</b>      | 50,998,001.96     |
| 2 to 3 years (inclusive of 3 years)                | <b>50,998,001.96</b>     | 256,734.52        |
| 3 to 4 years (inclusive of 4 years)                | <b>193,797.80</b>        | 26,615,872.72     |
| 4 to 5 years (inclusive of 5 years)                | <b>26,615,872.72</b>     | 30,379,950.00     |
| Over 5 years                                       | <b>57,664,051.52</b>     | 27,284,101.52     |
|  | <b>44,843,590,550.50</b> | 33,460,959,693.45 |
| Less: Provision for bad debts of other receivables | <b>35,455,644.74</b>     | 35,455,644.74     |
|  | <b>44,808,134,905.76</b> | 33,425,504,048.71 |

There were no movement in provision for bad debts of other receivables for the six months ended 30 June 2017 and the year ended 31 December 2016.

|  | 30 June 2017             |                |                         |                             | 31 December 2016         |                |                         |                             |
|--|--------------------------|----------------|-------------------------|-----------------------------|--------------------------|----------------|-------------------------|-----------------------------|
|  | Gross carrying amount    |                | Provision for bad debts |                             | Gross carrying amount    |                | Provision for bad debts |                             |
|  | Amount                   | Proportion (%) | Amount                  | Percentage of provision (%) | Amount                   | Proportion (%) | Amount                  | Percentage of provision (%) |
| Individually significant and subject to separate provision for bad debts     | 50,626,733.06            | 0.11           | 29,360,768.06           | 57.99                       | 50,626,733.06            | 0.15           | 29,360,768.06           | 57.99                       |
| Provision for bad debts by group:  |                          |                |                         |                             |                          |                |                         |                             |
| Within 1 year (inclusive of 1 year)  | 6,160,634.93             | 0.01           | -                       | -                           | 4,176,306.68             | 0.01           | -                       | -                           |
|  | 6,160,634.93             | 0.01           | -                       | -                           | 4,176,306.68             | 0.01           | -                       | -                           |
| Special credit characteristics group   | 44,780,644,140.45        | 99.87          | -                       | -                           | 33,384,685,575.58        | 99.78          | -                       | -                           |
| Individually not significant but subject to separate provision for bad debts | 6,159,042.06             | 0.01           | 6,094,876.68            | 98.96                       | 21,471,078.13            | 0.06           | 6,094,876.68            | 28.39                       |
|  | <b>44,843,590,550.50</b> | <b>100.00</b>  | <b>35,455,644.74</b>    |                             | <b>33,460,959,693.45</b> | <b>100.00</b>  | <b>35,455,644.74</b>    |                             |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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

(continued)

#### 1. Other receivables (continued)

As at 30 June 2017, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

|        | Gross carrying amount | Provision for bad debts | Percentage of provision (%) | Reasons              |
|--------|-----------------------|-------------------------|-----------------------------|----------------------|
| First  | 30,379,950.00         | 9,113,985.00            | 30.00                       | Partly uncollectible |
| Second | 20,246,783.06         | 20,246,783.06           | 100.00                      | Partly uncollectible |
|        | <u>50,626,733.06</u>  | <u>29,360,768.06</u>    |                             |                      |

As at 31 December 2016, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

|        | Gross carrying amount | Provision for bad debts | Percentage of provision (%) | Reasons              |
|--------|-----------------------|-------------------------|-----------------------------|----------------------|
| First  | 30,379,950.00         | 9,113,985.00            | 30.00                       | Partly uncollectible |
| Second | 20,246,783.06         | 20,246,783.06           | 100.00                      | Partly uncollectible |
|        | <u>50,626,733.06</u>  | <u>29,360,768.06</u>    |                             |                      |

As at 30 June 2017, the top 5 of other receivables were as follows:

|   | Closing balance          | Proportion (%) | Nature                        | Aging         | Closing balance of provision for bad debts |
|---|--------------------------|----------------|-------------------------------|---------------|--|
| BBMG China Railway Noble (Hangzhou) Property Development Co., Ltd.<br>(金隅中鐵諾德(杭州)房地產開發有限公司) | 5,698,043,000.00         | 12.71          | Amounts due from subsidiaries | Within 1 year | -  |
| BBMG Jindian (Tianjin) Property Development Co., Ltd.<br>(金隅津典(天津)房地產開發有限公司)                | 5,075,000,000.00         | 11.32          | Amounts due from subsidiaries | Within 1 year | -  |
| BBMG Jinghua Property Development Hefei Co., Ltd.<br>(金隅京華房地產開發合肥有限公司)                      | 4,188,000,000.00         | 9.34           | Amounts due from subsidiaries | Within 1 year | -  |
| Chongqing BBMG Dacheng New Metropolis Co., Ltd.<br>(重慶金隅大成新都會有限公司)                          | 3,700,000,000.00         | 8.25           | Amounts due from subsidiaries | Within 1 year | -  |
| Jidong Development Group Co., Ltd.<br>(冀東發展集團有限公司)  | 2,610,000,000.00         | 5.82           | Amounts due from subsidiaries | Within 1 year | -  |
|   | <u>21,271,043,000.00</u> | <u>47.44</u>   |                               |               |  |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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

(continued)

#### 1. Other receivables (continued)

As at 31 December 2016, the top 5 of other receivables were as follows:

|  | Closing<br>balance       | Proportion<br>(%) | Nature                        | Aging         | Closing<br>balance of<br>provision for<br>bad debts |
|--|--------------------------|-------------------|-------------------------------|---------------|---|
| Chongqing BBMG Dacheng New Metropolis Co., Ltd       | 2,950,000,000.00         | 8.82              | Amounts due from subsidiaries | Within 1 year | -   |
| BBMG Nanjing Real Estate Development Co., Ltd.       | 2,877,840,000.00         | 8.60              | Amounts due from subsidiaries | Within 1 year | -   |
| Shanghai BBMG Dacheng Property Development Co., Ltd. | 2,480,000,000.00         | 7.41              | Amounts due from subsidiaries | Within 1 year | -   |
| Beijing BBMG Dacheng Property Development Co., Ltd.  | 2,385,782,800.50         | 7.13              | Amounts due from subsidiaries | Within 1 year | -   |
| BBMG GEM Real Estate Development Co., Ltd.           | 2,328,252,269.75         | 6.96              | Amounts due from subsidiaries | Within 1 year | -   |
|  | <u>13,021,875,070.25</u> | <u>38.92</u>      |                               |               |   |

Other receivables included the amounts due from subsidiaries, joint ventures and associates, which are as follows:

|                                 | 30 June 2017                    | 31 December 2016         |
|---------------------------------|---------------------------------|--------------------------|
| Amounts due from subsidiaries   | <b>44,690,218,959.49</b>        | 33,305,999,626.71        |
| Amounts due from joint ventures | <b>104,188,940.00</b>           | 104,188,940.00           |
| Amounts due from associates     | -                               | 7,396,000.00             |
|                                 | <u><b>44,794,407,899.49</b></u> | <u>33,417,584,566.71</u> |

Other receivables due from related parties are unsecured, and have no fixed terms of repayment other than amounts due from joint ventures.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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

(continued)

#### 2. Long-term equity investments

For the six months ended 30 June 2017

|  | Investment cost  | Opening balance  | Increase/<br>decrease<br>for the period | Closing balance  | Percentage<br>of share-<br>holding<br>(%) | Percentage<br>of voting<br>right<br>(%) | Cash dividends<br>for the period |
|--|------------------|------------------|---|------------------|---|---|----------------------------------|
| Cost method:   |                  |                  |   |                  |   |   |                                  |
| Beijing Liushui Environmental Protection Technology Co., Ltd.          | 690,005,052.96   | 690,005,052.96   | -                                       | 690,005,052.96   | 100.00                                    | 100.00                                  | -                                |
| Beijing BBMG Concrete Co., Ltd.  | 509,235,910.27   | 509,235,910.27   | -                                       | 509,235,910.27   | 100.00                                    | 100.00                                  | -                                |
| Beijing BBMG Mangrove Environmental Protection<br>Technology Co., Ltd. | 1,093,444,400.00 | 1,093,444,400.00 | -                                       | 1,093,444,400.00 | 51.00                                     | 51.00                                   | -                                |
| Hebei BBMG Dingxin Cement Co., Ltd.                                    | 1,471,400,000.00 | 1,471,400,000.00 | -                                       | 1,471,400,000.00 | 100.00                                    | 100.00                                  | -                                |
| Hebei Taihang Huaxin Building Materials Co. Ltd.                       | 191,952,088.44   | 191,952,088.44   | -                                       | 191,952,088.44   | 100.00                                    | 100.00                                  | -                                |
| Beijing BBMG Qianjing Environmental Protection<br>Technology Co., Ltd. | 67,600,000.00    | 67,600,000.00    | -                                       | 67,600,000.00    | 67.00                                     | 67.00                                   | -                                |
| Baoding Taihang Heyi Cement Co., Ltd.                                  | 120,000,000.00   | 120,000,000.00   | -                                       | 120,000,000.00   | 75.00                                     | 75.00                                   | -                                |
| Handan BBMG Taihang Cement Co., Ltd.                                   | 719,986,626.30   | 719,986,626.30   | -                                       | 719,986,626.30   | 94.00                                     | 94.00                                   | -                                |
| Zanhuang BBMG Cement Co., Ltd.   | 700,000,000.00   | 700,000,000.00   | -                                       | 700,000,000.00   | 100.00                                    | 100.00                                  | -                                |
| Beijing BBMG Cement Trading Co., Ltd.                                  | 500,000,000.00   | 500,000,000.00   | -                                       | 500,000,000.00   | 100.00                                    | 100.00                                  | -                                |
| Beijing BBMG Cement Energy Saving Technology Co., Ltd.                 | 35,000,000.00    | 35,000,000.00    | -                                       | 35,000,000.00    | 100.00                                    | 100.00                                  | -                                |
| Zhangjiakou Jinyu Cement Co., Ltd.                                     | 391,071,805.81   | 391,071,805.81   | -                                       | 391,071,805.81   | 100.00                                    | 100.00                                  | -                                |
| Tianjin Zhenxing Cement Co., Ltd.                                      | 422,950,236.38   | 422,950,236.38   | -                                       | 422,950,236.38   | 62.00                                     | 62.00                                   | -                                |
| Quyang Jinyu Cement Co., Ltd.  | 245,747,261.65   | 245,747,261.65   | -                                       | 245,747,261.65   | 90.00                                     | 90.00                                   | -                                |
| Tianjin BBMG Concrete Co., Ltd.  | 447,454,707.80   | 447,454,707.80   | -                                       | 447,454,707.80   | 91.00                                     | 100.00                                  | -                                |
| Siping BBMG Cement Co., Ltd.   | 156,000,000.00   | 156,000,000.00   | -                                       | 156,000,000.00   | 52.00                                     | 52.00                                   | -                                |
| Shijiazhuang BBMG Xucheng Concrete Co., Ltd.                           | 202,047,000.00   | 202,047,000.00   | -                                       | 202,047,000.00   | 97.00                                     | 97.00                                   | -                                |
| Lanxian BBMG Cement Co., Ltd.  | 160,240,000.00   | 160,240,000.00   | -                                       | 160,240,000.00   | 80.00                                     | 80.00                                   | -                                |
| Qinyang BBMG Cement Co., Ltd.  | 144,145,100.00   | 144,145,100.00   | -                                       | 144,145,100.00   | 86.00                                     | 86.00                                   | -                                |
| Zhuolu Jinyu Cement Co., Ltd.  | 366,677,498.05   | 366,677,498.05   | -                                       | 366,677,498.05   | 100.00                                    | 100.00                                  | -                                |
| Handan Shexian BBMG Cement Co., Ltd.                                   | 181,678,700.00   | 181,678,700.00   | -                                       | 181,678,700.00   | 91.00                                     | 91.00                                   | -                                |
| Beijing BBMG Mining Co., Ltd.  | 5,000,000.00     | 5,000,000.00     | -                                       | 5,000,000.00     | 100.00                                    | 100.00                                  | -                                |
| Lingchuan BBMG Cement Co., Ltd.  | 350,000,000.00   | 350,000,000.00   | -                                       | 350,000,000.00   | 100.00                                    | 100.00                                  | -                                |
| Beijing Jinyu Pinggu Cement Co., Ltd.                                  | 150,000,000.00   | 150,000,000.00   | -                                       | 150,000,000.00   | 100.00                                    | 100.00                                  | -                                |
| Beijing Chinefarge Cement Co., Ltd.                                    | 464,740,918.29   | 464,740,918.29   | -                                       | 464,740,918.29   | 95.00                                     | 95.00                                   | -                                |
| BBMG Shunfa Lafarge Cement Co., Ltd.                                   | 110,681,119.42   | 110,681,119.42   | -                                       | 110,681,119.42   | 70.00                                     | 70.00                                   | -                                |
| Zuoquan BBMG Cement Co., Ltd.  | 530,000,000.00   | 530,000,000.00   | -                                       | 530,000,000.00   | 100.00                                    | 100.00                                  | -                                |
| Xuanhua BBMG Cement Co., Ltd.  | 3,250,000.00     | 3,250,000.00     | -                                       | 3,250,000.00     | 65.00                                     | 65.00                                   | -                                |
| Chengde BBMG Cement Co., Ltd.  | 340,000,000.00   | 340,000,000.00   | -                                       | 340,000,000.00   | 85.00                                     | 85.00                                   | -                                |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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

(continued)

#### 2. Long-term equity investments (continued)

For the six months ended 30 June 2017 (continued)

|  | Investment cost  | Opening balance  | Increase/<br>decrease<br>for the period | Closing balance  | Percentage<br>of share-<br>holding<br>(%) | Percentage<br>of voting<br>right<br>(%) | Cash dividends<br>for the period |
|--|------------------|------------------|---|------------------|---|---|----------------------------------|
| Bo'ai BBMG Cement Co., Ltd.  | 285,000,000.00   | 285,000,000.00   | -                                       | 285,000,000.00   | 95.00                                     | 95.00                                   | -                                |
| BBMG Mortar Co., Ltd.  | 95,000,000.00    | 95,000,000.00    | -                                       | 95,000,000.00    | 100.00                                    | 100.00                                  | -                                |
| Guangling Jinyu Cement Co., Ltd.   | 317,000,000.00   | 317,000,000.00   | -                                       | 317,000,000.00   | 100.00                                    | 100.00                                  | -                                |
| Handan Fengfeng BBMG Concrete Co., Ltd.  | 66,000,000.00    | 66,000,000.00    | -                                       | 66,000,000.00    | 100.00                                    | 100.00                                  | -                                |
| Handan Hanshan BBMG Concrete Co. Ltd.  | 27,600,000.00    | 27,600,000.00    | -                                       | 27,600,000.00    | 92.00                                     | 92.00                                   | -                                |
| Handan BBMG Concrete Co., Ltd.   | 27,600,000.00    | 27,600,000.00    | -                                       | 27,600,000.00    | 92.00                                     | 92.00                                   | -                                |
| Wei County BBMG Concrete Co., Ltd.   | 9,200,000.00     | 9,200,000.00     | -                                       | 9,200,000.00     | 92.00                                     | 92.00                                   | -                                |
| Xingtai BBMG Yongning Cement Co., Ltd.   | 245,668,600.00   | 245,668,600.00   | -                                       | 245,668,600.00   | 60.00                                     | 60.00                                   | -                                |
| Beijing BBMG Tiantan Furniture Co., Ltd.   | 649,305,960.36   | 464,305,960.36   | 185,000,000.00                          | 649,305,960.36   | 97.00                                     | 97.00                                   | -                                |
| Beijing Woodworking Factory Co., Ltd.  | 54,556,261.16    | 54,556,261.16    | -                                       | 54,556,261.16    | 100.00                                    | 100.00                                  | -                                |
| Tongda Refractory Technology Co., Ltd.   | 498,030,444.48   | 498,030,444.48   | -                                       | 498,030,444.48   | 92.00                                     | 92.00                                   | -                                |
| Beijing Jinyu Energy-Saving Technology Co., Ltd.   | 402,450,576.31   | 402,450,576.31   | -                                       | 402,450,576.31   | 100.00                                    | 100.00                                  | -                                |
| Beijing Aerated Concrete Co., Ltd.   | 166,166,021.38   | 166,166,021.38   | -                                       | 166,166,021.38   | 56.00                                     | 100.00                                  | -                                |
| Beijing Jinyu Aerated Concrete Co., Ltd.   | 107,946,419.68   | 107,946,419.68   | -                                       | 107,946,419.68   | 100.00                                    | 100.00                                  | -                                |
| Beijing BBMG Coating Co., Ltd.   | 95,421,200.61    | 95,421,200.61    | -                                       | 95,421,200.61    | 100.00                                    | 100.00                                  | -                                |
| Beijing Building Materials Academy Co., Ltd.   | 194,167,784.68   | 194,167,784.68   | -                                       | 194,167,784.68   | 100.00                                    | 100.00                                  | -                                |
| Beijing Keshi Hardware Co., Ltd.   | 64,098,826.55    | 64,098,826.55    | -                                       | 64,098,826.55    | 100.00                                    | 100.00                                  | -                                |
| Beijing Jiandu Design and Research Institute Co., Ltd.                                       | 9,405,299.48     | 9,405,299.48     | -                                       | 9,405,299.48     | 100.00                                    | 100.00                                  | -                                |
| BBMG (Dachang) Modern Industrial Park Management Co., Ltd.                                   | 500,000,000.00   | 500,000,000.00   | -                                       | 500,000,000.00   | 100.00                                    | 100.00                                  | -                                |
| Beijing Alavus Energy Saving Components Co., Ltd.  | 29,980,669.86    | 29,980,669.86    | -                                       | 29,980,669.86    | 82.00                                     | 82.00                                   | -                                |
| Beijing BBMG Business and Trading Co., Ltd.  | 660,000,000.00   | 660,000,000.00   | -                                       | 660,000,000.00   | 100.00                                    | 100.00                                  | -                                |
| BBMG Material Industrial (Shanghai) Co., Ltd.  | 40,800,000.00    | 40,800,000.00    | -                                       | 40,800,000.00    | 51.00                                     | 51.00                                   | -                                |
| Beijing Dynea Chemical Industry Co., Ltd.  | 95,358,791.69    | 95,358,791.69    | -                                       | 95,358,791.69    | 100.00                                    | 100.00                                  | -                                |
| BBMG GEM Real Estate Development Co., Ltd.   | 3,065,138,411.45 | 3,065,138,411.45 | -                                       | 3,065,138,411.45 | 100.00                                    | 100.00                                  | 169,479,058.27                   |
| Beijing Xisanqi High Tech New Building Material City<br>Management and Development Co., Ltd. | 123,580,431.35   | 123,580,431.35   | -                                       | 123,580,431.35   | 100.00                                    | 100.00                                  | -                                |
| BBMG Property Management Co., Ltd.   | 99,264,530.92    | 99,264,530.92    | -                                       | 99,264,530.92    | 100.00                                    | 100.00                                  | -                                |
| BBMG Fengshan Hot Spring Resort Co., Ltd.  | 370,680,361.57   | 370,680,361.57   | -                                       | 370,680,361.57   | 100.00                                    | 100.00                                  | -                                |
| Beijing Jianji Assets Management Co., Ltd.   | 776,172,150.30   | 776,172,150.30   | -                                       | 776,172,150.30   | 100.00                                    | 100.00                                  | -                                |
| Beijing Jinhaiyan Assets Management Co., Ltd.  | 78,479,818.89    | 78,479,818.89    | -                                       | 78,479,818.89    | 100.00                                    | 100.00                                  | -                                |
| Beijing Jinhaiyan Property Management Co., Ltd.  | 14,333,292.75    | 14,333,292.75    | -                                       | 14,333,292.75    | 100.00                                    | 100.00                                  | -                                |
| BBMG Property Operation Management Co., Ltd.   | 99,000,000.00    | 99,000,000.00    | -                                       | 99,000,000.00    | 100.00                                    | 100.00                                  | -                                |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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

(continued)

#### 2. Long-term equity investments (continued)

For the six months ended 30 June 2017 (continued)

|   | Investment cost   | Opening balance   | Increase/<br>decrease<br>for the period | Closing balance   | Percentage<br>of share-<br>holding<br>(%) | Percentage<br>of voting<br>right<br>(%) | Cash dividends<br>for the period |
|---|-------------------|-------------------|---|-------------------|---|---|----------------------------------|
| Beijing BBMG Chengyuan Property Development Co., Ltd.             | 473,509,857.53    | 473,509,857.53    | -                                       | 473,509,857.53    | 100.00                                    | 100.00                                  | -                                |
| Beijing BBMG Dacheng Property Development Co., Ltd.               | 2,994,735,641.87  | 2,994,735,641.87  | -                                       | 2,994,735,641.87  | 100.00                                    | 100.00                                  | -                                |
| Beijing Building Decoration and Design Engineering Co., Ltd.      | 82,429,882.34     | 82,429,882.34     | -                                       | 82,429,882.34     | 100.00                                    | 100.00                                  | -                                |
| Beijing Lvdu Shangke Science and Technology Co., Ltd.             | -                 | -                 | -                                       | -                 | 100.00                                    | 100.00                                  | -                                |
| Beijing BBMG Doudian Technology Corporate<br>Management Co., Ltd. | 152,788,777.09    | 152,788,777.09    | -                                       | 152,788,777.09    | 100.00                                    | 100.00                                  | -                                |
| Beijing Yanshui Asset Management Co., Ltd.                        | 32,707,342.45     | 32,707,342.45     | -                                       | 32,707,342.45     | 100.00                                    | 100.00                                  | -                                |
| BBMG Dacheng Property Management Co., Ltd.                        | 16,198,711.92     | 16,198,711.92     | -                                       | 16,198,711.92     | 100.00                                    | 100.00                                  | -                                |
| BBMG Hongye Ecological Science and Technology Co., Ltd.           | 815,331,413.51    | 815,331,413.51    | -                                       | 815,331,413.51    | 100.00                                    | 100.00                                  | 10,773,255.70                    |
| BBMG Hong Kong Limited  | 288,057,387.91    | 288,057,387.91    | -                                       | 288,057,387.91    | 100.00                                    | 100.00                                  | -                                |
| Beijing BBMG Innovation and Technology Incubator Co., Ltd.        | 513,676,100.00    | 513,676,100.00    | -                                       | 513,676,100.00    | 100.00                                    | 100.00                                  | -                                |
| BBMG Finance Co., Ltd.  | 3,000,000,000.00  | 3,000,000,000.00  | -                                       | 3,000,000,000.00  | 100.00                                    | 100.00                                  | 18,597,266.38                    |
| BBMG Finance Lease Co., Ltd.                                      | 393,876,000.00    | 393,876,000.00    | -                                       | 393,876,000.00    | 60.00                                     | 60.00                                   | -                                |
| Krono (Beijing) Woods Co., Ltd.                                   | 287,445,693.34    | 0.00              | 287,445,693.34                          | 287,445,693.34    | 100.00                                    | 100.00                                  | -                                |
| Jidong Group  | 5,225,000,000.00  | 5,225,000,000.00  | -                                       | 5,225,000,000.00  | 55.00                                     | 55.00                                   | -                                |
| Total under cost method   | 34,313,471,086.80 | 33,841,025,393.46 | 472,445,693.34                          | 34,313,471,086.80 |   |   | 198,849,580.35                   |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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

(continued)

#### 2. Long-term equity investments (continued)

For the six months ended 30 June 2017 (continued)

|  | Change for the period |                        |   |                         |                        |                           | Carrying amount at the end of period | Provision for impairment at the end of period |
|--|-----------------------|------------------------|---|-------------------------|------------------------|---------------------------|--------------------------------------|---|
|  | Opening balance       | Increase in Investment | Investment income or loss under equity method | Other changes in equity | Cash dividend declared | Provisions for impairment |                                      |   |
| Equity method:                           |                       |                        |   |                         |                        |                           |                                      |   |
| Joint ventures                           |                       |                        |   |                         |                        |                           |                                      |   |
| STAR-USG Building Materials Co., Ltd.    | -                     | -                      | 3,716,224.08                                  | -                       | -                      | -                         | 3,716,224.08                         | -   |
| Associates                               |                       |                        |   |                         |                        |                           |                                      |   |
| Krono (Beijing) Woods Co., Ltd.          | 72,371,175.19         | (68,401,982.39)        | (3,969,192.80)                                | -                       | -                      | -                         | -                                    | -   |
| Zehnder (China) Indoor Climate Co., Ltd. | 142,904,803.95        | -                      | (16,262,987.22)                               | -                       | (32,307,000.00)        | -                         | 94,334,816.73                        | -   |
| OCV Reinforcements (Beijing) Co., Ltd.   | 63,680,856.39         | -                      | 602,419.49                                    | -                       | -                      | -                         | 64,283,275.88                        | -   |
| Beijing Gaoqiang Concrete Co., Ltd.      | 25,067,432.00         | -                      | (1,421,052.81)                                | -                       | -                      | -                         | 23,646,379.19                        | -   |
| Tanshan Conch Profiles Co., Ltd.         | 195,822,240.00        | -                      | (1,336,590.50)                                | -                       | -                      | -                         | 194,485,649.50                       | -   |
| Subtotal for associates                  | 499,846,507.53        | (68,401,982.39)        | (22,387,403.84)                               | -                       | (32,307,000.00)        | -                         | 376,750,121.30                       | -   |
| Total under equity method                | 499,846,507.53        | (68,401,982.39)        | (18,671,179.76)                               | -                       | (32,307,000.00)        | -                         | 380,466,345.38                       | -   |

As at 30 June 2017, there was no listed investment in long-term equity investment.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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

(continued)

#### 3. Investment property

Measured subsequently through fair value model:

For the six months ended 30 June 2017

|                       | Buildings                |
|-----------------------|--------------------------|
| Opening balance       | 9,895,924,295.76         |
| Changes in fair value | <u>135,588,436.76</u>    |
| Closing balance       | <u>10,031,512,732.52</u> |

2016

|                       | Buildings               |
|-----------------------|-------------------------|
| Opening balance       | 9,399,343,431.98        |
| Changes in fair value | <u>496,580,863.78</u>   |
| Closing balance       | <u>9,895,924,295.76</u> |

All the above investment properties are located in the PRC, leased out in form of operating leases and held under mid-term leases.

As at 30 June 2017, there was no investment property for which the procedures for obtaining title certificates were incomplete.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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

(continued)

#### 4. Operating revenue and costs

Operating revenue is as follows:

|                                 | For the<br>six months ended<br>30 June 2017 | For the<br>six months ended<br>30 June 2016 |
|---------------------------------|---|---|
| Revenue from principal business | 466,435,530.40                              | 483,961,259.55                              |
| Revenue from other business     | <u>2,056,671.90</u>                         | <u>4,674,806.57</u>                         |
|                                 | <u>468,492,202.30</u>                       | <u>488,636,066.12</u>                       |

Operating cost is as follows:

|                            | For the<br>six months ended<br>30 June 2017 | For the<br>six months ended<br>30 June 2016 |
|----------------------------|---|---|
| Cost of principal business | 43,359,840.95                               | 33,313,749.98                               |
| Cost of other business     | <u>—</u>                                    | <u>—</u>                                    |
|                            | <u>43,359,840.95</u>                        | <u>33,313,749.98</u>                        |

Information by products is as follows:

|               | For the six months<br>ended 30 June 2017 |                      | For the six months<br>ended 30 June 2016 |                      |
|---------------|--|----------------------|--|----------------------|
|               | Revenue                                  | Costs                | Revenue                                  | Costs                |
| Rental income | 466,435,530.40                           | 43,359,840.95        | 483,961,259.55                           | 33,313,749.98        |
| Others        | <u>2,056,671.90</u>                      | <u>—</u>             | <u>4,674,806.57</u>                      | <u>—</u>             |
|               | <u>468,492,202.30</u>                    | <u>43,359,840.95</u> | <u>488,636,066.12</u>                    | <u>33,313,749.98</u> |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

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

(continued)

#### 5. Investment gains

|   | For the<br>six months ended<br>30 June 2017 | For the<br>six months ended<br>30 June 2016 |
|---|---|---|
| Gains from long-term equity investments<br>under cost method    | <b>198,849,580.35</b>                       | 698,658,710.00                              |
| Losses from long-term equity investments<br>under equity method | <b>(18,671,179.76)</b>                      | (11,534,797.68)                             |
|   | <b>180,178,400.59</b>                       | 687,123,912.32                              |

#### 6. Notes to items of statement of cash flows

|  | For the<br>six months ended<br>30 June 2017 | For the<br>six months ended<br>30 June 2016 |
|--|---|---|
| Cash received relating to other operating activities         |   |   |
| Cash received from superior units                            | <b>9,010,000,000.00</b>                     | 6,983,270,362.22                            |
| Cash received from internal borrowings<br>among subsidiaries | <b>13,989,789,799.55</b>                    | 4,847,275,840.35                            |
| Interests income   | <b>46,985,469.54</b>                        | 40,872,541.37                               |
|  | <b>23,046,775,269.09</b>                    | 11,871,418,743.94                           |
| Cash paid relating to other operating activities             |   |   |
| Cash paid to subordinate units                               | <b>23,100,392,159.40</b>                    | 10,000,139,675.35                           |
| Current accounts of subsidiaries                             | <b>10,037,443,104.89</b>                    | 3,315,371,820.06                            |
| Expenses of the headquarters                                 | <b>220,057,943.43</b>                       | 108,434,478.12                              |
|  | <b>33,357,893,207.72</b>                    | 13,423,945,973.53                           |

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

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

(continued)

#### 7. Supplemental information to statement of cash flows

##### (1) Reconciliation of net profit to cash flows from operating activities:

|  | For the<br>six months ended<br>30 June 2017 | For the<br>six months ended<br>30 June 2016 |
|--|---|---|
| Net profit   | 141,584,295.68                              | 863,333,199.40                              |
| Add: Provisions for assets impairment  | –   | (1,330,781.12)                              |
| Depreciation of fixed assets   | 35,324,870.62                               | 34,235,722.82                               |
| Amortisation of intangible assets  | 6,766,596.04                                | 6,744,329.37                                |
| Losses from disposal of fixed assets,<br>intangible assets and other long-term<br>assets | 111,582.12                                  | 1,681.50                                    |
| Gains from changes in fair value   | (135,588,436.76)                            | (299,651,892.11)                            |
| Finance expenses   | 1,184,240,985.65                            | 1,019,646,445.31                            |
| Investment gains   | (180,178,400.59)                            | (687,123,912.32)                            |
| Decrease/(increase) in deferred tax assets   | 84,250,836.66                               | (15,563,440.95)                             |
| (Decrease)/increase in deferred tax liabilities  | (97,702,890.81)                             | 74,912,973.03                               |
| Increase in operating receivables  | (11,639,924,185.36)                         | (1,667,377,010.46)                          |
| Increase/(decrease) in operating payables  | 674,094,395.22                              | (491,987,414.61)                            |
| Net cash flows used in operating activities  | <u>(9,927,020,351.53)</u>                   | <u>(1,164,160,100.14)</u>                   |

##### (2) Cash and cash equivalents

|  | 30 June 2017            | 31 December 2016        |
|--|-------------------------|-------------------------|
| Cash   | 6,898,156,698.04        | 6,904,569,211.47        |
| Including: Bank deposits on demand           | <u>6,898,156,698.04</u> | <u>6,904,569,211.47</u> |
| Closing balance of cash and cash equivalents | <u>6,898,156,698.04</u> | <u>6,904,569,211.47</u> |

## Supplementary Information to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### 1. BREAKDOWN OF NON-RECURRING PROFIT AND LOSS

|  | For the<br>six months ended<br>30 June 2017 |
|--|---|
| Profit and loss from disposal of non-current assets  | (15,398,707.60)                             |
| Government grants recognised through profit or loss for the current period (excluding those closely related to the Company's ordinary business operations, in line with national policies and entitled continuously in accordance with certain standard based on a fixed amount or quantity) | 96,152,794.37                               |
| Profit and loss from debt restructuring  | 10,263,486.01                               |
| Profit and loss from fair value change of investment properties measured subsequently through fair value model and profit and loss from fair value change of financial assets held for trading   | 126,425,614.70                              |
| Other non-operating income and expenses other than the above items   | <u>68,220,020.60</u>                        |
| Total non-recurring profit and loss  | 285,663,208.08                              |
| Less: impact of income tax   | 71,415,802.02                               |
| Less: impact of minority interests   | <u>(14,205,113.25)</u>                      |
|  | <u>228,452,519.31</u>                       |

Items included in the government grants recognised through profit or loss for the period, but were not regarded as non-recurring profit or loss due to their close relation to the ordinary business operations of the Group, in line with national policies and were entitled continuously in accordance with certain standard based on a fixed amount or quantity were as follows:

|                        | For the<br>six months ended<br>30 June 2017 | Reason for being<br>recognised as recurring<br>profit or loss |
|------------------------|---|---|
| Refunds of VAT         | 193,350,474.55                              | Related to operations   |
| Grants for heat supply | 1,118,692.74                                | Related to operations   |

The Group recognised non-recurring profit and loss items in accordance with the requirement under Explanatory Announcement No. 1 on Information Disclosure for Companies Making Public Offering of Securities – Non-recurring Profit and Loss (CSRC Announcement [2008] No. 43).

## Supplementary Information to Unaudited Interim Financial Statements

For the six months ended 30 June 2017

RMB

### 2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

For the six months ended 30 June 2017

|   | Weighted<br>average return<br>on net assets<br>(%) | Earnings per share |         |
|---|--|--------------------|---------|
|   |  | Basic              | Diluted |
| Net profit attributable to ordinary shareholders of the Company   | 4.10   | 0.17               | 0.17    |
| Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss | 3.59   | 0.15               | 0.15    |

For the six months ended 30 June 2016

|   | Weighted<br>average return<br>on net assets<br>(%) | Earnings per share |         |
|---|--|--------------------|---------|
|   |  | Basic              | Diluted |
| Net profit attributable to ordinary shareholders of the Company   | 4.67   | 0.17*              | 0.17*   |
| Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss | 3.66   | 0.13*              | 0.13*   |

The Company did not have potentially dilutive ordinary shares.

\* Restated, details are set out in V.64.



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