北京金隅集團股份有限公司
BBMG CORPORATION*

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

Stock Code : 2009

2019

INTERIM REPORT

*For identification purposes only

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CORPORATE INFORMATION

Chinese name of the Company	北京金隅集團股份有限公司
English name of the Company	BBMG Corporation*
Headquarters of the Company	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
Registered address and principal place of business in the PRC	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
Principal place of business in Hong Kong	Room 405, Kai Wong Commercial Building 222 Queen's Road Central, Hong Kong
Website of the Company	www.bbmg.com.cn/listco
Legal representative	Jiang Deyi
The Board	
Executive Directors	Jiang Deyi *(Chairman)* Wu Dong Zheng Baojin
Non-executive Directors	Guo Yanming Xue Chunlei
Independent non-executive Directors	Wang Guangjin Tian Lihui Tang Jun Ngai Wai Fung

** for identification purposes only*

CORPORATE INFORMATION

The Supervisory Board

Supervisors	Pei Ying *(Chairman)*
	Yu Kaijun
	Zhang Guoliang
	Zhuang Zhenguo
	Jiang Yu
	Song Lifeng

Committees

Audit Committee	Tian Lihui *(Chairman)*
	Wang Guangjin
	Tang Jun
	Ngai Wai Fung
	Guo Yanming
	Xue Chunlei
Remuneration and Nomination Committee	Wang Guangjin *(Chairman)*
	Wu Dong
	Tian Lihui
	Tang Jun
	Ngai Wai Fung
Strategic Committee	Jiang Deyi *(Chairman)*
	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 3rd 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 (the "**Hong Kong Stock Exchange**")
Stock name	BBMG
Board lot	1,000 shares
Stock code	02009.HK

CORPORATE INFORMATION

Principal bankers	Industrial and Commercial Bank of China Limited Agricultural Bank of China Limited Bank of Beijing Co., Ltd. China Construction Bank Corporation Beijing Rural Commercial Bank Co., Ltd.
Independent auditor	Ernst & Young Hua Ming LLP Certified Public Accountants
Legal advisers	Withers *As to Hong Kong law* Sino-Integrity Law Firm *As to PRC law*

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 2019 (the "**Reporting Period**"), and report on the operating results of the Company during the said period for your review.

Review

In the first half of 2019, faced with the complex economic conditions, ever-changing operating environment and the challenging market situation, the Company adhered to the general work principle of seeking progress while maintaining stability, implemented the new development philosophy and fulfilled the requirements regarding high-quality development. The Company's efforts in restructuring, reform and consolidation continued to bear fruits. In the meantime, the Company kept on pioneering and innovating, and maintained a sound operation.

During the Reporting Period, the Company recorded an operating revenue of RMB44,611.1 million, representing a year-on-year increase of 26.1%. Net profit attributable to the shareholders of the parent company amounted to RMB3,045.6 million, representing a year-on-year increase of 26.4%. Basic earnings per share attributable to the shareholders of the parent company amounted to RMB0.29.

* *for identification purposes only*

CHAIRMAN'S STATEMENT

Jiang Deyi
Chairman

Prospects

China's major macroeconomic indicators of the People's Republic of China ("**PRC**" or "**China**") are within the reasonable ranges. The Chinese economy is operating in a stable manner, but risks and uncertainties are looming. The overcapacity in the cement industry and other building materials industries is yet to be eliminated. China's cornerstone real estate policy of "houses are for living, not for speculation" and "focusing on both property sale and rental" remained unchanged. What is more important is that China is now at a key strategic development stage and will stay at this stage for a long time. The Company has an amassed solid industrial base and strong momentum through years of development. We will maintain our strategic focus and confidence, seize opportunities arising from changes and adversities, work hard to boost efficiency, continue with our transformation and upgrade initiatives, further reform and innovate and move towards the next level of success.

The **cement and ready-mixed concrete segment** will continue in consolidating its operations in the core and peripheral markets of Beijing, Tianjin and Hebei, so as to maintain good market orders, increase market concentration and enhance the Company's control over regional markets. The Company will seize the opportunities arising from this year's National Day celebration and the mega construction activities in the Xiong'an New Area. It will develop and implement sound marketing strategies and plans for the second half of 2019. The **modern building materials and commerce and logistics segment** will diligently serve its existing customers and consolidate its design, manufacturing, construction and decoration resources so as to offer industrialized product portfolio with "BBMG" characteristics. The segment will align itself with first-class quality standards and strengthen its capability to provide the auxiliary services. This segment will also capitalize on the opportunities presented by the development of Xiong'an New Area, and strive to realize sustainable development. The **property development segment** will adapt to market changes, make plans and arrangements beforehand, adjust its paces in selling, and focus on key cities and projects. The segment will make the best use of its mineral resources in Beijing, Tianjin and Hebei, and strive to make breakthroughs in conversion of qualified industrial lands. The **property investment and management segment** will "streamline and improve" the management of its properties based on Beijing's "four centers" positioning. The segment will strive to increase the occupancy ratio of its office buildings and enhance service quality and operation. Moreover, the segment will actively move to increase the foot traffic in commercial projects, and step up efforts to attract businesses to its industrial parks, thereby boosting the asset quality and income of the segment.

Last but not least, I would like to express my most sincere gratitude to all shareholders on behalf of the Board for their consistent support for the Company's development. I would also like to thank the Directors, Supervisors and all employees of the Company for their diligent and hard work. The Company will do its best to give back to shareholders and the society, and join hands with shareholders to create a better future!

Jiang Deyi
Chairman of the Board
Beijing, the PRC
27 August 2019

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 manufacturing and commerce and logistics – property development – property investment and management.

1. Cement and ready-mixed concrete business: The Company is the third largest cement enterprise in the country. The cement business continued to adopt Beijing, Tianjin and Hebei as its core strategic regions, and continued to expand the coverage of its network, mainly with establishing its presence in 13 provinces (municipalities and autonomous regions), including Beijing, Tianjin and Hebei Province, Shaanxi, Shanxi, Inner Mongolia, Northeastern region, Chongqing, Shandong, Henan and Hunan. The production capacity of clinker amounted to approximately 110 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 62 million cubic meters and approximately 2.40 million tonnes, respectively; while the production capacity of aggregates and grinding aids and admixtures amounted to approximately 38.5 million tonnes and approximately 0.34 million tonnes, respectively. On this basis, the Company effectively demonstrated the internal synergetic mechanism with cement production and ready-mixed concrete development providing support to each other. The industry layout of ready-mixed concrete in key regions and markets will be consolidated on the basis of concrete group as the platform, aiming to take a leading position in the north of the country among its industrial peers and become one of the largest professional enterprises engaging in the production of concrete products in the PRC. Meanwhile, the Company will insist on promoting market expansion and strategic resources consolidation simultaneously, and has already had a total of about 1.8 billion tonnes of limestone reserve in Beijing, Tianjin and Hebei.

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 the Pan Bohai Economic Rim in Beijing. It provides major products and services, namely furniture and woods, wall body and insulation materials, decorative and fitting materials, and building materials and commerce and logistics, among which, the production and sales of BBMG's aerated products ranked second in the industry, and BBMG's production capacity of fire

retardant paint and comprehensive strength ranked top 3 in China. Tiantan Furniture is the leading enterprise in the furniture industry in China. 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 also ranked number one in China in terms of sales to mid- to high-end channels. With strenuous efforts made in 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. The Company took the initiative to be the major supplier for the construction materials required by the construction of projects in areas such as Beijing subtown center and the Xiong'an New Area, which made improvement to the aspects such as product quality, organisational security as well as management standard. In addition, the Company will continuously enhance the development of commerce and logistics industry and proactively explore the developed marketing modes of e-commerce.

3. Property development business sector: The Company is one of the top property development enterprises in Beijing in terms of comprehensive strength with an annual area under construction of 8 million sq.m.. The Company obtained AAA credit rating, and several projects developed and constructed by it were awarded "Guangsha Award" (廣廈獎), "Tien-yow Jeme Civil Engineering Prize" (中國土木工程詹天佑獎), and "Gold Award of Beijing Great Wall Cup for Building Structure (北京結構長城杯金質奖). With its rich experience in property development business in respect to planning and design, project management, marketing planning and customer service, the Company remains committed to providing its customers with products and services with high quality. The Company has more than 50 controlling subsidiaries, making its presence in 15 cities including Beijing, Shanghai, Tianjin, Chongqing, Hangzhou, Nanjing, Chengdu, Hefei and Haikou and developing more than 130 property projects with a total gross floor area of approximately 30 million sq.m. These developed a nationwide business presence "from Beijing to three major economic rims, namely Beijing, Tianjin and Hebei, Yangtze River Delta and Chengdu-Chongqing region", with a comprehensive development strength covering property projects of multiple categories.

4. Property investment and management business: The Company is one of the largest investors and managers of investment properties in Beijing, holding approximately 1.55 million sq.m. of investment properties such as office buildings, commercial buildings and parks property (including a total area of approximately 1.18 million sq.m. of investment properties held in Beijing) and managing more than 13.0 million sq.m. of properties (including 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.

(II) Description of major industries

1. Cement Industry

In the first half of 2019, China's real estate investment maintained a rapid growth, and the infrastructure investment was catching up. Total national cement output increased by 6.8% year on year to 1.045 billion tons, being the fastest growth in the past 6 years. Cement supply was still restrained by policies such as "staggering peak production" and "environmentally restrictive production". Due to the recovering demand, cement inventory stayed at a historic low, which made cement price reach a relatively high level. Pricing and supply-demand balance in northern China, particularly in Beijing, Tianjin and Hebei as well as their peripheral regions, saw material improvement compared with the previous year.

Data from the Cement Association showed that, in the first half of 2019, the operating revenue of the cement industry amounted to approximately RMB455.4 billion, representing a year-on-year increase of 17%, the total profits amounted to RMB82.6 billion, up about 30% year on year.

2. Property Development Industry

In the first half of 2019, the central and local governments have unified their short to medium-term policies regarding real estate supply and demand. The overall policy stance highlights residential use of properties as well as maintaining tight property cooling measures.

According to the data of the National Bureau of Statistics, in the first half of 2019, the investment in real estate development in China stood at RMB6,160.9 billion, representing an increase of 10.9% over the previous year, among which, investment in residential properties was RMB4,516.7 billion, increasing by 15.8%, representing a decrease of 0.5 percentage point over last year. Investment in residential properties accounted for 73.3% of aggregate investment in real estate development. The construction sites for corporate use of real estate developers stood at 7,722.92 million sq.m., representing an increase of 8.8% over last year, among which, 5,382.84 million sq.m. were area of construction sites for residential properties, representing an increase of 10.3%. The area of newly started construction of real estate was 1,055.09 million sq.m., increasing by 10.1%, among which, the area of newly started construction of residential properties was 779.98 million sq.m., increasing by 10.5%. The area of completed real estate stood at 324.26 million sq.m., decreasing by 12.7%, representing a decrease of 0.3 percentage point over last year. Of this, area of completed residential properties was 229.29 million sq.m., decreasing by 11.7%. In the first half of 2019, land area acquired by real estate developers was 80.35 million sq.m., decreasing by 27.5% over last year. Area of sold commodity housing was 757.86 million sq.m., decreasing by 1.8% over last year. Area of sold residential properties, office and properties for commercial operation decreased by 1.0%, 10.0% and 12.3%, respectively. Sales of commodity housing amounted to RMB7,069.8 billion, increasing by 5.6%, representing a decrease of 0.5 percentage point over last year. Of this, sales of residential properties, office and properties for commercial operation increased by 8.4%, decreased by 12.5% and decreased by 10.0% respectively. As at the end of June 2019, area of commodity housing for sales was 501.62 million sq.m., a decrease of 7.66 million square meters compared with the end of May.

SUMMARY OF FINANCIAL INFORMATION

Unit: RMB'000

	For the six months ended 30 June		
	2019	2018	**Change**
	(Unaudited)	(Unaudited)	
Operating revenue	***44,611,089***	35,365,393	26.1%
Operating revenue from principal business	***44,210,815***	34,998,521	26.3%
Gross profit from principal business	***12,210,928***	9,606,972	27.1%
Gross profit margin from principal business (%)	***27.6***	27.4	an increase of 0.2 percentage point
Total profit	***5,264,638***	3,923,400	34.2%
Net profit	***3,964,973***	2,927,743	35.4%
Net profit attributable to the shareholders of the parent company	***3,045,574***	2,410,206	26.4%
Basic earnings per share attributable to the shareholders of the parent company (RMB)	***0.29***	0.23	26.1%

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)	**Change**
Cash and bank balances	***21,873,575***	18,774,468	16.5%
Current assets	***177,012,618***	169,157,938	4.6%
Current liabilities	***125,546,370***	129,202,330	-2.8%
Net current assets	***51,466,248***	39,955,608	28.8%
Non-current assets	***100,310,266***	99,118,153	1.2%
Non-current liabilities	***70,157,247***	59,859,259	17.2%
Total assets	***277,322,884***	268,276,092	3.4%
Equity attributable to the shareholders of the parent company	***60,109,415***	57,665,471	4.2%
Debt ratio (total liabilities to total assets) (%)	***70.6***	70.5	an increase of 0.1 percentage point

SUMMARY OF BUSINESS INFORMATION

	For the six months ended 30 June		
	2019	2018	**Change**
Cement and Ready-mixed Concrete Segment			
Sales volume of cement (in million tonnes)	***49.97***	43.63	14.5%
Sales volume of ready-mixed concrete (in million cubic metres)	***8.15***	6.28	29.8%
Modern Building Materials and Commerce and Logistics Segment			
Stone wool boards (in thousand tonnes)	***29.2***	30.4	-3.9%
Property Development Segment			
Booked GFA (in thousand sq.m.)	***455.1***	430.8	5.6%
Contracted sales GFA (in thousand sq.m.)	***400.5***	518.2	-22.7%
Property Investment and Management Segment			
Gross GFA of investment properties (in thousand sq.m.)	***1,549.9***	1,085.1	42.8%

DISCUSSION AND ANALYSIS ON OPERATIONS

In the first half of 2019, faced with the complex economic conditions, ever-changing operating environment and the challenging market situation, BBMG adhered to the general work principle of seeking progress while maintaining stability, implemented the new development philosophy and fulfilled the requirements regarding high-quality development. The Company's efforts in restructuring, reform and consolidation continued bearing fruits. In the meanwhile, the Company kept pioneering and innovating, and maintained sound operation.

In the first half of 2019, the Company recorded an operating revenue of RMB44,611.1 million, of which operating revenue from its principal business amounted to RMB44,210.8 million, representing a year-on-year increase of 26.3%; total profit amounted to RMB5,264.6 million, representing a year-on-year increase of 34.2%; net profit amounted to RMB3,965.0 million, representing a year-on-year increase of 35.4%; and net profit attributable to the shareholders of the parent company amounted to RMB3,045.6 million, representing a year-on-year increase of 26.4%.

(1) Cement and Ready-mixed Concrete Segment

Based on our strategic positioning of "becoming a world-class modern, specialized and large-sized cement group", we have insisted on high standards, extensively implemented our marketing strategy, strengthened the regional coordination, enhanced our control over markets, optimized organizational structure, improved our professionalism in management, and consistently boosted operating efficiency.

In the first half of 2019, sales volume of cement and clinker was 49.97 million tonnes, representing a year-on-year increase of 14.5%; operating revenue from principal business was approximately RMB19,740.8 million, representing a year-on-year increase of 25.8%; gross profit from principal business amounted to approximately RMB6,297.6 million, representing a year-on-year increase of 28.2%, among which cement sales volume amounted to 43.58 million tonnes and clinker sales volume amounted to 6.39 million tonnes; the aggregated gross profit margin for cement and clinker was 37.8%, representing a year-on-year increase of 1.2 percentage point. Sales volume of ready-mixed concrete was 8.15 million cubic meters, representing a year-on-year increase of 29.8%, while the gross profit margin for ready-mixed concrete was 9.2%, representing a year-on-year decrease of 0.8 percentage points.

(2) Modern Building Materials and Commerce and Logistics Segment

We strengthened our management to eliminate disorders in the Company's organization. We also expedited internal reforms and made progress in efficiency enhancement in comparison with exemplary peers. Our team became even more cohesive, which boosted our serving capability. Preliminary industrial synergy has been generated. We have further strengthened our presence in Beijing, Tianjin and Hebei markets, and ensured adequate building materials supply for key projects in Beijing, such as Xiang'an New Area, the sub-town center, venues of Winter Olympics, Beijing Daxing International Airport, among others.

In the first half of 2019, modern building materials and commerce and logistics segment recorded an operating revenue from principal business of approximately RMB12,792.0 million, of which approximately RMB2,040.0 million was derived from manufacturing sector and RMB10,750.0 million was derived from commerce and logistics sector. The segment recorded a gross profit from principal business of approximately RMB640.8 million, representing a year-on-year increase of 11.1%.

(3) Property Development Segment

We have proactively adapted to market changes, further enhanced our expertise and strived to recoup the investments in our projects at faster paces.

The property development segment recorded an operating revenue from principal business of approximately RMB11,149.5 million in the first half of 2019, representing a year-on-year increase of 12.1%. The gross profit from its principal business was approximately RMB4,172.4 million, representing a year-on-year increase of 31.0%. The booked GFA was 455,100.0 sq.m. for the year, representing a year-on-year increase of 5.6%, among which booked GFA of commodity housing amounted to 407,738.1 sq.m., representing a year-on-year decrease of 5.1%, while booked GFA of affordable housing amounted to 47,395.9 sq.m., representing a year-on-year increase of 3,545.8%. The aggregated contracted sales area of the Company was 400,500.0 sq.m., representing a year-on-year decrease of 22.7%, among which contracted sales area of commodity housing amounted to 399,899.3 sq.m., representing a year-on-year decrease of 22.6%, and contracted sales area of affordable housing amounted to 591.3 sq.m., representing a year-on-year decrease of 54.5%. During the Reporting Period, the Company recorded contracted sales of approximately RMB9,380 million, representing a year-on-year increase of 2.1%, and cash collection of approximately RMB10,600 million, representing a year-on-year increase of 14.6%. As at the end of the Reporting Period, the Company had a land reserve totalling approximately 8,557,200 sq.m..

In the first half of 2019, the Company further capitalized on its mineral resources. It acquired the right to develop two industrial land projects (see table below for details), adding about 173,500 sq.m. to the Company's land reserves.

Details of the development of two industrial land projects during the Reporting Period:

No.	Name of projects (parcel of land)	Location	Use of land	Land area of the project (sq.m.)	Planned plot ratio area (sq.m.)	Land Price (RMB million)	Method of Acquisition	Date of Acquisition (year-month-day)	Percentage of interest
1	Plot 1820-618A and other plots in Anning Zhuang, Qinghe, Haidian District, Beijing	Haidian District, Beijing	Residential (R2) and land for auxiliary facilities	68,982	141,907	3,890.0	Tender	2019-01-24	100%
2	Plot 1814-630 and other plots in east side of middle road, Building Materials Market, Xisanqi, Haidian District, Beijing	Haidian District, Beijing	Residential (R2) and land for auxiliary facilities	21,216	31,629	760.0	Tender	2019-01-24	100%
		Total		90,198	173,536	4,650.0			

(4) Property Investment and Management Segment

The Company has consistently improved its service quality based on the functional positioning of Beijing. During the Reporting Period, the rental of the office buildings stayed at a high level. BBMG Sheraton Hotel (金隅喜來登酒店) recorded an occupancy rate of 80%. BBMG Sheraton Flats (金隅喜來登公寓) recorded an occupancy rate of 95%. Phase I of BBMG Intelligent Manufacturing Workshop (金隅智造工場一期) recorded an occupancy rate of 75%. The occupancy rate of Phase I of BBMG High-Tech Industrial Park (金隅高新產業園一期) was nearly 95%.

The property investment and management segment recorded an operating revenue from principal business of approximately RMB2,225.5 million in the first half of 2019, representing a year-on-year increase of 17.9%. Gross profit from principal business amounted to approximately RMB1,469.8 million, representing a year-on-year increase of 33.2%. As at the end of the Reporting Period, the Company held investment properties totalling approximately 1,549,900 sq.m. in the core districts of Beijing and Tianjin. The consolidated average occupancy rate was 85% and the consolidated average rental unit price was RMB5.2/sq.m./day, of which the consolidated average rental unit price of high-end office building in core area in Beijing was RMB8.9/sq.m./day.

Investment properties held by the Group as at 30 June 2019

	Location	Usage	Property Gross Area (thousand sq.m.)	Fair Value (RMB million)	Average Rental Unit Price (RMB/day)	Average Occupancy Rate	Unit Fair Value (RMB/sq.m.)
Phase 1 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	108.2	3,267.2	11.5	95%	30,200
Phase 2 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	141.0	3,420.0	8.9	98%	24,256
Phase 3 of Global Trade Centre (Commercial units at low floors)	North Third Ring Road, Beijing	Retail	57.5	1,220.8	8.5	93%	21,234
Tengda Plaza	West Second Ring Road, Beijing	Commercial	67.9	1,773.9	10.1	94%	26,143
Jin Yu Mansion	West Second Ring Road, Beijing	Commercial	41.2	1,185.6	10.8	82%	28,753
Jianda Building and Beijing Building Materials Trading Tower	East Second Ring Road, Beijing	Commercial	43.0	1,217.6	5.7	94%	28,316
Dacheng Building	West Second Ring Road, Beijing	Commercial	41.4	1,146.8	11.7	95%	27,678
Pan Bohai Jin'an Plaza	Hexi District, Tianjin	Retail	302.0	2,426.5	2.3	96%	8,035
	Sub-total		**802.2**	**15,658.4**			**19,519**
Other properties	Beijing and Tianjin Municipality	Commercial and retail	747.7	7,139.5			9,549
	Total		**1,549.9**	**22,797.9**	**5.2**	**85%**	**14,710**

The above investment properties are all located in PRC and have been leased for commercial use in medium term.

The investment properties are valued by an independent professional valuer using future earnings approach and market-based approach according to open market data and such properties' current uses.

ANALYSIS OF INCOME STATEMENT AND CASH FLOWS ITEMS

1. Principal business operations

Unit: RMB million

	Revenue from principal business	Cost of sales from principal business	Gross profit margin from principal business (%)	Year-on-year increase or decrease in revenue from principal business (%)	Year-on-year increase or decrease in cost of sales from principal business (%)	Year-on-year increase or decrease in gross profit margin from principal business
Cement and Ready-mixed Concrete	19,740.8	13,443.2	31.9	25.8	24.7	Increase of 0.6 percentage point
Modern Building Materials and Commerce and Logistics	12,792.0	12,151.2	5.0	41.1	43.1	Decrease of 1.4 percentage point
Property Development	11,149.5	6,977.1	37.4	12.1	3.1	Increase of 5.4 percentage points
Property Investment and Management	2,225.5	755.8	66.0	17.9	(3.6)	Increase of 7.6 percentage points
Eliminations	(1,697.0)	(1,327.3)				
Total	44,210.8	32,000.0	27.6	26.3	26.0	Increase of 0.2 percentage point

2. Gains from changes in fair value of investment properties

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 such as Beijing and Tianjin 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.

(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 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 market approach. 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.

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group increased by approximately RMB168.5 million year-on-year to RMB438.7 million, accounting for 8.3% of the profits before tax. The fair value gains on investment properties during the Reporting Period were mainly due to an upward revision to the fair value of the investment properties of the Group by the appraisal agency given the overall surge in rental of commercial properties in the open market in China during the Reporting Period.

3. Selling expenses, administrative expenses and finance costs

During the Reporting Period, the year-on-year changes in major expenses of the Group were as follows:

(1) Selling expenses were approximately RMB1,390.5 million in the first half of 2019, an increase of approximately RMB226.8 million year-on-year, mainly attributable to the year-on-year increase in transportation expenses, travel expenses, and agency intermediary fee during the Reporting Period.

(2) Administrative expenses were approximately RMB3,193.5 million in the first half of 2019, an increase of approximately RMB99.9 million year-on-year, mainly attributable to the year-on-year increase in repair and maintenance expenses, depreciation expenses and amortization expenses during the Reporting Period.

(3) Finance costs were approximately RMB1,414.4 million in the first half of 2019, an increase of approximately RMB50.5 million year-on-year, mainly attributable to the increase in the scale of financing during the Reporting Period.

4. Cash flows

In the first half of 2019, a net increase of RMB2,171.7 million in cash and cash equivalents was recognised in the consolidated financial statements of the Group, of which net cash inflow from operating activities was RMB948.1 million, representing a year-on-year increase of approximately RMB4,586.7 million in inflow, mainly attributable to the year-on-year decrease in land reserve acquisition expenditures; net cash outflow from investing activities was RMB952.6 million, representing a year-on-year decrease of approximately RMB5,785.8 million in outflow, mainly attributable to the payment for the acquisition of equity interest in Tianjin Building Materials Group during the same period of last year; net cash inflow generated from financing activities was RMB2,189.2 million; and the effect of changes in exchange rate on cash and cash equivalents decreased by approximately RMB13.0 million.

CORE COMPETITIVENESS ANALYSIS

The Company is a leading building material enterprise in Beijing, Tianjin and Hebei Province which is devoted to environmental protection, energy-saving and emission reduction and recycling development initiatives. It follows the orientation of the national strategies and policies in relation to synergetic development of Beijing, Tianjin and Hebei Province and the structural reform of the supply front. To achieve high-quality development, the Company has kept on advancing the internal reforms in Jidong Development Group and Tianjin Building Materials Group, and continued with other consolidation projects, with the aim to boost efficiency and unlock values. The Company has also optimized its strategic layout in Beijing, Tianjin and Hebei, and built a demonstration park for coordinated industrial development. It has solidified its strong presence in the regional market and translated the advantages arising from restructuring into competitive advantages and actual benefits. These efforts enabled the Company to maintain its industry-leading position in the building materials industry in Beijing, Tianjin and Hebei. Being one of China's largest manufacturers of building materials and the modelling enterprise among the green building materials industry in Pan Bohai Economic Rim, the Company has a cement production capacity that ranks among the top five in the world and top three in China, and the Company is also one of the leading property developers in terms of comprehensive strength and among the largest affordable housing developers in Beijing. It owns relatively low-cost land reserves for development and abundant industrial land reserves in first-tier cities. Also, the Company is one of the largest holders and managers of investment properties in Beijing. Ranking among top 500 enterprises, top 200 most cost-effective enterprises and top 100 most profitable enterprises in China, the Company has extended its business presence to 23 provinces, cities and regions inside and outside of the PRC. The Company has benefited a lot from its efforts in restructuring and consolidation, internal reforms and inspection. Strong growth was observed in principal businesses, and profitability continued improving, which translates into record-breaking economic performance of the Company.

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. Through various restructuring and M&As, the Company has grown into a large state-owned industrial group that is listed on both A-share and H-share markets, and has core operating activities in manufacture, trade and services of new green building materials, real estate development and operation, and property management. Following the injection of cement assets of BBMG, Jidong Cement became the only listed cement company under the Group, and its aim is to become a world-class modern, specialized and large-sized cement group. On the back of its advantages in manufacturing of building materials, the Company expanded into the area of real estate development, and focused on business development and industrial upgrading and

developed modern service industries such as trade, services and high-end-property management. By virtue of the Company's industrial advantage in equipment making, the Company not only served the equipment demand in the cement industry, but also expanded into the high-end smart equipment segment for the expansion of industrial chains. The strong demand from real estate development projects has boosted the Company's green building materials businesses and other related businesses such as architectural designing, decoration and property management services. On the other hand, our strong brand, technical advantages and expertise in new green building materials manufacturing, property operation and property management services translated into higher quality, better brand image and stronger sales of our real estate development projects. The Company has also built high-tech and incubation bases in the idle old industrial districts, which enhanced the value of land resources have become a demonstration area for industrial development, served high-tech companies and created new economic growth engines. Moreover, our green building materials business has amassed various resources and advantages in the process of "going abroad". Such resources and advantages have helped our real estate business optimize the business layout, explore and pioneer market of the target regions. Our different business segments support and promote the development of each other with significant synergistic effect and overwhelming advantages as a whole. Competitive design scale centralizing on the industrial chain, coordination among and integration of different segments have been cumulating.

2. Competitive Edge in Technology Innovation:

In the first half of 2019, the Group further improved its "1+N+X" technology innovation system, and amended systems including the Rules Governing Technology Innovation and Rules for Technology Protection. To enhance the core competitiveness of the Group's principal operations, three institutes that study green cement, concrete and new materials, as well as green building material technologies were established, and renowned experts were appointed as members of the Group's technology committee. In the first half of 2019, the Company made RMB777 million investment in technology R&D, and sales of new products reached RMB1.346 billion. The Group and its affiliates filed 103 patent applications, and played a leading role in formulating 32 national, industrial, local and group standards. The Company's project named Study on Typical Technology and Module Equipment for Recycling Industrial Solid Wastes in Building Material Industry has been initiated by the Ministry of Science and Technology. The Key Technology and Its Application in Activity Enhancement of Iron Tailings and Waste Filling Materials and Production of Green Building Materials developed by BBMG Central Academy was awarded the Second Prize for Science and Technology in Green Mines.

In the first half of 2019, centering on the Group's requirements regarding the "four green standards and one new standard", 26 key R&D projects were implemented. 7 of these projects were related to environmental protection, such as Online Assessment and Optimization and Research of Industrial Application of Ultra-Low NOx Emission (3.0) SCR Technology and SCR Catalysts. 3 of these projects were related to green building materials, such as Technological Research on Low-Shrink, High-Strength and High-Performance Concrete. 8 of these projects were related to eco-friendly manufacturing, such as the Development of Anti-Adhesion and Cleaning Technology in Filler Silo. 4 of these projects were related to green building, such as the BBMG Research on Prefabricated Building System. 5 of these projects were related to new materials R&D, such as the Research and Production of Low Thermal-Conductivity Mullite Bricks for Use in Cement Kiln. The Group's 26 key R&D projects for 2019 have all been initiated as scheduled.

3. Competitive Edge in Sustainable Development of Green Operations:

The Company has an in-depth understanding of the role it should play as a state-owned enterprise (SOE). It has fully leveraged its industrial advantages to serve Beijing's cause of building "four centers", and adhered to the development concept of "Green Hills and Clear Waters are Gold & Silver Mountains". It has transformed the cement enterprises in Beijing into environmental technology firms, which became part of the urban infrastructure. The Company also has replicated its proprietary waste treatment technology of cement kiln in cement companies outside of Beijing, reinforcing the Company's role in helping governments cleanse the urban environment. The Company also continued in promoting ecofriendly sustainable development. The Company's shift to an eco-friendlier enterprise further solidified its core competitiveness.

In the first half of 2019, the cement operation of the Company collected a total of 730,000 tons of solid wastes, increasing by 32.85% year on year. In the first half of 2019, 717,700 tons of solid wastes were processed, representing a year-on-year increase of 34.2%. The domestic waste coordinated treatment project with Tang County Jidong Company commenced operation. Tianjin Zhenxing and Xingtai BBMG Yongning were granted the business license for hazardous waste treatment. The hazardous waste treatment projects in BBMG Dingxin and Shexian BBMG were granted approval. There are 26 solid waste treatment enterprises under the Company at present. In the first half of 2019, the south reservoir waste cleaning project in Tang River sewage reservoir at Xiong'an New Area was completed and received high recognition from the Administration Committee of Xiong'an New Area. "BBMG Environmental Protection" has become a top brand in hazardous waste treatment in Xiong'an New Area. In addition, about 10 subsidiaries of the Company, including Tangshan Subsidiary, have started green mine projects.

In the first half of 2019, the Group continued to deliver strong performance in safety and environmental protection. During the Reporting Period, the Group received 469 provincial-level (including ministry-level) environmental inspections. There was no occurrence of significant environmental protection incidents. The Group has adopted a three-tier control model to enhance the safety and environmental protection management system. It also carried out risk assessment and safety audit projects such as "Safe BBMG". In the first half of 2019, the Group spotted 270,000 safety loopholes and took 19,000 corrective actions, and built a preliminary desk record for safety and environmental risks.

4. Competitive Edge in Industry-Finance Integration:

The industry-finance integration has given a boost to all principal businesses of the Group. The Company has further promoted its cooperation with key financial institutions, innovated the financing management and explored the new financing channels. BBMG Finance Co., Ltd. and BBMG Finance Lease Co., Ltd. have constructed a platform to boost the Company's efficiency in capital use, widened the Company's financing channels and prevented capital risks. The platform enables organic industry-finance integration. Moreover, the Company's listing status in A-share and H-share markets boosted its overall financing capability and laid sound financial foundation for the Company's healthy and sustainable development.

In the first half of 2019, the Company's financing channels were further widened. It received RMB20 billion line of credit from Beijing Branch of National Development Bank. The Group's headquarters completed registration of RMB40 billion worth of multi-type 2-year bond financing vehicles in interbank bond market. A 7-year M&A loan worth RMB3 billion was extended at the benchmark rate. In the first half of 2019, the external financing increased by RMB3.3 billion. Financing cost declined 56 basis points, leading to interest cost saving of RMB180 million. The Company's financing structure is further optimized, with the proportion of long-term financing growing by 8 percentage points.

5. Competitive Edge in Corporate Culture and Branding:

The Company aims to use its excellent corporate culture and brand to build a business that can last for at least one hundred years. The core value of BBMG is based on the pragmatic working culture of "work with aspiration, competence, efficiency, success and prudence", the human spirits of "eight specials", the development philosophy of "integration, communion, mutual benefit and prosperity", and the corporate spirits of "three emphasis and one endeavor". The Company has been continuously pioneering and innovating, and uniting the minds and efforts of all employees so as to move toward the goal of "building a world-class industrial conglomerate and becoming a member of Fortune 500". Moreover, the Company further

enhanced the pragmatic "BBMG" working culture to keep it abreast with times. The BBMG culture enabled the Company to have a highly cohesive and energetic team. Moreover, the Company strived to align its corporate culture with its employees' career goals and aspirations, which greatly motivated the employees. The Company also attached great importance to build a first-class brand and improve the branding management and operation system. A "craftsman spirit" was used to ensure good product quality and build up the "BBMG" brand. "BBMG" brand has been consecutively honored as a well-known trademark in Beijing and ranked 66th on the list of the 2019 (16th) China's 500 Most Valuable Brands. Its brand value increased by RMB11.184 billion to RMB71.359 billion. The superior brand awareness and prestige has created a sound cultural atmosphere for BBMG to achieve high-quality development.

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. Domestic and overseas economic environments remained complex and challenging, and external market witnessed higher level of instabilities and uncertainties. Lots of imbalance and underdevelopment existed in China's economy, and a growing downward pressure was observed, posing fresh risks and challenges. Overcapacity in cement and other building materials industries is yet to be eliminated. The downward pressure is weighing on the industry. The government is stepping up efforts to address the industry overcapacity and treat environmental pollution. Staggering peak production became increasingly prevalent in some regions. The major events to be launched in Beijing in the second half of 2019 will impact production activities. All these factors will disrupt the supply and demand in the cement industry. Cement companies will continue to transform and upgrade its operations, and strive for sustainable development in line with China's supply-side structural reform. In the meanwhile, China is expected to keep the long-term policy stance of "houses are for living, not for speculation" and "ensuring everyone has access to housing". Property cooling measures that aim to curb real estate speculation and stabilize the real estate market will continue to be adopted by the Chinese government. China will also accelerate its paces in building a long-term mechanism to facilitate healthy development of the real estate industry, which will guide the market expectations. The principle of "one policy for one city", with a particular focus on market stability, will ensure differentiated and diverse property cooling measures across different cities.

Solution: The Company will enhance the analysis of the national macroeconomic policies, and actively respond to national policies. It will analyze the market conditions based on the long-term trends, and seize opportunities arising from the key strategic development stage. The Company will also participate in the supply-side structural reform, and implement the new development philosophy, so as to promote high-quality, high-standard and sustainable development. The Company will make use of market trends, and raise the awareness in opportunity identification, crisis management, synergy among industry segments and development. It will also incrementally enhance the abilities in institutional innovation, system innovation, technology innovation and management innovation. Leveraging fully on the advantages in scale, region, brand and SOE reform, the Company will sharpen its core competence, minimize the risks brought by macroeconomic policies, and flexibly cope with various challenges.

2. Risks in Capital Operation

The capital supply has become increasingly tight as China rolls out measures to mitigate financial risks against the backdrop of strengthened financial regulation and structural deleveraging. Financial institutions are encouraged to support the real economy and facilitate the financial reform, which is expected to lower funding costs. However, real estate industry access to capital will be further limited. The rising difficulty in obtaining capital will increase the liquidity risks faced by the Company. The Company's scale is still expanding, and sufficient capital is needed to fund the Company's daily operation and future development.

Solution: The Company will enhance its management on finance and capital, and improve the efficiency in the use of capital. It will actively analyze and grasp the policies that encourage financial institutions to serve the real economy and supply-side structural reform, and promote its cooperation with financial institutions. It will also innovate financing channels and explore new financing channels with a view to ensuring the safety and stability of the capital chain of the Company. The Company will leverage the financing platform of listed companies to raise funds for business development. Leveraging on the advantages of the financial arm and finance lease arm of the Company, cash flow of the Company will be secured as a whole.

3. Risks in Market Competition

The strategic restructuring in Jidong Group continues delivering benefits, reflected by the Group's stronger control over cement market and a better order in regional cement markets. However, the overcapacity in the cement industry remains a serious issue, which can further exacerbate supply-demand conflict and intensify price competition. This can undermine and affect the profitability of the Company's cement business. Some subsidiaries of the Group are not competitive enough. Some subsidiaries face great difficulties in reversing their losses. Some subsidiaries have weak ability to respond to market changes, making them barely able to compete with peers. The manufacturers of new building materials are still at the transformation and growth stage, and they have yet to launch new competitive products.

Solution: The Company will pursue high-quality development. It will focus on the principal cement business, promote consolidation in regional markets and increase its market shares in these markets. It will focus on strategic business development and strengthen strategic cooperation with industry peers so as to optimize the cement industry layout. The Company will accelerate the development of environmental protection segment so as to facilitate its transformation and upgrade. Efforts will be made to boost the aggregates business and solidify the advantages in industrial chain. Control over resources will be strengthened so as to lay a sound foundation for sustainable development. The Company will promote systematic development of the new building materials manufacturing business, so as to avoid commoditized competition. It will also enhance service quality, increase market share, improve customer satisfaction and set example to other industry peers. The Company will also strengthen internal management, accelerate transformation and upgrade, step up efforts in technology development and innovation, transform equipment and processes, reduce energy consumption, lower production costs and enhance its competitiveness.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group's total assets amounted to RMB277,322.9 million, representing an increase of approximately 3.4% from the beginning of the Reporting Period, which comprised total liabilities of RMB195,703.6 million, minority interests of RMB21,509.9 million and total equity attributable to the shareholders of the parent company of RMB60,109.4 million. As at 30 June 2019, total shareholders' equity amounted to RMB81,619.3 million, representing an increase of approximately 3.0% from the beginning of the Reporting Period. As at 30 June 2019, the Group's net current assets were RMB51,466.2 million, representing an increase of RMB11,510.6 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 70.6%, representing an increase of 0.1 percentage point from the beginning of the Reporting Period.

As at 30 June 2019, the Group's cash and bank balances amounted to RMB21,873.6 million, representing an increase of RMB3,099.1 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, corporate bonds, short-term financing bonds, medium-term notes and banking facilities provided by its principal bankers in the PRC. As at 30 June 2019, the Group's interest-bearing bank borrowings amounted to RMB84,667.6 million (as at 31 December 2018: RMB79,852.3 million) which bore fixed interest rates and were all denominated in Renminbi. Among these borrowings, approximately RMB47,397.6 million interest-bearing bank borrowings were due for repayment within one year, representing a decrease of approximately RMB1,948.6 million from the beginning of the Reporting Period. Approximately RMB37,270.0 million interest-bearing bank borrowings were due for repayment after one year, representing an increase of approximately RMB6,763.9 million from the beginning of the Reporting Period. The Group's interest-bearing bank borrowings were all denominated in RMB.

During the Reporting Period, the Company entered into cooperation agreements with various banks to obtain credit facilities. As at the end of the Reporting Period, the Company was granted total bank credit facilities of RMB156,400.0 million and drew down borrowings of RMB80,500.0 million in Mainland China. Unutilized credit facilities was RMB75,900.0 million. As at 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. During the Reporting Period, the interests of other bonds and debt financing instrument of the Company had been fully settled as scheduled in accordance with the contract or relevant agreement and no event of default have occurred. The Company has sufficient capital for its operation. As at 30 June 2019, 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.

SPECIAL REPORT ON THE DEPOSIT AND THE ACTUAL USE OF PROCEEDS FOR THE FIRST HALF OF 2019

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 Company Limited (now known as BBMG Assets Management Co., Ltd.) and Beijing Jingguofa Equity Investment Fund (Limited Partnership) (the "**Fund**"). Each of BBMG Assets Management Co., Ltd. ("**BBMG Assets**") 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 Assets) (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.

As at 30 June 2019, the Company had utilized the proceeds from the 2013 Proposed Placing and the 2015 Proposed Placing of RMB7,417,189,476.77 (including the actual use of RMB4,556,322,329.76 of the proceeds, the use of the proceeds of RMB600,000,000.00 as permanent replenishment of working capital, the amount of change in use of the proceeds of RMB2,256,288,600.00 for payment of intermediary fee, bank charges and other fees). The balance of the proceeds (including interest income) was RMB8,485,848.45.

To regulate the management of proceeds of the Company and secure the interest of small and medium investors, the Company established the System for Use and Management of Proceeds (hereinafter referred to as the "Management Measures of Proceeds") in August 2010, which was considered and passed by 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 by the sixth meeting of the third session of the Board of the Company, the Company amended the Management Measures 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 completing the procedures of approval regarding utilization of proceeds according to the financial accounting system of the Company.

According to the Management System of Proceeds, 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 wholly-owned subsidiaries of the Company, have established designated saving accounts for the proceeds raised from the 2013 Proposed Placing and the 2015 Proposed Placing respectively. The nine designated accounts for proceeds include: Bank of Communications Co., Ltd., Beijing Municipal Branch, Industrial and Commercial Bank of China Limited, Beijing Hepingli Sub-branch, Industrial and Commercial Bank of China Limited, Shijingshan Sub-branch, China Construction Bank Corporation, Dachang Sub-branch, Industrial and Commercial Bank of China Limited, Beijing Anzhen Sub-branch, China Construction Bank Corporation, Beijing Urban Construction Development Professional Sub-branch (2 accounts), Agricultural Bank of China Limited, Tianjin Yong'an Road Sub-branch and Agricultural Bank of China Limited, Nanjing Xinglong Street Sub-branch. Upon the receipt of the proceeds 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)》) of the Shanghai Stock Exchange with no significant discrepancy. As of 30 June 2019, 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.

As of 30 June 2019, the Company's deposits of the designated accounts for proceeds were as follows:

Unit: RMB

No.	Name of bank	Bank account	Account holder	Amount
1	Bank of Communications Co., Ltd., Beijing Municipal Branch	110060149018170182242	The Company	743.86
2	Industrial and Commercial Bank of China Limited, Beijing Hepingli Sub-branch	0200203319020196563	The Company	8,404,828.87
3	Industrial and Commercial Bank of China Limited, Shijingshan Sub-branch	0200013419200040504	Beijing Aerated Concrete Co., Ltd.	39,178.44
4	China Construction Bank Corporation, Dachang Sub-branch	13001707748050506500	BBMG (Dachang) Modern Industrial Park Management Co., Ltd.	0.00
5	Industrial and Commercial Bank of China, Beijing Anzhen Sub-branch	0200064819024649727	Beijing BBMG Tiantan Furniture Co., Ltd.	0.00
6	China Construction Bank, Beijing Urban Construction Development Professional Sub-branch	11050138360000000048	BBMG GEM Real Estate Development Co., Ltd.	0.00
7	China Construction Bank, Beijing Urban Construction Development Professional Sub-branch	11050138360000000047	BBMG GEM Real Estate Development Co., Ltd.	0.00
8	Agricultural Bank of China Limited, Tianjin Yong'an Road Sub-branch	02280101040015072	Jinyu Ligang (Tianjin) Property Development Co., Ltd.	0.00
9	Agricultural Bank of China Limited, Nanjing Xinglong Street Sub-branch	10109201040009981	BBMG Nanjing Real Estate Development Co., Ltd.	41,097.28
	Total			**8,485,848.45**

The Company strictly followed the Management System of Proceeds when using the proceeds from the 2013 Proposed Placing and the 2015 Proposed Placing. Details of the actual use of proceeds in proceeds-financed projects were as follows:

Breakdown of Use of Proceeds of the Company as of 30 June 2019

Unit: RMB0'000

Total proceeds	749,504.00	Total proceeds used for investment during the period	4,014.72
Change in use of total proceeds	225,628.86	Total accumulated proceeds used for investment	741,261.09
Proportion of change in use of total proceeds	30.10%		

Committed investment project	Changed project	Total committed investment from proceeds	Total investment after adjustment	Committed investment amount as of the end of the period (1)	Investment amount during the period	Accumulated investment amount as of the end of the period (2)	Difference between accumulated investment amount and committed investment amount as of the end of the period (3)=(2)-(1)	Investment progress as of the end of the period (%) (4)=(2)/(1)	Date of project ready for its intended use	Cumulative achieved results as at the end of the period (Note 8)	Achieve the intended results or not	Significant changes in project feasibility	Reason for failure to reach the scheduled progress
Engineering project of BBMG International Logistics Park (北京金隅國際物流園工程項目)	–	97,953.00	97,953.00	97,953.00	2,359.42	97,953.00	–	100%	Completed	5,925.18	–	No	–
Production line project with an annual production capacity of 0.8 million pieces of furniture (年產80萬標件傢俱生產線項目) (Note 1)	–	181,551.00	90,000.00	90,000.00	–	90,000.00	–	100%	Completed	84,468.16	–	No	–
	Replenishment of working capital	–	89,520.59	89,520.59	–	89,520.59	–	100%	–	–	–	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（原星牌建材製品廠）B01、B02、B03地塊二類居住、中小學合校、托幼用地項目) (Note 2)	–	90,000.00	46,014.42	46,014.42	–	46,014.42	–	100%	Completed	331,270.01	–	No	–
	Replenishment of working capital	–	37,773.08	37,773.08	–	37,773.08	–	100%	–	–	–	No	–
Chaoyang District, Dongba Dandian secondary residential and primary school project (朝陽區東壩單店二類居住、小學用地項目) (Note 3)	–	170,000.00	75,666.90	75,666.90	–	75,666.90	–	100%	Completed	640,552.83	–	No	–
	Replenishment of working capital	–	94,333.10	94,333.10	–	94,333.10	–	100%	–	–	–	No	–
BBMG Zhongbei Town residential project (金隅中北鎮住宅項目) (Note 4)	–	50,000.00	45,997.91	45,997.91	–	45,997.91	–	100%	Completed	214,619.82	–	No	–
	Replenishment of working capital	–	4,002.09	4,002.09	–	4,002.09	–	100%	–	–	–	No	–
Nanjing City Jianye District Xinglong Street North A2 project (南京市建鄴區興隆大街北側A2項目)	–	100,000.00	100,000.00	100,000.00	1,655.30	100,000.00	–	100%	Completed	644,386.13	–	No	–
Sub-total		689,504.00	681,261.09	681,261.09	4,014.72	681,261.09	–	100%		1,921,222.13			
Replenishment of working capital (Note 5)		60,000.00	60,000.00	60,000.00	–	60,000.00	–	100%		–			
Total		749,504.00	741,261.09	741,261.09	4,014.72	741,261.09	–	100%		1,921,222.13			

Note 1: Production line project with an annual production capacity of 0.8 million pieces of furniture has been completed. The difference between committed investment before and after fund raising of the project was due to the deduction of issuance expense of RMB20.3041 million, as well as the change in use of proceeds of RMB895.2059 million. As of the date of this interim report, 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. The above change in use of proceeds was resolved and announced at the 2014 annual general meeting of the Company.

Note 2: Chaoyang District Chaoyang North Road (former Star Building Materials Product Factory) B01, B02 and B03 secondary residential, secondary and primary school and nursery project has been completed. The difference between committed investment before and after fund raising was due to the deduction of issuance expense of RMB62.1250 million. During the implementation of project construction, the Company strictly followed the relevant requirements in relation to the use of proceeds and the proceeds raised were used prudently. Since the project was established at an earlier time, a significant amount of investment has been made by using self-financing funds at the preliminary stage. However, the proceeds can only be used to replace the investment made after the date of the resolution on non-public issuance of Shares by the 17th meeting of the third session of the Board of the Company. Accordingly, this proceeds-financed project has an outstanding balance of proceed. After consideration and approval at the 30th meeting of the fourth session of the Board, the 18th meeting of the fourth session of the Supervisory Board and the 2017 annual general meeting of the Company, the Company closed the project and applied the remaining balance of the proceeds of RMB377.7308 million to permanently replenish the working capital.

Note 3: Chaoyang District, Dongba Dandian secondary residential and primary school project has been completed. During the implementation of project construction, the Company strictly followed the relevant requirements in relation to the use of proceeds and the proceeds raised were used prudently. Since the project was established at an earlier time, a significant amount of investment has been made by using self-financing funds at the preliminary stage. However, the proceeds can only be used to replace the investment made after the date of the resolution on non-public issuance of Shares by the 17th meeting of the third session of the Board of the Company. In addition, during the course of project construction, due to reasons such as further optimization of proposal design, decrease in market price of building materials such as reinforced concrete to a level lower than the estimated value, and application of unused self-financing funds towards early repayment of interest-bearing liabilities upon the receipt of proceeds, the cost of construction has decreased. Taking into account of the above factors, this proceeds-financed project has an outstanding balance of proceed. After consideration and approval at the 30th meeting of the fourth session of the Board, the 18th meeting of the fourth session of the Supervisory Board and the 2017 annual general meeting of the Company, the Company closed the project and applied the remaining balance of the proceeds of RMB943.3310 million to permanently replenish the working capital.

Note 4: BBMG Zhongbei Town residential project has been completed. During the implementation of project construction, the Company strictly followed the relevant requirements in relation to the use of proceeds and the proceeds raised were used prudently. Since the project was established at an earlier time, a significant amount of investment has been made by using self-financing funds at the preliminary stage. However, the proceeds can only be used to replace the investment made after the date of the resolution on non-public issuance of Shares by the 17th meeting of the third session of the Board of the Company. Accordingly, this proceeds-financed project has an outstanding balance of proceed. After consideration and approval at the 30th meeting of the fourth session of the Board, the 18th meeting of the fourth session of the Supervisory Board and the 2017 annual general meeting of the Company, the Company closed the project and applied the remaining balance of the proceeds of RMB40.0209 million to permanently replenish the working capital.

Note 5: Replenishment of working capital is for the pre-use plan of the allocation of proceeds from non-public issuance in accordance with the disclosures of "I. Plan of Use of Proceeds from Private Issuance" under section 4 "Analysis on the Feasibility of the Use of Proceeds by the Board" in "Proposal of Private Issuance of A Shares of BBMG Corporation" published on 27 March 2015.

Note 6: Results achieved was calculated based on revenue.

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

In order to lower the finance expenses and enhance the capital utilization rate of the Company, pursuant to requirements under Article 11 of the Administrative Measures for Proceeds of Companies Listed on the Shanghai Stock Exchange (《上海證券交易所上市公司募集資金管理規定》) issued by the Shanghai Stock Exchange and the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the ninth meeting of the third session of the Board, the Company agreed to use RMB2,200 million from the idle proceeds as temporary replenishment of working capital. As at 9 April 2015, the Company had returned in full the proceeds of RMB2,200 million, which were used for the temporary replenishment of working capital, to the designated account for proceeds.

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the eighteenth meeting of the third session of the Board of the Company, the Company agreed to use RMB2,200 million from the idle proceeds as temporary replenishment of working capital. The above idle proceeds used for temporary replenishment of working capital has a term of not more than 12 months from the date on which the Board of the Company considered and approved the use. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal, and the Company has made an announcement within 2 days upon conclusion of the Board meeting. As of 18 March 2016, the monies had been returned in full to the designated account for proceeds.

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the second meeting of the fourth session of the Board of the Company, the Company agreed to use up to RMB2,650 million from the idle proceeds as temporary replenishment of working capital. The above idle proceeds used for temporary replenishment of working capital has a term of not more than 12 months from the date on which the Board of the Company considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal, and the Company has made an announcement within 2 days upon conclusion of the Board meeting. As of 25 October 2016, the monies had been returned in full to the designated account for proceeds.

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 of the Company, 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 on which the Board of the Company considered and approved the use. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal, and the Company has made an announcement within 2 days upon conclusion of the Board meeting. As of 22 March 2017, the monies had been returned in full to the designated account for proceeds.

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the fifteenth meeting of the fourth session of the Board of the Company, the Company agreed to use up to RMB1,800 million from the temporarily idle proceeds as temporary replenishment of working capital, for a term not more than 12 months from the date on which the Board of the Company considered and approved the use. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal, and the Company has made an announcement within 2 days upon conclusion of the Board meeting. As of 24 October 2017, the monies had been returned in full to the designated account for proceeds.

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds by the Company" considered and passed at the sixteenth meeting of the fourth session of the Board of the Company, the Company agreed to use RMB400 million from the idle proceeds as temporary replenishment of working capital, for a term not more than 12 months from the date on which the Board of the Company considered and approved the use. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal, and the Company has made an announcement within 2 days upon conclusion of the Board meeting. As of 26 March 2018, the monies had been returned in full to the designated account for proceeds.

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the twenty-fourth meeting of the fourth session of the Board of the Company, the Company agreed to use RMB1,500 million from the idle proceeds as temporary replenishment of working capital, for a term not more than 12 months from the date on which the Board of the Company considered and approved the use. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal, and the Company has made an announcement within 2 days upon conclusion of the Board meeting. As of 26 October 2018, the monies had been fully returned to the designated account for proceeds.

In the announcements, the Company undertook that the use of certain idle proceeds for replenishment of working capital would not change or essentially change the use of proceeds while temporary replenishment of working capital was only limited to the use in the production and operation related to principal business and would not be used in placing and subscription of new shares or in the transactions such as securities and its derivative form and convertible bonds, through direct or indirect arrangements. It also undertook that in order to ensure the progress of the proceeds-financed projects, the Company would return the proceeds to the designated account for proceeds with the self-financing funds or bank loans by the time when the projects need the proceeds.

CHANGE OF THE PROCEEDS-FINANCED PROJECTS

During the Reporting Period, the Company had no change of the proceeds-financed projects.

The Company has promptly, truly, accurately and fully disclosed the relevant information without any non-compliance in management of proceeds.

DISCLOSEABLE TRANSACTIONS DURING THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 28 December 2017 relating to, amongst other things, (i) the termination of agreements relating to certain asset restructuring; (ii) the framework agreement for the establishment of the JV Company; and (iii) acquisition of minority interests in a subsidiary.

On 9 January 2019, the Company entered into the asset acquisition agreement (the "**Asset Acquisition Agreement**"), the joint-venture company registered capital increase agreement (the "JV Company Registered Capital Increase Agreement") and the termination agreement (the "**Termination Agreement**"), collectively, the "**Agreements**". Pursuant to the Asset Acquisition Agreement, the Company has agreed to sell and Jidong Cement has agreed to purchase, the entire equity interests in each of the Target Companies for a total consideration of RMB1,536,867,900 in which the approval from SASAC has already been obtained. Pursuant to the JV Company Registered Capital Increase Agreement, the Company and Jidong Cement has agreed to contribute to the increase in the registered capital of the JV Company in an amount of RMB1 billion in accordance with their respective shareholding in the JV Company. The Company will contribute by way of injecting Seven Injected Companies whereas Jidong Cement will contribute by way of injecting Five Injected Companies together with a cash payment of RMB2,481,749,700. The way to which contribution to be made by the Company and Jidong Cement has been approved by the SASAC. Pursuant to the Termination Agreement, the Company and Jidong Cement have agreed to terminate the New Entrustment Agreement.

The Agreements will be beneficial to the Company in terms of enhancement of access to capital markets to finance the future growth and expansion of business operations. The Agreements further resolve the issue of competing business between the Company and Jidong Cement. The Agreements further provide an opportunity for the Company to continue to cooperate with Jidong Cement on various aspects and will be a win-win situation to both the Company and Jidong Cement.

For details on the Agreements and discloseable transactions entered into during the Reporting Period, please refer to the announcement of the Company dated 9 January 2019.

COMMITMENTS

Unit: RMB

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Contracted but not provided for		
Capital commitments	***161,917,110.32***	128,498,574.97
Property development contracts	***10,589,592,615.32***	16,240,929,685.55
	10,751,509,725.64	16,369,428,260.52

CONTINGENCIES

Unit: RMB

		As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Provision of guarantee on mortgage to third parties	Note 1	***9,061,602,296.36***	6,447,501,029.54
Provision of guarantee on loans and others to third parties	Note 2	***2,430,000,000.00***	2,630,000,000.00
		11,491,602,296.36	9,077,501,029.54

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 2019, Tianjin Building Materials Group (Holding) Co., Ltd. (天津市建築材料集團（控股）有限公司), a subsidiary of the Group, provided guarantees on the borrowings of RMB230,000,000.00 for Tianjin Yishang Group Co., Ltd. (天津一商集團有限公司) and the borrowings of RMB1,200,000,000.00 for Datong Coal Mine Group Co., Ltd. (大同煤礦集團有限責任公司). These guarantees will expire in October 2019 and on 13 December 2019, respectively. Jidong Group, a subsidiary of the Group, provided guarantees on the borrowings of RMB1,000,000,000.00 for Tangshan Culture & Tourism Investment Group Co., Ltd. (唐山市文化旅遊投資集團有限公司). The Guarantee will expire on 21 May 2029.

Note 3: On 13 November 2014, Datong Coal Mine Tianjian Iron & Steel Co., Ltd. (大同煤礦天建鋼鐵有限公司) (hereinafter referred to as "Tongmei Tianjian", originally a subsidiary of Tianjin Building Materials Group (Holdings) Co., Ltd. (hereinafter referred to as "Tianjin Building Materials")) entered into a working capital loan contract with China Foreign Economic and Trade Trust Co., Ltd. (中國對外經濟貿易信託有限公司), with an amount of RMB1 billion and a term of two years, guaranteed by the other party's shareholder, Datong Coal Mining Group Co., Ltd. (大同煤礦集團有限責任公司) (hereinafter referred to as "Tongmei Group") with Tianjin Building Materials providing RMB510 million of counter-guarantee to Tongmei Group for a period of two years from the date of expiration of the performance period of the main debt. Tongmei Group entered into a Loan Contract with Tongmei Tianjian in 2016 and provided loans of RMB1.02 billion. Tongmei Tianjian repaid the loan due from China Foreign Economic and Trade Trust Co., Ltd. in 2016.

Tongmei Group filed a lawsuit with the High People's Court of Shanxi Province requesting Tianjin Building Materials to perform its counter-guarantee liability on the grounds that Tongmei Group had fulfilled the above-mentioned RMB1 billion loan guarantee liability. According to the judgment of the High People's Court of Shanxi Province in the Civil Judgment (2018) Jin Min Chu No. 541 dated 23 May 2019, Tianjin Building Materials shall pay Tongmei Group RMB533,440,850.42 and interest (accrued from 6 December 2016 to the date of repayment, calculated based on interest rate of the People's Bank of China for the same kind loans during the same period). Tianjin Building Materials claim the compensation to Tongmei Tianjian upon assumption of the repayment liability.

On 20 June 2019, Tianjin Building Materials appealed to the Supreme People's Court on the ground that in view of the fact that Tongmei Group did not assume the guarantee responsibility and therefore did not have the right of recourse against the counter-guarantor, Tianjin Building Materials accordingly requested that above judgment be revoked and reverted to the judgment that all litigation requests from Tongmei Group against Tianjin Building Materials be denied. As of the date of issuance of this financial statement, this lawsuit is still in progress.

Note 4: On 30 June 2015, the warehouses leased by the Beijing Timber Factory Co., Ltd. (北京市木材廠有限責任公司) (hereinafter referred to as "Beijing Timber Company") caught fire due to a short circuit in the power line, leading to a loss of approximately RMB158 million for shop owners. After the fire, the shop owners made claims to their respective insurance companies, and the insurance companies compensated shop owners approximately RMB75 million. In December 2015, Beijing Timber Company initiated a property damage compensation dispute against Juanmei Xinwei (Beijing) International Techonology and Trade Co., Ltd. (雋美信威（北京）國際科貿有限公司) (intermediate lessee). On 27 June 2016, the court of first instance issued a judgment, which did not support Beijing Timber Company's the request for Juanmei Xinwei (Beijing) International Technology and Trade Co., Ltd. to compensation for the loss of the warehouse. Beijing Timber Company appealed against the first instance judgment to the Second Intermediate People's Court of Beijing. On 30 November 2016, the Second Intermediate People's Court of Beijing issued Civil Judgment (2016) Jing 02 Min Zhong No. 9253, which divided the responsibility of the fire as to Beijing Timber Company assuming 30% responsibility and Juanmei Xinwei (Beijing) International Technology and Trade Co., Ltd. assuming 70% of the responsibility.

Since February 2016, Beijing Timber Company received a total of 28 cases of subrogation right disputes from Huatai Insurance and Life Insurance and 31 cases of property damage and tort liability disputes from sub-leasees of the warehouse. On 30 June 2019, High People's Court of Beijing made a judgment on 12 cases of property damage compensation and tort liability disputes of the sub-leasees of the warehouse, ruling that Beijing Timber Company shall take full responsibility and pay RMB17.18 million. As of the date of this interim report, the remaining cases are still in progress.

PLEDGE OF ASSETS

As at 30 June 2019, certain of the Group's inventories, notes receivable, fixed assets, investment properties, land use rights and equity interest totalling RMB56,526.5 million (as at 31 December 2018: RMB45,891.8 million) were pledged or mortgaged to secure the short-term and long-term loans of the Group, which accounted for approximately 20.4% of the total assets of the Group (as at 31 December 2018: 17.1%).

EMPLOYEES

As at 30 June 2019, the Group had 50,973 employees in total (as at 31 December 2018: 54,498). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB3,082.8 million (for the six months ended 30 June 2018: RMB2,776.9 million), representing an increase of approximately 11.0%. 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.

RISK MANAGEMENT

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk within the organisation and the external environment with active management participation and effective internal control procedures, which is in the best interest of the Group and its shareholders.

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.

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.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed above under the section headed "Discloseable Transactions During the Reporting Period" in relation to the Agreements, the Group had not conducted any substantial acquisition or disposal of subsidiaries, associates or joint ventures that were required to be disclosed during the Reporting Period.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

As at the date of this 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 2019, 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(Beijing State-owned Capital Operation and Management Center, "**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（有限合夥）(Beijing Jingguofa Equity Investment Fund (Limited Partnership)) (Note 2)	Interest of corporation controlled by the substantial shareholder	43,115,900	0.52	0.40
	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (Note 1)	Held by controlled corporation	4,840,473,472	58.05	45.33
H Shares	Ouyang Jieliang	Direct beneficial owner	214,351,000	9.17	2.01
H Shares	Prime Capital Management Company Limited	Investment manager	167,306,755	7.15	1.57
H Shares	FMR LLC	Interest of corporation controlled by the substantial shareholder	141,539,624	6.05	1.33
H Shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	131,397,990	5.26	1.23

Note 1: 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: Beijing SCOM Center is interested in 43,115,900 A Shares of the Company through its 83.4262% direct equity interest in Beijing Jingguorui State-owned Assets Reform and Development Fund (Limited Partnership)* (北京京國瑞國企改革發展基金（有限合夥）) and 93.32% indirect equity interest in Beijing Jingguofa Equity Investment Fund (Limited Partnership)* (北京京國發股權投資基金（有限合夥）), which is directly held by Jingguorui State-owned Assets Reform and Development Fund (Limited Partnership)* (北京京國瑞國企改革發展基金（有限合夥）).

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	2,477,000	0.11	0.02

Save as disclosed above, as at 30 June 2019, 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 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.

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

As at 30 June 2019, 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, 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 2019, 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 2019. 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.

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 2019.

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 report, the Board comprises four executive Directors, two non-executive Directors and four independent non-executive Directors. It has a strong independence element in its composition.

There is no change in the composition of the Board during the Reporting Period.

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 2019, 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 2019, 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.

3. Results and Profit Alert Announcements

The Group had prepared detailed result reports upon release of interim and annual results accompanied by a profit alert announcement where required under Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO. 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.bbmg.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

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 2019 and 27 August 2019)
Stock code	02009.HK
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 2019 and 27 August 2019)
Stock code	601992.SH

2. Financial Calendar

2018 annual results announcement	published on 28 March 2019
2019 first quarterly results announcement	published on 25 April 2019
2019 interim results announcement	published on 27 August 2019
2018 annual general meeting	held on 15 May 2019
Closure of register of H shares members to determine the eligibility of shareholders to attend the 2018 annual general meeting	16 April 2019 – 15 May 2019
Financial year end	31 December

3. Dividends

2018 final dividends	RMB0.055 per share (inclusive of applicable tax) (or equivalent to HK$0.06357 per H share)
Closure of register of H shares members to determine the entitlement of shareholders to the 2018 final dividends	24 May 2019 – 29 May 2019
Payment of 2018 final dividends of H shares	15 July 2019

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Email: ir@bbmg.com.cn
Company website: www.bbmg.com.cn/listco

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 processes. The Audit Committee is composed of two non-executive Directors and four independent non-executive Directors. At the meeting convened on 26 August 2019, the Audit Committee had reviewed the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2019. The Audit Committee has considered the Group's internal audit report for the first half of 2019, reviewed the accounting standards and practices adopted by the Group, considered the Group's financial statements for the first half of 2019 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. Xue Chunlei (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.

AUDITORS

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

Review Report on Interim Financial Statements

Ernst & Young Hua Ming (2019) Zhuan Zi No. 60667053_A15

To the shareholders of BBMG Corporation:

We have audited the accompanying financial statements of BBMG Corporation, which comprise the consolidated and company balance sheets as at 30 June 2019, and the consolidated and company income statements, the statements of changes in equity and the statements of cash flows for the six-month period ended 30 June 2019 and the notes to the financial statements (hereinafter collectively, the "**Interim Financial Statements**"). The management of BBMG Corporation is responsible for the preparation of the Interim Financial Statements, while we are responsible for the presentation of a review report on the Interim Financial Statements based on our review.

We conducted our review in accordance with China's Auditing Standards for the Certified Public Accountants No. 2101 — Review of Financial Statements. The standard requires our planning of and performing the audit to obtain reasonable assurance about whether the Interim Financial Statements as a whole are free from material misstatement. The review is principally based on the enquiries with the related staff of the Company and on the analysis procedures on the financial data only, therefore the extent of assurance provided by which fall below that obtained from audit. As a result of the non-performance of audit, we do not provide audit opinion.

Based on our review, we have not been aware of any convincing events that the said Interim Financial Statements had failed to be prepared in accordance with the Accounting Standards for Business Enterprises No. 32 – Interim Financial Report or failed to present fairly, in all material aspects, the financial position, the operating results and cash flows of BBMG Corporation.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: **Meng Dong (Engagement Partner)**

Chinese Certified Public Accountant: **Meng Jia**

Beijing, the PRC

27 August 2019

Unaudited Interim Consolidated Balance Sheet

As at 30 June 2019

RMB

Assets	Note V	As at 30 June 2019	As at 31 December 2018
Current assets			
Cash and bank balances	1	**21,873,574,501.38**	18,774,468,260.66
Financial assets held for trading	2	**2,041,527,977.90**	1,034,558,112.73
Bills receivable	3	**7,067,100,466.93**	11,225,781,814.50
Accounts receivable	4	**8,903,100,319.39**	7,440,085,450.85
Prepayments	5	**1,866,985,012.18**	2,008,371,750.64
Other receivables	6	**9,987,160,886.62**	9,941,619,578.19
Inventories	7	**120,734,072,876.28**	114,912,793,681.36
Contract assets	8	**177,268,510.06**	–
Assets held for sale		**–**	109,534,153.31
Other current assets	9	**4,361,827,777.99**	3,710,725,422.82
Total current assets		**177,012,618,328.73**	169,157,938,225.06
Non-current assets			
Debt investments	10	**203,127,789.06**	–
Long-term receivables	11	**949,686,240.34**	802,351,921.55
Long-term equity investments	12	**2,913,992,117.64**	3,036,757,009.85
Investment in other equity instruments	13	**388,994,267.16**	396,187,115.71
Other non-current financial assets	14	**4,000,000.00**	214,980,000.00
Investment properties	15	**22,797,870,550.78**	21,327,245,245.17
Fixed assets	16	**43,869,925,856.78**	44,692,772,001.56
Construction in progress	17	**2,540,056,416.72**	2,929,675,428.99
Right-of-use assets	18	**989,202,777.20**	–
Intangible assets	19	**16,455,419,921.19**	16,691,754,296.12
Goodwill	20	**2,741,468,983.05**	2,740,287,649.80
Long-term deferred expenditures	21	**1,336,473,118.85**	1,242,705,854.17
Deferred income tax assets	22	**3,884,357,576.23**	3,454,590,218.09
Other non-current assets	23	**1,235,690,180.04**	1,588,846,733.06
Total non-current assets		**100,310,265,795.04**	99,118,153,474.07
Total assets		**277,322,884,123.77**	268,276,091,699.13

The accompanying notes form an integral part of these financial statements

Unaudited Interim Consolidated Balance Sheet (continued)

As at 30 June 2019

RMB

Liabilities and shareholders' equity	Note V	30 June 2019	31 December 2018
Current liabilities			
Short-term loans	25	**35,565,486,367.32**	39,880,392,209.57
Bills payable	26	**1,922,493,491.12**	2,080,749,336.98
Accounts payable	27	**17,181,599,679.67**	18,357,615,866.65
Receipts in advance	28	**267,429,538.24**	317,903,204.75
Contract liabilities	29	**22,244,621,372.92**	23,715,168,353.77
Wages payable	30	**262,881,327.46**	393,840,303.30
Tax payable	31	**2,148,262,095.92**	2,527,195,602.24
Other payables	32	**9,989,327,219.80**	8,352,595,483.33
Liabilities held for sale		**–**	40,291,356.83
Non-current liabilities due within one year	33	**22,792,306,656.15**	18,543,864,543.14
Short-term financing bonds	36	**2,800,520,000.00**	6,500,000,000.00
Other current liabilities	34	**10,371,442,255.92**	8,492,714,136.95
Total current liabilities		**125,546,370,004.52**	129,202,330,397.51
Non-current liabilities			
Long-term loans	35	**37,553,207,567.33**	30,506,054,265.70
Bonds payable	36	**23,706,751,716.14**	20,231,089,289.70
Lease liabilities	37	**886,840,860.81**	–
Long-term payables	38	**10,262,205.00**	315,856,652.08
Long-term wages payable	39	**666,248,897.35**	674,179,502.11
Accrued liabilities	40	**426,917,810.12**	606,650,918.54
Deferred income	41	**869,874,168.77**	888,404,866.72
Deferred income tax liabilities	22	**6,022,143,753.52**	5,960,849,194.26
Other non-current liabilities	42	**15,000,000.00**	676,174,065.29
Total non-current liabilities		**70,157,246,979.04**	59,859,258,754.40
Total liabilities		**195,703,616,983.56**	189,061,589,151.91

The accompanying notes form an integral part of these financial statements

Unaudited Interim Consolidated Balance Sheet (continued)

As at 30 June 2019

RMB

Liabilities and shareholders' equity	Note V	**30 June 2019**	31 December 2018
Equity attributable to shareholders			
Share capital	43	**10,677,771,134.00**	10,677,771,134.00
Other equity instruments	44	**14,962,000,000.00**	14,962,000,000.00
Including: Perpetual bonds		***14,962,000,000.00***	*14,962,000,000.00*
Capital reserve	45	**5,680,970,400.75**	5,273,970,842.54
Other comprehensive income	46	**205,867,796.90**	206,951,321.03
Specific reserve	47	**40,830,982.96**	20,124,124.94
Surplus reserve	48	**1,537,434,040.24**	1,537,434,040.24
General risk reserve	49	**340,792,201.29**	340,792,201.29
Retained earnings	50	**26,663,748,486.29**	24,646,427,835.84
Total equity attributable to the shareholders of the parent company		**60,109,415,042.43**	57,665,471,499.88
Minority interests		**21,509,852,097.78**	21,549,031,047.34
Total equity attributable to shareholders		**81,619,267,140.21**	79,214,502,547.22
Total liabilities and equity attributable to shareholders		**277,322,884,123.77**	268,276,091,699.13

The financial statements have been signed by:

Legal representative:	Chief accountant:	Head of the accounting department:
Jiang Deyi	**Chen Guogao**	**Zhu Yan**

The accompanying notes form an integral part of these financial statements

Unaudited Interim Consolidated Income Statement

For the six months ended 30 June 2019

RMB

	Note V	**January to June 2019**	January to June 2018
Operating revenue	51	**44,611,088,630.66**	35,365,393,255.98
Less: Operating costs	51	**32,233,081,668.80**	25,534,771,580.22
Tax and surcharges	52	**1,876,770,916.69**	1,053,708,401.15
Selling expenses	53	**1,390,471,643.71**	1,163,665,343.18
Administrative expenses	54	**3,193,509,354.13**	3,093,590,089.13
Research and development expenses	55	**120,614,864.67**	63,250,262.45
Finance costs	56	**1,414,421,704.70**	1,363,946,668.03
Including: Interest expense		***1,709,474,654.52***	*1,317,037,927.50*
Interest income		***445,148,683.74***	*119,554,528.16*
Add: Other gains	57	**339,144,246.14**	297,746,941.54
Investment gains	58	**254,789,279.12**	232,457,732.29
Including: Gains from investment in associates and joint ventures		***201,772,767.47***	*139,008,136.74*
Gains from changes of fair value	59	**500,972,469.63**	273,123,778.84
Credit impairment (losses)/provision reversal	60	**(148,435,766.41)**	43,476,415.85
Asset impairment losses	61	**(66,991,361.63)**	(14,133,583.21)
Gains on disposal of assets		**2,579,915.26**	18,831,201.79
Operating profit		**5,264,277,260.07**	3,943,963,398.92
Add: Non-operating revenue	62	**120,848,872.17**	88,381,624.69
Less: Non-operating expenses	63	**120,488,103.75**	108,945,005.24
Total profit		**5,264,638,028.49**	3,923,400,018.37
Less: Income tax expenses	65	**1,299,665,306.11**	995,656,787.76
Net profit		**3,964,972,722.38**	2,927,743,230.61
Classified by continuing operations			
Net profit from continuing operations		**3,964,972,722.38**	2,927,743,230.61
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		**3,045,574,008.22**	2,410,206,116.06
Minority interests		**919,398,714.16**	517,537,114.55

The accompanying notes form an integral part of these financial statements

Unaudited Interim Consolidated Income Statement (continued)

For the six months ended 30 June 2019

RMB

	Note V	**January to June 2019**	January to June 2018
Net other comprehensive income after tax			
Net other comprehensive income after tax attributable to shareholders of the parent company	46	**(1,083,524.13)**	(44,387,934.00)
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		**(5,000.00)**	(18,855,736.00)
Changes in fair value of investment in other equity instruments		**(1,248,349.60)**	(21,675,850.45)
Other comprehensive income to be reclassified into profit or loss			
Other comprehensive income that may be reclassified to profit or loss under the equity method		**399,789.66**	(685,072.50)
Exchange differences on translation of financial statements prepared in foreign currency		**(229,964.19)**	(3,171,275.05)
Net other comprehensive income after deducting impact of income tax		**(1,083,524.13)**	(44,387,934.00)
Net other comprehensive income after tax attributable to minority interests	46	**(3,193,721.80)**	(105,857,435.12)
Total comprehensive income		**3,960,695,476.45**	2,777,497,861.49
Including:			
Total comprehensive income attributable to the shareholders of the parent company		**3,044,490,484.09**	2,365,818,182.06
Total comprehensive income attributable to minority interests		**916,204,992.36**	411,679,679.43
Earnings per share			
Basic earnings per share (RMB/share)	66	**0.29**	0.23
Diluted earnings per share (RMB/share)	66	**0.29**	0.23

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 2019

RMB

	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 attributable to shareholders
I. Balance at the end of the previous period	10,677,771,134.00	14,962,000,000.00	5,273,970,842.54	206,951,321.03	20,124,124.94	1,537,434,040.24	340,792,201.29	24,646,427,835.84	57,665,471,499.88	21,549,031,047.34	79,214,502,547.22
Plus: Changes in accounting policies	-	-	-	-	-	-	-	(39,155,945.38)	(39,155,945.38)	(71,099,466.79)	(110,255,412.17)
II. Balance at the beginning of the period	10,677,771,134.00	14,962,000,000.00	5,273,970,842.54	206,951,321.03	20,124,124.94	1,537,434,040.24	340,792,201.29	24,607,271,890.46	57,626,315,554.50	21,477,931,580.55	79,104,247,135.05
III. Movements during the period											
(I) Total comprehensive income	-	-	-	(1,083,524.13)	-	-	-	3,045,574,008.22	3,044,490,484.09	916,204,992.36	3,960,695,476.45
(II) Capital contribution and reduction from shareholders											
1. Equity transactions that do not affect control	-	-	406,999,558.21	-	14,642,439.62	-	-	-	421,641,997.83	(421,641,997.83)	-
2. Business combination not under common control (Note VI. 1)	-	-	-	-	-	-	-	-	-	190,512,133.32	190,512,133.32
3. New capital contribution from minority shareholders	-	-	-	-	-	-	-	-	-	13,754,000.00	13,754,000.00
4. Reduction of minority interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	(250,249.49)	(250,249.49)
5. Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(6,150,335.85)	(6,150,335.85)
6. Issuance of perpetual bonds	-	-	-	-	-	-	-	-	-	1,018,867.89	1,018,867.89
(III) Profit distribution											
1. Dividend to shareholders	-	-	-	-	-	-	-	(587,277,412.39)	(587,277,412.39)	(566,989,423.73)	(1,154,266,836.12)
2. Interest on perpetual bonds	-	-	-	-	-	-	-	(401,820,000.00)	(401,820,000.00)	(102,000,000.00)	(503,820,000.00)
(IV) Specific reserve											
1. Appropriated during the period	-	-	-	-	48,884,388.91	-	-	-	48,884,388.91	49,100,142.41	97,984,531.32
2. Paid during the period	-	-	-	-	(42,819,970.51)	-	-	-	(42,819,970.51)	(41,637,611.85)	(84,457,582.36)
IV. Balance at the end of the period	10,677,771,134.00	14,962,000,000.00	5,680,970,400.75	205,867,796.90	40,830,982.96	1,537,434,040.24	340,792,201.29	26,663,748,486.29	60,109,415,042.43	21,509,852,097.78	81,619,267,140.21

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 2018

RMB

	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 attributable to shareholders
I. Balance at the end of the previous period	10,677,771,134.00	9,972,000,000.00	5,820,202,037.98	254,210,159.32	12,989,928.59	1,368,019,010.35	299,478,851.25	22,758,176,658.95	51,162,847,780.44	18,759,962,137.58	69,917,809,918.02
Plus: Changes in accounting policies	-	-	-	-	-	-	-	(21,093,927.93)	(21,093,927.93)	41,192,600.82	20,098,672.89
II. Balance at the beginning of the period	10,677,771,134.00	9,972,000,000.00	5,820,202,037.98	254,210,159.32	12,989,928.59	1,368,019,010.35	299,478,851.25	22,737,082,731.02	51,141,753,852.51	18,796,154,738.40	69,937,908,590.91
III. Movements during the period											
(I) Total comprehensive income	-	-	-	(44,387,934.00)	-	-	-	2,410,206,116.06	2,365,818,182.06	411,679,679.43	2,777,497,861.49
(II) Capital contribution and reduction from shareholders											
1. Acquisition of minority interests in subsidiaries	-	-	(417,332,120.92)	-	-	-	-	-	(417,332,120.92)	(1,893,127,094.85)	(2,310,459,215.77)
2. Business combination not under common control	-	-	-	-	-	-	-	-	-	3,780,249,724.45	3,780,249,724.45
3. New capital contribution from minority shareholders	-	-	-	-	-	-	-	-	-	1,077,474,893.75	1,077,474,893.75
4. Reduction of minority interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	(11,711,187.21)	(11,711,187.21)
5. Principal amount of issued perpetual bonds	-	1,996,000,000.00	-	-	-	-	-	-	1,996,000,000.00	-	1,996,000,000.00
(III) Profit distribution											
1. Dividend to shareholders	-	-	-	-	-	-	-	(512,533,014.43)	(512,533,014.43)	(7,584,516.59)	(520,117,531.02)
2. Interest on perpetual bonds	-	-	-	-	-	-	-	(263,203,888.89)	(263,203,888.89)	(86,284,931.50)	(349,488,820.39)
(IV) Specific reserve											
1. Appropriated during the period	-	-	-	-	27,330,453.45	-	-	-	27,330,453.45	35,345,762.62	62,676,216.07
2. Paid during the period	-	-	-	-	(17,433,049.65)	-	-	-	(17,433,049.65)	(30,937,681.24)	(48,370,730.89)
(V) Others	-	-	(28,464,890.56)	-	-	-	-	-	(28,464,890.56)	(23,822,037.05)	(52,286,927.61)
IV. Balance at the end of the period	10,677,771,134.00	11,968,000,000.00	5,374,405,026.50	209,822,225.32	22,887,332.39	1,368,019,010.35	299,478,851.25	24,371,551,943.76	54,291,935,523.57	22,047,437,350.21	76,339,372,873.78

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 2019

RMB

	Note V	**January to June 2019**	January to June 2018
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		**45,105,904,822.83**	36,874,565,568.62
Net decrease in deposits placed with the Central Bank		**–**	40,627,688.18
Refunds of taxes		**185,168,773.65**	147,785,613.56
Cash received from other operating activities	67	**1,710,153,747.87**	1,053,771,605.23
Subtotal of cash inflows from operating activities		**47,001,227,344.35**	38,116,750,475.59
Cash paid for goods and services		**34,221,743,227.59**	26,869,069,166.58
Cash paid to and on behalf of employees		**3,232,695,697.55**	2,992,856,544.14
Cash paid for all types of taxes		**4,868,452,733.08**	3,853,861,315.77
Cash paid for other operating activities	67	**3,219,312,975.56**	8,039,561,659.11
Net increase in deposits placed with the Central Bank		**510,943,095.83**	–
Subtotal of cash outflows from operating activities		**46,053,147,729.61**	41,755,348,685.60
Net cash flows from/(used in) operating activities	67(1)	**948,079,614.74**	(3,638,598,210.01)
II. Cash flows from investing activities:			
Cash received from redemption of investments		**234,199,108.75**	–
Cash received from return on investments		**413,516,423.78**	279,348,817.24
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**140,068,834.15**	43,553,624.35
Net cash received from disposal of subsidiaries and other operating units	67(2)	**703,628,908.97**	–
Cash received from other investing activities	67	**2,628,396,634.59**	6,872,768,400.00
Subtotal of cash inflows from investing activities		**4,119,809,910.24**	7,195,670,841.59
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**938,166,939.93**	1,218,217,602.45
Cash paid for investments		**100,820,000.00**	1,293,968,421.40
Net cash paid for acquisition of subsidiaries and other operating units	67(2)	**48,421,037.65**	3,636,170,422.00
Cash paid for other investing activities	67	**3,984,958,397.03**	7,785,629,400.00
Subtotal of cash outflows from investing activities		**5,072,366,374.61**	13,933,985,845.85
Net cash flows used in investing activities		**(952,556,464.37)**	(6,738,315,004.26)

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 2019

RMB

	Note V	**January to June 2019**	January to June 2018
III. Cash flows from financing activities			
Cash received from capital contributions		**13,754,000.00**	900,853,542.47
Including: Cash received by subsidiaries from minority interests		***13,754,000.00***	*900,853,542.47*
Cash received from issuance of bonds		**8,495,523,773.58**	12,496,000,000.00
Cash received from borrowings		**32,882,355,515.71**	30,668,462,205.00
Cash received from other financing activities	67	**35,000,000.00**	–
Subtotal of cash inflows from financing activities		**41,426,633,289.29**	44,065,315,747.47
Cash paid for repayment of borrowings		**28,553,033,237.95**	24,022,530,202.00
Cash paid for distribution of dividends or profits or for interest expenses		**3,508,805,604.30**	2,419,976,810.75
Including: Dividends and profits paid by subsidiaries to minority interests		***200,035,558.58***	*17,610,860.00*
Cash paid for redemption of bonds		**6,691,065,000.00**	8,069,048,081.12
Cash paid for other financing activities	67	**484,564,382.84**	397,052,351.96
Subtotal of cash outflows from financing activities		**39,237,468,225.09**	34,908,607,445.83
Net cash flows from financing activities		**2,189,165,064.20**	9,156,708,301.64
IV. Effect of changes in exchange rate on cash and cash equivalents		**(12,997,514.67)**	(17,511,515.79)
V. Net increase/(decrease) in cash and cash equivalents		**2,171,690,699.90**	(1,237,716,428.42)
Add: Cash and cash equivalents at the beginning of the period		**13,520,047,307.82**	12,914,086,803.47
VI. Cash and cash equivalents at the end of the period	67(3)	**15,691,738,007.72**	11,676,370,375.05

The accompanying notes form an integral part of these financial statements

Unaudited Interim Balance Sheet

As at 30 June 2019

RMB

Assets	Note XV	**30 June 2019**	31 December 2018
Current Assets			
Cash and bank balances		**12,496,534,054.08**	6,490,366,382.70
Accounts receivable		**57,454.00**	–
Prepayments		**15,765,540.40**	13,098,540.40
Other receivables	1	**65,860,189,463.73**	66,901,797,608.27
Other current assets		**2,321,214.75**	2,241,084.31
Total current assets		**78,374,867,726.96**	73,407,503,615.68
Non-current assets			
Investment in other equity instruments		**200,000.00**	200,000.00
Long-term equity investments	2	**44,858,929,917.96**	46,569,735,251.07
Investment properties	3	**11,782,278,382.50**	10,487,725,592.87
Fixed assets		**1,128,603,898.45**	1,162,385,959.60
Intangible assets		**378,726,789.40**	368,789,672.92
Deferred income tax assets		**271,918,567.36**	266,341,821.16
Total non-current assets		**58,420,657,555.67**	58,855,178,297.62
Total assets		**136,795,525,282.63**	132,262,681,913.30

The accompanying notes form an integral part of these financial statements

Unaudited Interim Balance Sheet (continued)

As at 30 June 2019

RMB

Liabilities and shareholders' equity	**30 June 2019**	31 December 2018
Current liabilities		
Short-term loans	**25,226,850,000.00**	24,931,850,000.00
Accounts payable	**8,534,173.57**	7,262,384.48
Receipts in advance	**145,141,073.53**	143,686,136.43
Wages payable	**85,430.15**	14,420,033.15
Tax payable	**46,465,873.53**	82,674,779.38
Other payables	**4,427,324,415.89**	4,398,166,645.39
Short-term financing bonds payable	**2,000,000,000.00**	6,500,000,000.00
Non-current liabilities due within one year	**13,102,945,179.25**	8,769,671,412.11
Total current liabilities	**44,957,346,145.92**	44,847,731,390.94
Non-current liabilities		
Long-term loans	**24,388,941,300.00**	19,767,370,000.00
Bonds payable	**21,711,391,470.36**	18,518,190,202.83
Long-term wages payable	**365,218,292.46**	363,676,960.00
Deferred income tax liabilities	**2,163,750,358.84**	2,162,277,161.43
Total non-current liabilities	**48,629,301,421.66**	40,811,514,324.26
Total liabilities	**93,586,647,567.58**	85,659,245,715.20

The accompanying notes form an integral part of these financial statements

Unaudited Interim Balance Sheet (continued)

As at 30 June 2019

RMB

Liabilities and shareholders' equity	**30 June 2019**	31 December 2018
Equity attributable to shareholders		
Share capital	**10,677,771,134.00**	10,677,771,134.00
Other equity instruments	**14,962,000,000.00**	14,962,000,000.00
Including: Perpetual bonds	***14,962,000,000.00***	*14,962,000,000.00*
Capital reserve	**1,973,170,637.41**	6,674,854,902.82
Other comprehensive income	**64,844,712.79**	64,844,712.79
Surplus reserve	**1,537,434,040.24**	1,537,434,040.24
Retained earnings	**13,993,657,190.61**	12,686,531,408.25
Total equity attributable to shareholders	**43,208,877,715.05**	46,603,436,198.10
Total liabilities and equity attributable to shareholders	**136,795,525,282.63**	132,262,681,913.30

The financial statements have been signed by:

Legal representative:	Chief accountant:	Head of the accounting department:
Jiang Deyi	**Chen Guogao**	**Zhu Yan**

The accompanying notes form an integral part of these financial statements

Unaudited Interim Income Statement

For the six months ended 30 June 2019

RMB

	Note XV	**January to June 2019**	January to June 2018
Operating revenue	4	**520,471,978.62**	511,791,424.76
Less: Operating costs	4	**40,778,605.70**	36,491,918.32
Tax and surcharges		**71,952,479.76**	68,772,765.10
Selling expenses		**20,575,656.07**	23,163,791.40
Administrative expenses		**69,481,974.98**	63,743,523.95
Finance costs		**362,087,077.92**	419,951,339.88
Including: Interest expense		***2,160,565,825.54***	*1,561,969,963.55*
Interest income		***1,879,378,223.22***	*1,187,444,611.51*
Add: Other gains		**–**	717,233.77
Investment gains	5	**2,300,598,718.99**	1,348,775,859.95
Including: Gains from investment in associates and joint ventures		***17,515,609.08***	*24,124,522.78*
Gains from changes of fair value		**50,872,789.63**	184,600,983.44
Credit impairment reversal of provision		**–**	5,611,315.87
Operating profit		**2,307,067,692.81**	1,439,373,479.14
Add: Non-operating revenue		**5,180,565.65**	18,309,344.52
Less: Non-operating expenses		**–**	1,701.07
Total profit		**2,312,248,258.46**	1,457,681,122.59
Less: Income tax expenses		**16,025,063.71**	29,580,247.93
Net profit		**2,296,223,194.75**	1,428,100,874.66
Classified by continuing operations			
Including: Net profit from continuing operations		***2,296,223,194.75***	*1,428,100,874.66*
Net other comprehensive income after tax			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Changes arising from re-measurement of defined benefit plans		**–**	(17,776,102.00)
Total comprehensive income		**2,296,223,194.75**	1,410,324,772.66

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 2019

RMB

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
II. Balance at the beginning of the period	10,677,771,134.00	14,962,000,000.00	6,674,854,902.82	64,844,712.79	1,537,434,040.24	12,686,531,408.25	46,603,436,198.10
III. Movements during the period							
(I) Total comprehensive income	-	-	-	-	-	2,296,223,194.75	2,296,223,194.75
(II) Other changes in equity of shareholders							
1. Transfer of subsidiaries at Nil consideration (Note XV. 2)	-	-	(4,571,306,727.21)	-	-	-	(4,571,306,727.21)
2. Equity interests in subsidiaries obtained through business combinations under common control	-	-	(130,377,538.20)	-	-	-	(130,377,538.20)
(III) Profit distribution							
1. Dividend to Shareholders	-	-	-	-	-	(587,277,412.39)	(587,277,412.39)
2. Interest on perpetual bonds	-	-	-	-	-	(401,820,000.00)	(401,820,000.00)
IV. Balance at the end of the period	10,677,771,134.00	14,962,000,000.00	1,973,170,637.41	64,844,712.79	1,537,434,040.24	13,993,657,190.61	43,208,877,715.05

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 2018

RMB

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
I. Balance at the end of the previous period	10,677,771,134.00	9,972,000,000.00	6,674,854,902.82	82,198,530.79	1,368,019,010.35	12,308,722,278.91	41,083,565,856.87
Plus: Changes in accounting policies	–	–	–	–	–	(6,550,347.49)	(6,550,347.49)
II. Balance as at the beginning of the period	10,677,771,134.00	9,972,000,000.00	6,674,854,902.82	82,198,530.79	1,368,019,010.35	12,302,171,931.42	41,077,015,509.38
III. Movements during the period							
(I) Total comprehensive income	–	–	–	(17,776,102.00)	–	1,428,100,874.66	1,410,324,772.66
(II) Capital contribution and reduction from shareholders							
1. Principal amount of issued perpetual bonds	–	1,996,000,000.00	–	–	–	–	1,996,000,000.00
(III) Profit distribution							
1. Dividend to Shareholders	–	–	–	–	–	(512,533,014.43)	(512,533,014.43)
2. Interest on perpetual bonds	–	–	–	–	–	(263,203,888.89)	(263,203,888.89)
IV. Balance at the end of the period	10,677,771,134.00	11,968,000,000.00	6,674,854,902.82	64,422,428.79	1,368,019,010.35	12,954,535,902.76	43,707,603,378.72

The accompanying notes form an integral part of these financial statements

Unaudited Interim Statement of Cash Flows

For the six months ended 30 June 2019

RMB

	Note XV	**January to June 2019**	January to June 2018
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		**586,147,774.65**	576,576,103.08
Refunds of taxes		**387,520.06**	–
Cash received from other operating activities	6	**25,250,650,933.68**	26,137,769,938.07
Subtotal of cash inflows from operating activities		**25,837,186,228.39**	26,714,346,041.15
Cash paid for goods and services		**8,803,428.09**	51,944,068.59
Cash paid to and on behalf of employees		**34,474,087.23**	30,344,062.95
Cash paid for all types of taxes		**140,101,662.78**	66,242,928.46
Cash paid for other operating activities	6	**22,632,394,870.02**	31,768,587,567.13
Subtotal of cash outflows from operating activities		**22,815,774,048.12**	31,917,118,627.13
Net cash flows from/(used in) operating activities	7(1)	**3,021,412,180.27**	(5,202,772,585.98)
II. Cash flows from investing activities:			
Cash received from redemption of investments		**7,339,214.03**	–
Cash received from return on investments		**1,072,185,733.41**	–
Net cash received from disposal of subsidiaries and other operating units		**1,526,863,800.00**	–
Subtotal of cash inflows from investing activities		**2,606,388,747.44**	–
Net cash paid for acquisition of subsidiaries and other operating units		**–**	6,357,858,292.61
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**1,273,815.00**	1,935,700.00
Cash paid for investments		**4,380,532,303.91**	–
Cash paid for other investing activities		**110,958,405.25**	–
Subtotal of cash outflows from investing activities		**4,492,764,524.16**	6,359,793,992.61
Net cash flows used in investing activities		**(1,886,375,776.72)**	(6,359,793,992.61)

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 2019

RMB

	Note XV	**January to June 2019**	January to June 2018
III. Cash flows from financing activities:			
Cash received from issuance of bonds		**6,500,000,000.00**	12,500,000,000.00
Cash received from borrowings		**20,886,000,000.00**	15,541,000,000.00
Subtotal of cash inflows from financing activities		**27,386,000,000.00**	28,041,000,000.00
Cash paid for repayment of borrowings		**13,936,428,700.00**	10,712,500,000.00
Cash paid for redemption of bonds		**6,506,065,000.00**	6,500,000,000.00
Cash paid for distribution of dividends or profits or for interest expenses		**2,072,375,032.17**	1,571,273,147.04
Cash paid for other financing activities		**–**	35,000,000.00
Subtotal of cash outflows from financing activities		**22,514,868,732.17**	18,818,773,147.04
Net cash flows from financing activities		**4,871,131,267.83**	9,222,226,852.96
V. Net increase/(decrease) in cash and cash equivalents		**6,006,167,671.38**	(2,340,339,725.63)
Add: Cash and cash equivalents at the beginning of the period		**6,440,358,384.99**	6,209,927,405.16
VI. Cash and cash equivalents at the end of the period	7(2)	**12,446,526,056.37**	3,869,587,679.53

The accompanying notes form an integral part of these financial statements

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

I. BASIC INFORMATION

BBMG Corporation (hereinafter referred to as the "**Company**" or "**BBMG Group**") 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 Company's parent and ultimate holding company is BBMG Assets Management Co., Ltd. (北京金隅資產經營管理有限責任公司) (formerly named as "**BBMG Group Company Limited**", hereinafter referred to as "**BBMG Assets Company**"), 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 100% shares of the Company held by BBMG Assets Company 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, after which, BSCOMC directly held 4,797,357,572 state-owned shares of the Company, representing 44.93% of the total share capital of the Company, 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 27 August 2019.

The consolidation scope of consolidated financial statements was determined on the basis of control. Please refer to note VI for changes of the period.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the "Accounting Standards for Business Enterprises–Basic Standards" issued by the Ministry of Finance and the specific accounting standards, application guidelines, interpretations and other relevant regulations (collectively referred to as "**Accounting Standards for Business Enterprises**") subsequently issued and revised.

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. The prices of disposal groups held for sale shall be the lower of the book value and the net amount of fair value less disposal expenses. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant provisions.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES

The specific accounting policies and accounting estimates have 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 methods, the depreciation of fixed assets, classification between investment properties and inventory, classification between investment properties and fixed assets, the recognition and allocation of development costs on properties under construction, etc.

1. Statement of compliance with Accounting Standards for Business Enterprises

The interim financial statements are in compliance with the requirements of Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting, and truly and completely reflect the financial position of the Company and the Group as at 30 June 2019 and the results of operations and cash flow for the six months ended 30 June 2019. Save where newly issued or amended accounting standards were implemented, the accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted in the financial statements for the previous year which were prepared in accordance with 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 to 30 June 2019.

3. Functional currency

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

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

4. Business combinations

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.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

4. Business combinations *(continued)*

***Business combinations under common control** (continued)*

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.

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.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

4. Business combinations *(continued)*

Business combinations not under common control *(continued)*

For a business combination not under common control achieved in stages, the long-term equity investments 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 long-term equity investments 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. For the other equity instruments investment of the acquired party held before the acquisition date, change in fair value of the equity instrument accrued in other comprehensive income before the acquisition date is transferred to retained earnings.

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. 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.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

5. Consolidated financial statements *(continued)*

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.

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.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

8. Foreign currency transactions and translation of financial statements prepared in foreign currencies *(continued)*

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.

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.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

9. Financial instruments *(continued)*

***Recognition and derecognition of financial instruments** (continued)*

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

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

Classification and measurement of financial assets

According to the Group's corporate business model for managing financial assets and the contractual cash flow characteristics of the financial assets, the Group's financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, financial assets at amortised cost, financial assets at fair value through other comprehensive income. Financial assets are measured at fair value on initial recognition. However, if the accounts receivable or bills receivable arising from sales of goods or provision of services do not include significant financing components or does not consider financing components not exceeding one year, they shall be initially recognised at the transaction price.

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

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

Financial assets at amortised cost

Financial assets are classified as financial assets measured at amortised cost if the financial assets meet the following conditions: the objective of the Group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets requires that the cash flows giving rise on specified dates represent payments of principal and interest on the principal amount outstanding. For such financial assets, the effective interest method is used for recognizing interest income. The gains or losses arising from derecognition, amendment or impairment are recognized in profit or loss for the current period. Such financial assets mainly include cash and bank balances, accounts receivable and bills receivable, other receivables, debt investments and long-term receivables. The debt investments and long-term receivables with maturity within one year since the balance sheet date and long-term receivables are presented as non-current assets due within one yea; debt investments with original maturity date within 1 year are presented as other current assets.

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

9. Financial instruments *(continued)*

Classification and measurement of financial assets *(continued)*

Debt instruments investment at fair value through other comprehensive income

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

Equity instruments investment at fair value through other comprehensive income

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

A financial asset held for trading shall meet one of the following conditions: (i) the financial asset is obtained for the purpose of sale or repurchasing 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 adopts the short-term profit-taking model; (iii) the financial asset is a derivative, except for a derivative that is designated as an effective hedging instrument or a financial guarantee contract.

Financial assets at fair value through profit or loss

Except for the above-mentioned financial assets at amortised cost and financial assets at fair value through other comprehensive income, the Group has classified the remaining financial assets as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value with net changes in fair value recognised in profit or loss. Such financial assets are presented as financial asset held for trading, and those with maturity exceeding one year from the balance sheet date and expected to be held for over one year are presented as other non-current financial asset.

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

9. Financial instruments *(continued)*

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, 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 (including derivatives that are financial liabilities) 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: the financial liability is assumed for the purpose of sale or repurchasing in the near term; 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 adopts the short-term profit-taking model; the financial liability is a derivative, except for a derivative that is designated as an effective hedging instrument or a financial guarantee contract. Financial liability held for trading (including derivatives that are financial liabilities) are subsequently measured at fair value, except for hedge accounting, where all changes in fair value are recognised in profit or loss for the current period.

Other financial liabilities

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

Impairment of financial assets

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

Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Group at the original effective interest rate, that is, the present value of all cash shortages. Among them, financial assets that have been credit-depleted purchased by the Group or of the Group shall be discounted according to the actual interest rate adjusted by the financial assets.

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

9. Financial instruments *(continued)*

Impairment of financial assets *(continued)*

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

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

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

In assessing expected credit loss, the Group considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

Please refer to Note VIII. 3 for the Group's criteria for determining significant increase in credit risk, definition of financial assets that have been credit-impaired, and assumption for measurement of expected credit loss.

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

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

9. Financial instruments *(continued)*

Offset 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.

Financial guarantee contract

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the contract holder for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are measured at fair value on initial recognition. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at FVTPL are measured at the higher of the amount of the provision for the expected credit loss determined at the balance sheet date and the amount initially recognised less cumulative amortisation recognised in accordance with the principles of revenue recognition.

Transfers of financial assets

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

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

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

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

10. Inventories

Inventories include raw materials, work in progress, finished goods, goods in stock, turnover materials, contract performance cost, 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.

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

11. Non-current assets or disposal groups held for sale

A non-current asset or disposal group is classified as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuous use. Non-current assets or disposal groups are classified as held for sale only when the following conditions are satisfied: according to the practice of disposing this type of assets or disposal groups in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition; the sale will likely occur as the enterprise has made a resolution in respect of a disposal plan and obtained a firm purchase commitment, and the sale is expected to be completed within one year (and approval has been obtained by the enterprise where approval of the sale is required from relevant competent authorities or regulatory bodies in accordance with relevant regulations). If sale of any investment in a subsidiary will result in the loss of control over the respective subsidiary, whether or not any part of the equity investments is retained after the sale, the investment in subsidiary is classified as held for sale in the respective financial statements, and all assets and liabilities of the subsidiary shall be classified as held for sale in the consolidated financial statements.

For a non-current asset or disposal group classified as held for sale (other than financial assets, deferred income tax assets, investment properties measured at fair value and assets formed by employee benefits), its carrying amount is written down to its fair value less costs to sell if its carrying amount is higher than its fair value less costs to sell. The reduced amount is recognised as asset impairment loss and charged to current profit or loss, with provision made for the impairment of the held-for-sale assets. No depreciation or amortisation is provided for a non-current asset in the non-current assets or disposal groups held for sale.

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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 other equity instruments investments 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 retained earnings 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; and (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.

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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.

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 and Tianjin 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.

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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 market method. 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.

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	20-40 years	5%	2.38-4.75%
Machinery and equipment	15 years	5%	6.33%
Transportation equipment	6-10 years	5%	9.50-15.83%
Other equipment	5 years	5%	19.00%

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

14. Fixed assets *(continued)*

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.

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.

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.

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

16. Borrowing costs *(continued)*

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 or any investment income.

(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.

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 rights.

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.

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

17. Intangible assets *(continued)*

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.

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 income tax assets, financial assets and assets 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.

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

18. Impairment of assets *(continued)*

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.

For the purpose of goodwill 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 period 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.

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 decreased 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 plan by the discount rate. The Group recognises changes in net liabilities of the defined benefit plan 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.

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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. Accrued liabilities

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 an accrued liability 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.

Accrued liabilities are 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 accrued liabilities 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. Other equity instruments

Perpetual bonds issued by the Group are classified as equity instrument if there is no expiration date or if the Group has the right to extend for unlimited number of times, to defer the payment of the coupon interest on the perpetual bonds, or has no contractual obligation to pay cash or other financial assets after the expiration thereof.

For financial instruments classified as equity instruments (such as perpetual bonds), its issue, 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.

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

23. Revenue

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

Sales contracts of goods

Sales contracts of goods between the Group and its customers generally include the performance obligation of transferred goods only. Generally, upon taking account of all the following factors, namely, receipt of the current payment rights of goods, transfer of major risks and rewards in relation to the ownership of goods, transfer of the legal ownership of goods, transfer of physical assets of goods and receipt of delivery of such goods by the customers, the Group recognises this as revenue when control of goods have been transferred to the buyer.

Revenue from the sales of completed properties is recognised when the 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. According to the contract, the instalments of sold properties and proceeds from pre-sale collected prior to the revenue recognition will be presented in the contractual liabilities or other non-current liabilities under the balance sheet based on liquidity.

Construction Contracts

Construction contracts between the Group and its customers generally include performance obligations in relation to civil installation, maintenance, etc. As the customer can control the products under construction in the course of the Group's performance, the Group considers such revenue as performance obligations fulfilled during a specific period and recognises the revenue based on the progress of performance, unless the progress of performance cannot be reasonably determined. The Group determined the progress of performance in relation to the provision of services using input method. Where progress of performance cannot be reasonably determined, the Group determined its revenue based on the incurred amount of costs to the extent that they are expected to be compensated, until the progress of performance is able to be determined reasonably.

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

23. Revenue *(continued)*

Contracts for provision of services

Contracts for provision of services between the Group and its customers generally include performance obligations in relation to decoration and design, property management, etc. As the customers will receive and consume economic benefits arising from the fulfilment of performance obligations as stipulated in the contracts by the Group. During the contract period, the Group is entitled to receive revenue from the performance completed to date. The Group considers such revenue as performance obligations fulfilled during a specific period and recognises the revenue based on the progress of performance, unless the progress of performance cannot be reasonably determined. The Group determined the progress of performance in relation to the provision of services using input method. Where progress of performance cannot be reasonably determined, the Group determined its revenue based on the incurred amount of costs to the extent that they are expected to be compensated, until the progress of performance is able to be determined reasonably.

Significant financing component

For the existence of significant financing components in the contract, the Group determines the transaction price based on the amount payable by cash when assuming that the client takes the control of the goods, and uses the discount rate of the nominal amount of the contract consideration to the discounted price of the goods sold. The difference between the determined transaction price and the consideration amount of the contractual commitment is amortized using the effective interest method during the contract period.

Where the interval between the customer's taking control of the goods and the customer's payment for goods is expected to be less than one year, the Group did not consider the significant financing components existing in the contract.

Warranty obligations

The Group provides quality assurance for the goods sold pursuant to contractual agreement and laws and regulations. The Group performs accounting treatments in accordance with Note III. 21 with a view to providing guarantee to the customers that the goods sold meet the established quality standards. In addition to providing guarantee to the customers that the goods sold meet the established quality standards, providing the customers with a separate quality assurance for services is regarded as a separate performance obligation by the Group. Based on the relative proportion of the individual selling prices of providing quality assurance for goods and services, part of the transaction price is allocated to quality assurance of services and revenue is recognized when the customers take control of the services. In assessing whether quality assurance is provided as a separate service other than providing guarantee to the customers that the goods sold meet the established quality standards; the Group considers factors such as whether the quality assurance is a statutory requirement, the term of quality assurance and nature of the Group's commitment to perform its obligations.

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

23. Revenue *(continued)*

Variable consideration

There exist arrangements under certain business contracts between the Group and its customers where the amount of settlement is calculated in the manner as agreed in the contract upon completion of the projects, which results in a variable consideration. The Group determines the best estimate amount of the variable consideration based on the expected value or the most likely amount, but the transaction price including the variable consideration does not exceed the amount that the accumulated and recognized revenue is likely not to be significantly reversed when the relevant uncertainty is eliminated.

Main responsible person/agent

Upon receiving commodities held for trading or taking control over other assets from third parties, the Group is entitled to solely determine the price of goods held for trading when transferring such goods to the customers. As such, the Group would be able to control such goods before it transfers the goods held for trading to its customers. Therefore, the Group is the main responsible person and recognizes the revenue according to the total consideration received or receivable. Otherwise, the Group is an agent and recognizes the revenue according to the amount of the commission or handling fee expected to receive. The amount shall be netted according to the total amount received or receivable, after deducting the price payable to other related parties, or determined according to the established commission amount or proportion thereof.

24. Contract assets and contract liabilities

The Group presented contract assets or contract liabilities on the balance sheet based on the correlation between the performance of obligations and customer payments.

Contract assets

Group presents the unconditional (only the passage of time is required) right to receive consideration from customers as accounts receivable, and presents the right (subject to other factors other than the passage of time) to receive considerations from customers for the goods that have been transferred to the customers as contract assets.

Details of the Group's determination method and accounting treatment of the expected credit loss of contract assets are set forth in Note III. 9.

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

24. Contract assets and contract liabilities *(continued)*

Contract liabilities

The Group presents the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer as contract liabilities, such as the amount received by the enterprise before the promised goods are transfer to the customers.

The Group offsets contract assets against contract liabilities under the same contract and presents the net amount.

25. Assets related to contract assets

The Group's assets related to contractual costs include costs incurred to secure a contract and costs incurred in performing a contract, which are presented in inventory, other current assets and other non-current assets, respectively, based on their liquidity.

The Group recognises as the additional costs incurred to secure a contract as an asset if it expects to recover the costs, unless the amortization period of the asset is less than one year.

If the costs incurred in performing a contract are not within the scope of inventories, fixed assets, intangible assets or other relevant standards, the Group recognises the costs incurred in performing a contract as an asset if those costs meet all of the following criteria:

(1) the costs relate directly to an existing contract or to an anticipated contract, including direct labour, direct materials, production overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only by the reason of the contract;

(2) costs generate resources of the corporate that will be used in satisfying performance obligations in the future;

(3) the costs are expected to be recovered.

Assets related to contract costs are amortised on a basis that is consistent with the recognition of the revenue to which the assets relate and recognised in profit or loss for the current period.

The Group makes impairment provisions and recognises an impairment loss on asset to the extent that the carrying amount of an asset related to contract costs exceeds:

(1) The remaining amount of consideration that the corporation expects to receive in exchange for the goods to which the assets relates; less

(2) the estimated costs to be incurred for the exchange of the related goods.

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

25. Assets related to contract assets *(continued)*

The Group shall make a reversal of the provision for asset impairment previously made and recognise it in profit or loss for the current period when the impairment conditions have changed resulting in the difference between (1) and (2) aforementioned higher than the carrying amount of the asset. However, the carrying amount of the asset upon reversal shall not exceed the carrying amount that would have been determined on the date of reversal if no impairment provisions had been made previously.

26. 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 cost expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss or offset against relevant costs over the periods in which the related costs expenses for losses are recognised; and (b) if the grant is a compensation for related cost expenses or losses already incurred, it is immediately recognized in profit or loss or offset against relevant cost for the current period.

A government grant related to an asset shall be offset against the carrying amount of relevant assets or 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, provided that a government grant measured at a nominal amount is recognised immediately in profit or loss for the current period. If the related assets are disposed of, transferred, scrapped and damaged before the end of the useful life, the relevant remaining deferred income unallocated shall be transferred to the profit or loss for the period when the assets are disposed of.

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

27. 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 recognized 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.

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

27. 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.

When the following conditions are satisfied, deferred tax assets and deferred tax liabilities are shown as net amounts after set-off: there is a legally enforceable right to settle current tax assets and current tax liabilities on a net basis; deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, but the involved taxable entities intended to settle the current tax assets and current tax liabilities on a net basis or to simultaneously acquire assets and repay debts during each future period in which significant amounts of deferred tax assets and deferred tax liabilities are expected to be reversed.

28. Right-of-use assets (Applicable from 1 January 2019)

The right-of-use assets of the Group mainly comprise buildings, machinery and equipment, transportation equipment and other equipment.

On the commencement date of the lease term, the Group recognises its right to use the lease assets over the lease term as the right-of-use asset, including: (1) the initial measurement amount of the lease liability; (2) the amount of the lease payment on or before the commencement date of the lease term, deducting the relevant amount of the lease incentives already enjoyed if there is a lease incentive; (3) the initial direct expenses incurred by the lessee; and (4) the cost expected to by incurred by lessee for dismantling and removing the lease assets, restoring the site where the lease assets are located or restoring the lease assets to the state agreed upon under the lease terms. The Group subsequently depreciated the right-of-use assets using the straight-line method. If it is reasonable to determine that the ownership of the lease assets can be obtained at the expiration of the lease term, the Group will provide for depreciation during the remaining useful life of the lease assets. If it is not reasonable to determine that the ownership of the lease assets can be obtained at the expiration of the lease term, the Group will provide for depreciation during the shorter of the lease term and the remaining useful life of the lease assets.

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

28. Right-of-use assets (Applicable from 1 January 2019) *(continued)*

When the Group re-measures the lease liabilities based on the present value of the changed lease payment amount and adjusts the carrying amounts of the right-of-use assets accordingly. If the carrying amounts of the right-of-use assets have been reduced to zero but the lease liabilities still need to be further reduced, the Group accounts for the remaining amount in the current profit or loss.

29. Lease liabilities (Applicable from 1 January 2019)

On the commencement date of the lease term, the Group recognises the present value of the outstanding lease payments as lease liabilities, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Group uses the implicit interest rate in the lease as the discount rate; if the implicit interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liabilities for each period of the lease term based on the fixed periodic interest rate and recognises it in profit or loss for the current period. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred.

After the commencement date of the lease term, when the substantially fixed payment amount changes, the expected amount payable of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, or the assessment results or actual exercise of the purchase option, renewal option or termination option change, the Group re-measures the lease liabilities based on the present value of the changed lease payments.

30. Leases (Applicable from 1 January 2019)

On the contract start date, the Group assesses whether the contract is a lease or contains a lease. If one of the parties to the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or contains a lease. In order to determine whether the contract has transferred the right to control the use of the identified assets within a certain period of time, the Group assesses whether the customers in the contract are entitled to almost all of the economic benefits arising from the use of the identified assets during the period of use and have the right to direct the use of identified assets during this period of use.

Identification of separate leases

Where the contract contains multiple separate leases, the Group will split the contract and separate the leases for accounting treatment. The right to use the identified asset constitutes a separate lease in the contract if the following conditions are met:

(1) The lessee can profit from using the asset alone or in conjunction with other resources that are readily available; and

(2) The asset does not have a high degree of dependency or a high degree of association with other assets in the contract.

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

30. Leases (Applicable from 1 January 2019) *(continued)*

Assessment of lease term

The lease term is the period during which the Group has the right to use the lease assets and is irrevocable. Where the Group has the option to renew the lease, that is, the right to choose to renew the lease, and it is reasonable to determine that the option will be exercised, the lease term will also include the period covered by the option to renew the lease. Where Group has the option to terminate the lease, that is, the right to choose to terminate the lease of the asset, but it is reasonable to determine that the option will not be exercised, the lease term will include the period covered by the option to terminate the lease. Where a major event or change within the Group's control occurs and affects whether the Group reasonably determines that the option will be exercised, the Group will re-evaluate whether it will reasonably exercise the option to renew the lease, the purchase option or not to exercise the option to terminate the lease.

As a lessee

For the general accounting treatment of the Group as a lessee, refer to Notes III. 28 and III. 29.

Lease change

Lease change refers to change of the scope, consideration, and term of the lease beyond the original contract terms, including the increase or termination of the use rights of one or more lease assets, and the extension or shortening of the lease term stipulated in the contract.

If lease change occurs and meets the following conditions, the Group will account for the lease change as a separate lease:

(1) The lease change expands the lease scope by increasing the right to use one or more lease assets; and

(2) The increased consideration and the individual price of the enlarged portion of the lease are equivalent to the amount adjusted for the contract.

Where the lease change is not accounted for as a separate lease, the Group re-determines the lease term on the effective date of the lease change and discounts the changed lease payments using the revised discount rate to re-measure the lease liability. When calculating the present value of the lease payment after the change, the Group adopts the interest rate implicit in the lease for the remaining lease term as the discount rate; if the interest rate implicit in lease for the remaining lease term cannot be determined, the Group's incremental borrowing rate on the effective date of the lease change is adopted as the discount rate.

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

30. Leases (Applicable from 1 January 2019) *(continued)*

Lease change *(continued)*

Regarding the impact of the above adjustment of lease liabilities, the Group distinguishes between the following cases for accounting treatment:

(1) If the lease change results in a narrower lease or a shorter lease term, the Group reduces the carrying value of the right-of-use asset to reflect the termination or complete termination of the lease. The Group recognises the related gains or losses that partially terminate or completely terminate the leases into the current profit and loss.

(2) For other lease changes, the Group adjusts the carrying value of the right-of-use assets accordingly.

Short-term lease and low-value asset lease

The Group recognises leases with lease terms of not more than 12 months as at the commencement date of the lease term and without the purchase option as short-term leases; and recognises leases with a value of not more than RMB40,000 when the single lease asset is a new asset as low value leases. If the Group subleases or expects to sublease the lease assets, the original lease is not recognised as a low-value asset lease. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases and low-value asset leases. During each period of the lease term, the related asset costs or current profit and loss are included by using the straight-line method, and contingent rents are included in the current profit and loss when actually incurred.

As a lessor

Leases that transfer substantially all of the risks and rewards associated with the ownership of the lease assets on the lease start date are finance leases, and all other leases are operating leases. When the Group is a sublessor, it will classify the sublease based on the right-of-use assets arising from in original lease.

As a lessor of a finance lease

As at the commencement date of the lease term, the Company shall recognize finance lease payment receivable for finance lease and derecognize finance lease assets. The finance lease payment receivable shall be accounted for at net lease investment in its initial measurement by the Group. Net lease investment represents the sum of unguaranteed residual value and the present value of lease payment receivable outstanding as at the commencement date of the lease term discounted at the implicit rate in the lease.

The Group shall recognise interest income over each lease term based on constant periodic rate of return. The variable lease payments not included in the measurement of net investment in the lease obtained by the Group shall be recognised in profit or loss when it occurs.

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

30. Leases (Applicable from 1 January 2019) *(continued)*

As a lessor *(continued)*

As a lessor of a finance lease (continued)

The Group accounts for a lease change as a separate lease if there is change in finance lease and if:

(1) the change increases the scope of the lease by adding the right to use one or more underlying assets; and

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

For finance lease change not treated as a separate lease, the Group will account for the lease after the change as follow:

(1) if leases are classified as operating lease as at the commencement date of the lease term when the change takes effect, the Group will account for the lease as a new lease and take its net lease investment before that date as its carrying value;

(2) if leases are classified as finance lease as at the commencement date of the lease term when the change takes effect, the Group shall account for the lease as stipulated in the amended or renegotiated contract.

As a lessor of an operating lease

Rental income under an operating lease is recognized through profit or loss using the straight-line method for each period of the lease term. Contingent rents are charged to profit or loss in the period in which they arise.

Where change to an operating lease occurs, the Group shall treat it as a new lease from the effective date of the change, and the amount of the lease collection amount prepaid or receivable related to the lease before the change shall be regarded as the collection amount of the new lease.

Sale and leaseback transactions

The Group will estimate and determine whether the asset transfer under the sale and leaseback transactions shall be treated as a sale according to Note III. 23.

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

30. Leases (Applicable from 1 January 2019) *(continued)*

Sale and leaseback transactions *(continued)*

As a lessee

Where asset transfer under the sale and leaseback transactions is a sale, the Group, as a lessee, shall measure the right-of-use assets created by the sale and leaseback based on the portion of carrying amount of the original assets related to right of use obtained upon leaseback, and only recognize relevant profit or loss for the right transferred to the lessor; where asset transfer under the sale and leaseback transactions is not a sale, the Group, as a lessee, will continue to recognize the transferred assets while recognize a financial liability equal to the transfer income and account for such liability according to Note III. 9.

As a lessor

Where asset transfer under the sale and leaseback transactions is a sale, the Group, as a lessor, will account for the asset purchase and account for the asset lease according to the provision above; where asset transfer under the sale and leaseback transactions is not a sale, the Group, as a lessor, will not recognize the transferred assets, but recognize a financial asset equal to the transfer income and account for such financial asset according to Note III. 9.

31. Leases (applicable to 2018)

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.

As a lessee of an operating lease

Lease payments under an operating lease are recognised 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.

As a lessor of an operation 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.

As a 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.

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

31. Leases (applicable to 2018) *(continued)*

As a lessee of a finance lease *(continued)*

A fixed asset under finance lease is depreciated according to the same policy as that of a selfowned 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.

As a 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 their 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 current period in which it actually arises.

32. Profit distribution

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

33. 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.

34. Fair value measurement

The Group measures its investment properties, financial assets held for trading other equity instruments investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

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

34. Fair value measurement *(continued)*

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.

35. 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.

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

35. Significant accounting judgments and estimates *(continued)*

Judgments *(continued)*

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.

Consolidation Scope – the Group holds half or less of the voting rights of the investee

The Group considers that it controls Tangshan Jidong Cement Co., Ltd. and Tangshan Jidong Equipment & Engineering Co., Ltd. even though it owns less than half of the voting rights. This is because the Group is the single largest shareholder of the above two companies, directly or indirectly holding 37% and 30% of the shares in aggregate, respectively. Other shares of the above two companies are widely held by many other shareholders. Since the date of acquisition, no other shareholders have collectively exercised their voting rights or have more votes than the Group.

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.

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

35. 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, RMB4 billion, RMB5 billion and RMB5 billion in 2015, 2016, 2017 and 2018, respectively. Pursuant to the relevant prospectuses of the medium-term notes, upon comprehensive consideration by the management of the Group that the perpetual bonds have no maturity dates or the Group has the right to extend for unlimited number of times upon the maturity thereof, and has the right to deferred the payment of coupon interests on the perpetual bonds, and that the Group has no contractual obligations to pay cash or other financial assets nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds, the Group classifies the perpetual bonds as equity instruments, 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.

Impairment of financial instruments

The Group uses expected credit losses model to conduct assessment on the impairment of financial instruments. The application of expected credit losses model requires significant judgement and estimation and takes into account all reasonable and reliable information, including forward-looking information. When making such judgement and estimation, the Group predicts the expected changes in credit risk of the obligor based on its historical data of repayment together with factors such as economic policy, macroeconomic indicators and industry risk.

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.

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

35. 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.

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 and amount of open market transactions are considered and assumptions that are mainly based on market conditions existing at the balance sheet date are adopted.

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

35. 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.

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 profit or loss of the year of the future change.

Measurement of defined benefit obligations

Supplementary subsidies and benefits paid to certain retired and early retired employees are recognized 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.

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

36. Change in accounting policies and accounting estimates

Change in Accounting Policy

New Lease Standard

In 2018, the Ministry of Finance issued the amended "Accounting Standards for Business Enterprises No. 21-Leasing" (the "**New Lease Standard**") which adopted the single model similar to that used for the current accounting treatment for finance lease and required the lessee to recognize right-of-use assets and lease liabilities for all leases other than short-term and low-value assets leases and recognize depreciation and interest expenses separately. Since 1 January 2019, the Group has conducted accounting treatment in accordance with the newly amended lease standard, did not adjust information for the comparable period, and retrospectively adjusted retained earnings at the beginning of 2019 based on the difference between the New Lease Standard and the current lease standard on the date of initial implementation in accordance with the transitional requirements:

(1) For the finance leases prior to the date of initial implementation, the Group measures the right-of-use assets and lease liabilities separately based on the original book value of the finance lease assets and the finance lease payments payable;

(2) For operating leases prior to the date of initial implementation, the Group measures lease liabilities based on the present value of the remaining lease payments discounted at the incremental borrowing rate on the date of initial implementation, and measures the right-of-use assets on a lease-by-lease basis according to the amount equal to the lease liabilities with necessary adjustments based on the prepaid rent. Assuming that the New Lease Standard is adopted from the starting date of the lease term, right-of-use assets are measured using the book value at the date of initial implementation discounted at the incremental borrowing rate of the Group as the lessee.

(3) The Group conducts impairment test on the right-of-use assets and carries out corresponding accounting treatment according to Notes III. 18.

For operating leases prior to the date of initial implementation of which the lease assets are low-value assets, or operating leases that will be completed within 12 months, the Group adopts simplified treatment and does not recognize the right-of-use assets and lease liabilities.

For the minimum lease payments not made for the significant operating leases as disclosed in the 2018 financial statements, the adjustment of the difference between the present value discounted at the incremental borrowing rate as at 1 January 2019 of the Group as the lessee and the lease liabilities included in the consolidated balance sheet as at 1 January 2019 is as follows:

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

36. Change in accounting policies and accounting estimates *(continued)*

Change in Accounting Policy *(continued)*

New Lease Standard (continued)

Minimum lease payments for significant operating leases as at 31 December 2018	1,074,063,817.13
Less: minimum lease payments subject to simplified treatment	36,163,097.43
Including: Lease with remaining lease term of less than 12 months	*34,623,246.03*
Low-value asset lease with remaining lease term of more than 12 months	*1,539,851.40*
Add: Reasonably determined increase in the minimum lease payments due to the exercise of the option to renew the lease	211,590,407.22
Add: Minimum lease payments for finance leases as at 31 December 2018	15,907,315.09
Minimum lease payments under the New Lease Standard as at 1 January 2019	1,265,398,442.01
Weighted average incremental borrowing rate as at 1 January 2019	5.14%
Lease liabilities as at 1 January 2019	1,130,069,375.76

The impact of the implementation of the New Lease Standard on the consolidated balance sheet items as at 1 January 2019 is as follows:

Consolidated balance sheet

	Carrying amount	Assuming under the original standard	Impact
Right-of-use assets	1,029,156,969.47	–	1,029,156,969.47
Fixed assets	44,667,521,680.59	44,692,772,001.56	(25,250,320.97)
Long-term payables	299,949,336.99	315,856,652.08	(15,907,315.09)
Lease liabilities due within one year	172,134,210.97	–	172,134,210.97
Lease liabilities	957,935,164.79	–	957,935,164.79
Retained earnings	24,607,271,890.46	24,646,427,835.84	(39,155,945.38)
Minority interests	21,477,931,580.55	21,549,031,047.34	(71,099,466.79)

Notes to Unaudited Interim Financial Statements

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

36. Change in accounting policies and accounting estimates *(continued)*

Change in Accounting Policy *(continued)*

New Lease Standard (continued)

The impact of the implementation of the New Lease Standard on the consolidated financial statements for January to June 2019 is as follows:

Consolidated balance sheet

	Carrying amount	Assuming under the original standard	Impact
Right-of-use assets	989,202,777.20	–	989,202,777.20
Prepayments	1,866,985,012.18	1,884,091,893.80	(17,106,881.62)
Other receivables	9,987,160,886.62	9,986,089,842.06	1,071,044.56
Inventories	120,734,072,876.28	120,735,009,800.59	(936,924.31)
Other current assets	4,361,827,777.99	4,364,568,412.59	(2,740,634.60)
Long-term deferred expenditures	1,336,473,118.85	1,344,400,141.46	(7,927,022.61)
Fixed assets	43,869,925,856.78	43,895,513,170.24	(25,587,313.46)
Accounts payable	17,181,599,679.67	17,184,255,784.21	(2,656,104.54)
Other payables	9,989,327,219.80	9,992,083,719.80	(2,756,500.00)
Long-term payables	10,262,205.00	24,871,081.97	(14,608,876.97)
Non-current liabilities due within one year	22,792,306,656.15	22,627,440,872.41	164,865,783.74
Lease liabilities	886,840,860.81	–	886,840,860.81
Retained earnings	26,663,748,486.29	26,708,885,430.39	(45,136,944.10)
Minority interests	21,509,852,097.78	21,560,425,271.57	(50,573,173.79)

Consolidated Income Statement

	Carrying amount	Assuming under the original standard	Impact
Operating costs	32,233,081,668.80	32,249,924,557.05	(16,842,888.25)
Finance costs	1,414,421,704.70	1,386,126,760.47	28,294,944.23
Selling expenses	1,390,471,643.71	1,391,070,386.85	(598,743.14)
Administrative expenses	3,193,509,354.13	3,218,907,961.26	(25,398,607.13)

Notes to Unaudited Interim Financial Statements

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

36. Change in accounting policies and accounting estimates *(continued)*

Change in Accounting Policy *(continued)*

New Lease Standard (continued)

The Company

On the date of initial implementation and during January to June 2019, the New Lease Standard has no significant impact on the Company's financial statements.

In addition, starting from the date of initial implementation, the Group will include the cash paid for the repayment of principal and interest of lease liabilities under the cash outflow from the financing activities in the cash flow statement. The short-term lease payments and lease payments for low-value asset for which simplified treatment is adopted and the variable lease payments that are not included in the measurement of lease liabilities are still included under cash outflow from operating activities.

Format of financial statements

To meet the requirements of the Notice on Revising and Issuing Format of 2019 Annual Financial Statements for General Business Enterprises (Cai Kuai [2019] No. 6) (《關於修訂印發2019年度一般企業財務報表格式的通知》(財會[2019]6號)), in the balance sheet, the "bills receivable and accounts receivable" shall be split into "bills receivable" and "accounts receivable", the "bills payable and accounts payable" shall be split into "bills payable" and "accounts payable"; in the income statement, in addition to the expensed expenditures incurred during the research and development process, the "research and development expenses" shall also include the amortization of intangible assets developed by the Group as previously presented in the "administrative expenses". The Group has retrospectively adjusted the comparative amounts correspondingly. The changes in accounting policies have had no impact on the consolidation, the net profit of the Company and the interests of the shareholders.

Notes to Unaudited Interim Financial Statements

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IV. TAXATION

(1) Major categories of taxes and respective tax rates

Value-added tax (VAT):	The Group's taxable revenue of the general taxpayer is calculated based on the corresponding tax rate, and the VTA is calculated based on the difference after deducting the input tax amount deductible for the current period; the goods sold by the Group is subject to output tax rate of 13% (16% prior to 1 April 2019). 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 the rental income at a simplified tax rate of 6%. For the sale of immovables of property developers, the VAT payable is determined by the output VAT calculated based on the taxable revenue from general taxpayers at the tax rate of 9% (10% prior to 1 April 2019), and those general taxpayers who are eligible under the Transition Policy may choose to be levied at the simplified rate of 5%. The rate of VAT for tourism and entertainment service, and food and beverage and accommodation service is 6%, and that for immovable leasing service is 11%.
City maintenance and construction tax:	It is levied at 7%, 5% and 1% of net VAT paid.
Education surcharge:	It is levied at 3% of net VAT 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.
Urban 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.

Notes to Unaudited Interim Financial Statements

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IV. TAXATION *(continued)*

(1) Major categories of taxes and respective tax rates *(continued)*

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 or price basis.
Corporate income tax:	Except for the corporate income tax of BBMG Hong Kong Limited and Jidong Development (HK) International Ltd levied at the rate of 16.5% based on the taxable profits and the income tax concessions entitled to by some of the enterprises comprising the Group as below, the Group's corporate income tax is levied at the tax rate of 25% based on the taxable profit.

(2) Tax preferences

1. Corporate income tax

(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 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 Income Tax Preferences for Hightech Enterprises (《國家税務總局關於高新技術企業所得税優惠有關問題的通知》).

(2) In accordance with the Indices on Income Tax Preferential Policies for Enterprises Engaging in Environmental Protection as well as Energy and Water Saving Projects (《環境保護, 節能節水項目企業所得税優惠政策目錄》), Qinyang BBMG Cement Co., Ltd. (from 1 January 2014 to 31 December 2019) and Guangling BBMG Cement (1 January 2016 to 31 December 2021) enjoy the preferential corporate income tax policy of "three-year exemption and three-year 50% reduction".

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IV. TAXATION *(continued)*

(2) Tax preferences *(continued)*

1. Corporate income tax (continued)

(3) Pursuant to the Notice on the Issues concerning the Taxation Policies for Deepening the Implementation of the Develop-the-West Strategy (《關於深入實施西部大開發戰略有關税收政策問題的通知》) (Cai Shui [2011] No. 58) and 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税問題的公告》), certain subsidiaries of the Company located in Western China meeting the criteria were subject to corporate income tax at rate of 15% after obtaining the approval from the competent tax authorities.

2. 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 Utilisation of Goods and Services" (《關於印發＜資源綜合利用產品和勞務增值税優惠目錄＞的通知》) (Cai Shui [2015] No. 78) 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.

(2) In accordance with the requirements of the Notice concerning the Issuance of "Directory of Value-added Tax Concessions on Comprehensive Utilisation of Goods and Services" (《關於印發＜資源綜合利用產品和勞務增值税優惠目錄＞的通知》) (Cai Shui [2015] No. 78) with effect from 1 July 2015, a minor portion of products of BBMG Mortar Co., Ltd., being a subsidiary of the Group, meet the requirement of Comprehensive Utilization of Resources, enjoying 70% VAT refund upon collection.

(3) In accordance with the requirements of the Notice concerning the Value-added Tax Policy for Novel Wall Materials (《關於新型牆體材料增值税政策的通知》) (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.

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IV. TAXATION *(continued)*

(2) Tax preferences *(continued)*

2. *Value-added tax (VAT)* *(continued)*

Certain subsidiaries of the Group enjoy the following VAT preferences (continued)

(4) Under the project cooperation agreement entered into with the Management Committee of Tianjin Dongjiang Free Trade Zone (天津東疆保税港區管理委員會), BBMG Finance Lease Co., Ltd., a subsidiary of the Group, enjoys a tax preference policy implemented by the tax authority in the Dongjiang Free Trade Zone, pursuant to which actual tax burden exceeding 3% will be entitled to VAT refund upon collection in accordance with 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 (《關於將鐵路運輸和郵政業納入營業税改增值税試點的通知》) (Cai Shui [2013] No. 106). In addition, in accordance with 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 (《天津市財政局天津市國家税務局天津市地方税務局關於營業税改增值税試點過渡性財政扶持資金申請撥付問題的通知》) (Jin Cai Shui Zheng [2013] No. 1), 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 supported by the preferential policies.

(5) In accordance with the requirements of the Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products(《財政部國家税務總局關於軟件產品增值税政策的通知》) (Cai Shui [2011] No. 100), Tangshan Dunshi Information and Technology Co., Ltd. enjoys the preferential VAT policy of refund upon collection in respect of the actual tax burden exceeding 3% for the software it sells.

(6) According to Item 2, Article 1 of Appendix 3 to the Notice of the Ministry of Finance and the State Administration of Taxation concerning the Overall Implementation of the Pilot Program of Levying Value-added Tax in lieu of Business Tax (《財政部國家税務總局關於全面推開營業税改徵增值税試點的通知》) (Cai Shui [2016] No. 36), the elderly services provided by Beijing BBMG Aixin Binhe Elderly Services Co., Ltd. are exempted from VAT.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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IV. TAXATION *(continued)*

(2) Tax preferences *(continued)*

3. Resource tax

In accordance with the Notice on Issues on Specific Policies on the Reform of Resource Tax (Cai Shui [2016] No. 54), Bo'ai BBMG Cement Co., Ltd. has adopted relevant requirements concerning the VAT exemption of co-existing minerals that for mining and selling of coexisting minerals by taxpayers, the sales amounts of main minerals and co-existing minerals products shall be handled separately in accounting and the resource tax for co-existing minerals shall be temporarily exempted in order to promote the comprehensive utilization of co-existing minerals.

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	As at 30 June 2019	As at 31 December 2018
Cash on hand	**959,596.15**	2,585,432.91
Bank deposits	**19,660,191,674.76**	16,455,156,910.94
Other cash and bank balances	**713,665,672.87**	1,328,911,455.04
Statutory deposit reserve placement with central bank by finance company	**1,498,757,557.60**	987,814,461.77
	21,873,574,501.38	18,774,468,260.66

Cash and bank balances with restrictions:

	As at 30 June 2019	As at 31 December 2018
Cash and bank balances for collateral:		
Statutory deposit reserve placement with central bank by finance company	**1,498,757,557.60**	987,814,461.77
Deposits for letter of credit	**182,188,832.24**	175,108,025.27
Quality/performance guarantees	**277,410,876.73**	273,062,584.16
Deposits for acceptance bills	**244,863,811.42**	576,988,247.64
Other cash and bank balances with restrictions:		
Restricted part of property pre-sale funds	**3,699,558,847.74**	2,926,411,562.08
Others	**279,056,567.93**	315,036,071.92
	6,181,836,493.66	5,254,420,952.84

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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

1. Cash and bank balances *(continued)*

As at 30 June 2019, the cash and bank balances with restrictions utilized by the Group included bank deposits of RMB4,050,385,266.00 (31 December 2018: RMB2,983,786,522.27), other cash and bank balances fund of RMB632,693,670.06 (31 December 2018: RMB1,282,819,968.80) and statutory deposit reserve placement with central bank by finance company of RMB1,498,757,557.60 (31 December 2018: RMB987,814,461.77).

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 2019, the Group's cash and bank balances deposited overseas amounted to RMB190,173,060.06 (31 December 2018: RMB153,505,172.77).

2. Financial assets held for trading

	As at 30 June 2019	As at 31 December 2018
Wealth management product investment	**2,026,044,377.90**	1,000,708,555.99
Equity instrument investment	**15,483,600.00**	33,849,556.74
	2,041,527,977.90	1,034,558,112.73

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Bills receivable

	As at 30 June 2019	As at 31 December 2018
Bank acceptance bills	**6,059,479,176.03**	10,019,577,739.84
Commercial acceptance bills	**1,077,057,119.79**	1,272,059,132.66
	7,136,536,295.82	11,291,636,872.50
Less: Provision for bad debts of bills receivable	**69,435,828.89**	65,855,058.00
	7,067,100,466.93	11,225,781,814.50

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

	As at 30 June 2019		As at 31 December 2018	
	Derecognised	**Not derecognised**	Derecognised	Not derecognised
Bank acceptance bills	**8,526,945,129.83**	**1,445,044,462.64**	5,573,035,932.65	4,351,540,018.60
Commercial acceptance bills	**–**	**557,051,196.85**	–	935,730,669.33
	8,526,945,129.83	**2,002,095,659.49**	5,573,035,932.65	5,287,270,687.93

As at 30 June 2019, bills receivable of RMB139,359,982.71 (31 December 2018: RMB129,872,209.57) were used for discounting of short-term loan. For details of pledge of bills receivable, please refer to Note V. 68.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

3. Bills receivable *(continued)*

Transfer of bills receivable into accounts receivable due to default on the part of the drawer is as follows:

	As at 30 June 2019	As at 31 December 2018
Bank acceptance bills	**184,240,023.35**	177,200,000.00
Commercial acceptance bills	**30,157,574.42**	–
	214,397,597.77	177,200,000.00

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

	As at 30 June 2019	As at 31 December 2018
Balance at the beginning of the period/year	**65,855,058.00**	–
Provision for the period/year	**3,580,770.89**	65,855,058.00
Balance at the end of the period/year	**69,435,828.89**	65,855,058.00

See Note VIII. 2 for transfer of bills receivable.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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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 accounts receivable is as follows:

	As at 30 June 2019	As at 31 December 2018
Within 1 year	**7,484,043,267.77**	5,875,572,619.57
1 to 2 years	**1,399,105,404.40**	1,399,257,206.82
2 to 3 years	**823,330,113.31**	831,428,398.76
3 to 4 years	**513,393,896.13**	560,230,050.44
4 to 5 years	**458,209,964.04**	376,422,298.49
Over 5 years	**851,188,642.61**	820,700,395.22
	11,529,271,288.26	9,863,610,969.30
Less: Provision for bad debts of accounts receivable	**2,626,170,968.87**	2,423,525,518.45
	8,903,100,319.39	7,440,085,450.85

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

	As at 30 June 2019	As at 31 December 2018
Balance of the previous period/year	**2,423,525,518.45**	2,420,720,346.67
Effect of change in accounting policy	**–**	(188,846,335.74)
Balance at the beginning of the period/year	**2,423,525,518.45**	2,231,874,010.93
Provision for the period/year	**222,824,454.02**	68,999,649.21
Transferred in upon acquisition of subsidiaries	**15,437,643.47**	168,686,325.27
Reversal for the period/year	**(24,024,681.03)**	(2,679,120.48)
Write-off for the period/year	**(368,342.94)**	(10,080,941.31)
Removed from upon disposal of subsidiaries	**(11,223,623.10)**	(33,171,288.40)
Transferred to held for sale	**–**	(103,116.77)
Balance at the end of the period/year	**2,626,170,968.87**	2,423,525,518.45

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

4. Accounts receivable *(continued)*

	As at 30 June 2019			
	Balance of carrying amount		Provision for bad debts	
	Amount	Proportion(%)	Amount	Proportion(%)
Subject to separate provision for bad debts	**1,469,491,806.85**	**12.75**	**467,656,376.21**	**31.82**
Provision for bad debts by credit risk characteristics group	**10,059,779,481.41**	**87.25**	**2,158,514,592.66**	**21.46**
	11,529,271,288.26	**100.00**	**2,626,170,968.87**	**22.78**

	As at 31 December 2018			
	Balance of carrying amount		Provision for bad debts	
	Amount	Proportion(%)	Amount	Proportion(%)
Subject to separate provision for bad debts	1,015,810,002.46	10.30	407,164,476.35	40.08
Provision for bad debts by credit risk characteristics group	8,847,800,966.84	89.70	2,016,361,042.10	22.79
	9,863,610,969.30	100.00	2,423,525,518.45	24.57

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

4. Accounts receivable *(continued)*

As at 30 June 2019, accounts receivable which were subject to separate provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons
Unit 1	**158,350,000.00**	**79,175,000.00**	**50.00**	**Partly uncollectible**
Unit 2	**80,213,849.30**	**65,909,613.14**	**82.17**	**Partly uncollectible**
Unit 3	**51,900,000.00**	**43,560,000.00**	**83.93**	**Partly uncollectible**
Unit 4	**17,484,567.98**	**17,484,567.98**	**100.00**	**All uncollectible**
Unit 5	**15,902,649.00**	**15,902,649.00**	**100.00**	**All uncollectible**
Other units	**1,145,640,740.57**	**245,624,546.09**	**21.44**	**Partly uncollectible**
	1,469,491,806.85	**467,656,376.21**		

As at 31 December 2018, accounts receivable which were subject to separate provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons
Unit 2	80,213,849.30	65,909,613.14	82.17	Partly uncollectible
Unit 3	51,900,000.00	26,282,311.70	50.64	Partly uncollectible
Unit 5	21,400,499.00	21,400,499.00	100.00	All uncollectible
Unit 4	17,484,567.98	17,484,567.98	100.00	All uncollectible
Unit 6	15,357,312.83	15,357,312.83	100.00	All uncollectible
Other units	829,453,773.35	260,730,171.70	31.43	Partly uncollectible
	1,015,810,002.46	407,164,476.35		

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

4. Accounts receivable *(continued)*

The provision for bad debt of accounts receivable determined by the Group based on the aging analysis is as follows:

	As at 30 June 2019		
	Gross carrying amount estimated to be in default	**Expected credit loss rate (%)**	**Lifetime expected credit loss**
Within 1 year (inclusive of 1 year)	**6,686,048,985.02**	**3.85**	**257,307,305.09**
1 to 2 years (inclusive of 2 years)	**1,206,730,305.70**	**16.85**	**203,354,703.32**
2 to 3 years (inclusive of 3 years)	**576,998,993.04**	**38.36**	**221,332,766.88**
3 to 4 years (inclusive of 4 years)	**347,059,435.63**	**67.30**	**233,578,055.35**
4 to 5 years (inclusive of 5 years)	**392,102,587.24**	**100.00**	**392,102,587.24**
Over 5 years	**850,839,174.78**	**100.00**	**850,839,174.78**
	10,059,779,481.41		**2,158,514,592.66**

	As at 31 December 2018		
	Gross carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 1 year (inclusive of 1 year)	5,518,216,615.42	2.99	164,869,732.48
1 to 2 years (inclusive of 2 years)	1,194,692,247.09	17.83	212,977,907.44
2 to 3 years (inclusive of 3 years)	612,795,145.28	41.09	251,778,353.97
3 to 4 years (inclusive of 4 years)	392,856,638.23	65.54	257,494,727.39
4 to 5 years (inclusive of 5 years)	347,254,325.39	100.00	347,254,325.39
Over 5 years	781,985,995.43	100.00	781,985,995.43
	8,847,800,966.84		2,016,361,042.10

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

4. Accounts receivable *(continued)*

As at 30 June 2019, 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 the original provisions for bad debts	Accumulated amount of provision for bad debts before recovery	Reversal amount
Unit 6	Payment for goods received	Individual identification	15,357,312.83	10,900,243.60
Unit 4	Payment for goods received	Individual identification	21,400,499.00	5,497,850.00
Unit 7	Payment for goods received	Individual identification	953,974.30	870,812.02
Unit 8	Payment for goods received	Individual identification	890,000.00	710,000.00
Unit 9	Payment for goods received	Individual identification	651,216.00	520,972.80
			39,253,002.13	18,499,878.42

As at 31 December 2018, 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 the original provisions for bad debts	Accumulated amount of provision for bad debts before recovery	Reversal amount
Unit 10	Payment for goods received	Individual identification	2,207,495.52	2,207,495.52
Unit 11	Payment for goods received	Individual identification	152,315.76	152,315.76
Unit 12	Payment for goods received	Individual identification	110,986.40	110,986.40
Unit 13	Payment for goods received	Individual identification	106,964.37	106,964.37
Unit 14	Payment for goods received	Individual identification	101,358.43	101,358.43
			2,679,120.48	2,679,120.48

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

4. Accounts receivable *(continued)*

As at 30 June 2019, the top 5 of the balance of accounts receivable were as follows:

	Balance	Proportion in total accounts receivable (%)	Provision for bad debts	Net amount
First	**158,350,000.00**	**1.36**	**79,175,000.00**	**79,175,000.00**
Second	**148,153,554.96**	**1.29**	**–**	**148,153,554.96**
Third	**137,807,025.72**	**1.20**	**–**	**137,807,025.72**
Fourth	**108,471,617.36**	**0.94**	**50,763,353.54**	**57,708,263.82**
Fifth	**80,213,849.30**	**0.70**	**65,909,613.14**	**14,304,236.16**
	632,996,047.34	**5.49**	**195,847,966.68**	**437,148,080.66**

As at 31 December 2018, the top 5 of the balance of accounts receivable were as follows:

	Balance	Proportion in total accounts receivable (%)	Provision for bad debts	Net amount
First	117,580,390.69	1.19	51,357,771.44	66,222,619.25
Second	80,213,849.30	0.81	65,909,613.14	14,304,236.16
Third	70,133,753.03	0.71	12,473,262.10	57,660,490.93
Fourth	67,230,768.53	0.68	–	67,230,768.53
Fifth	56,756,251.35	0.58	–	56,756,251.35
	391,915,012.90	3.97	129,740,646.68	262,174,366.22

For the six months ended 30 June 2019, provision for bad debts amounted to RMB222,824,454.02 (2018: RMB68,999,649.21), and provision for bad debts reversed amounted to RMB24,024,681.03 (2018: RMB2,679,120.48). The actual amount of accounts receivable written-off was RMB368,342.94 (2018: RMB10,080,941.31).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Prepayments

An aging analysis of prepayments is as follows:

	As at 30 June 2019		As at 31 December 2018	
	Balance of carrying amount	**Proportion**	Balance of carrying amount	Proportion
Within 1 year	**1,765,850,379.46**	**93.07%**	1,897,051,101.24	92.94%
1 to 2 years	**34,036,176.05**	**1.79%**	57,451,838.84	2.81%
2 to 3 years	**15,817,582.92**	**0.83%**	22,897,375.59	1.12%
Over 3 years	**81,605,569.81**	**4.30%**	63,726,559.29	3.13%
	1,897,309,708.24	**100.00%**	2,041,126,874.96	100.00%
Less: Prepayments Provision for bad debts	**30,324,696.06**		32,755,124.32	
	1,866,985,012.18		2,008,371,750.64	

As at 30 June 2019, the significant prepayments aging over 1 year were as follows:

	Aging	**Amount**	**Percentage of total amount**	**Reasons for being not yet settled in time**
Unit 15	**Over 3 years**	**6,145,541.26**	**0.32%**	**Uncompleted**
Unit 16	**Over 3 years**	**5,000,000.00**	**0.26%**	**Uncompleted**
Unit 17	**Over 3 years**	**4,620,000.00**	**0.24%**	**Uncompleted**
		15,765,541.26	**0.82%**	

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

5. Prepayments *(continued)*

As at 31 December 2018, the significant prepayments aging over 1 year were as follows:

	Aging	Amount	Percentage of total amount	Reasons for being not yet settled in time
Unit 15	Over 3 years	6,145,541.26	0.30%	Uncompleted
Unit 16	Over 3 years	5,000,000.00	0.24%	Uncompleted
Unit 17	Over 3 years	4,620,000.00	0.23%	Uncompleted
		15,765,541.26	0.77%	

As at 30 June 2019, the top five prepayments based on balances of the debtors are analysed as follows:

	Balance	**Percentage of total prepayments**
First	**136,827,130.20**	**7.21%**
Second	**113,859,650.80**	**6.00%**
Third	**75,023,601.76**	**3.95%**
Fourth	**65,821,232.59**	**3.47%**
Fifth	**46,047,782.55**	**2.43%**
	437,579,397.90	**23.06%**

As at 31 December 2018, the top five prepayments based on the balances of the debtors are analysed as follows:

	Amount	Percentage of total prepayments
First	285,696,672.96	14.00%
Second	136,827,130.20	6.70%
Third	75,023,601.76	3.68%
Fourth	57,126,246.08	2.80%
Fifth	41,000,000.00	2.01%
	595,673,651.00	29.19%

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

6. Other receivables

	As at 30 June 2019	As at 31 December 2018
Interests receivable	**117,758,822.25**	1,301,741.00
Interests on borrowings	**117,758,822.25**	1,301,741.00
Dividends receivable	**13,334,836.52**	53,071,936.52
Dividends due from associates	**13,334,836.52**	11,071,936.52
Dividends due from other equity investment	**–**	42,000,000.00
Deposits	**1,301,355,342.64**	1,504,512,033.78
Current account with other entities	**2,592,574,427.40**	2,226,739,307.41
Disbursements previously made	**526,012,475.33**	496,332,654.05
Consideration receivable for equity transfer	**308,758,801.06**	981,951,645.48
Government grants receivable	**111,611,698.90**	37,385,615.66
Reserve fund	**65,779,555.93**	70,635,382.49
Amount due from associates	**4,234,678,135.61**	3,965,372,615.42
Amount due from Joint ventures	**81,929,634.90**	81,870,093.63
Due from other related parties	**210,072,952.99**	208,457,696.17
Other current account	**2,136,268,014.80**	1,965,466,739.11
	11,700,134,698.33	11,593,097,460.72
Less: Provision for bad debts of other receivables	**1,712,973,811.71**	1,651,477,882.53
	9,987,160,886.62	9,941,619,578.19

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

6. Other receivables *(continued)*

An aging analysis of other receivables is as follows:

	As at 30 June 2019	As at 31 December 2018
Within 1 year	**3,195,198,163.77**	7,135,662,244.78
1 to 2 years	**4,526,028,171.66**	645,336,788.23
2 to 3 years	**522,495,197.24**	1,053,350,631.36
3 to 4 years	**885,003,324.37**	401,621,124.08
4 to 5 years	**312,477,403.38**	388,160,367.93
Over 5 years	**2,258,932,437.91**	1,968,966,304.34
	11,700,134,698.33	11,593,097,460.72
Less: Provision for bad debts of other receivables	**1,712,973,811.71**	1,651,477,882.53
	9,987,160,886.62	9,941,619,578.19

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

6. Other receivables *(continued)*

The movements in provision for bad debts of other receivables based on lifetime expected credit losses are as follows:

	As at 30 June 2019	As at 31 December 2018
Balance of the previous period/year	**1,651,477,882.53**	1,284,733,038.50
Effect of change in accounting policy	**–**	52,339,721.05
Balance at the beginning of the period/year	**1,651,477,882.53**	1,337,072,759.55
Provision for the period/year	**13,070,293.31**	309,898,882.34
Transferred in upon acquisition of subsidiaries	**7,658,080.34**	108,880,957.94
Other increase in the period/year	**121,589,136.41**	–
Reversal for the period/year	**(76,503,992.61)**	(57,421,684.31)
Write-off for the period/year	**(2,754,296.36)**	(12,135,460.15)
Removed from upon disposal of subsidiaries	**(1,563,291.91)**	(34,817,518.84)
Transferred to held for sale	**–**	(54.00)
Balance at the end of the period/year	**1,712,973,811.71**	1,651,477,882.53

As at 30 June 2019, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Percentage of Provision	Reasons
Unit 18	**606,025,345.72**	**60,000,000.00**	**9.90%**	**Partly uncollectible**
Unit 19	**196,802,858.00**	**135,660,000.00**	**68.93%**	**Partly uncollectible**
Unit 2	**116,589,327.25**	**100,924,445.73**	**86.56%**	**Partly uncollectible**
Unit 20	**81,315,040.00**	**9,113,985.00**	**11.21%**	**Partly uncollectible**
Unit 21	**64,728,343.22**	**16,864,338.32**	**26.05%**	**Partly uncollectible**
Other units	**9,347,032,406.25**	**405,401,894.76**	**4.34%**	
	10,412,493,320.44	**727,964,663.81**		

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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

6. Other receivables *(continued)*

As at 31 December 2018, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Percentage of Provision	Reasons
Unit 18	602,188,169.53	60,000,000.00	9.96%	Partly uncollectible
Unit 19	193,800,000.00	135,660,000.00	70.00%	Partly uncollectible
Unit 2	116,589,327.25	94,906,292.83	81.40%	Partly uncollectible
Unit 21	64,728,343.22	16,864,338.32	26.05%	Partly uncollectible
Unit 25	63,502,908.02	5,722,095.78	9.01%	Partly uncollectible
Other units	9,192,163,848.14	346,505,911.61	3.77%	Partly uncollectible
	10,232,972,596.16	659,658,638.54		

As at 30 June 2019, reversal of provision for bad debts of individually significant other receivables or recovery of individually significant other receivables are as follows:

	Reasons for reversal	Basis of determining the original provisions for bad debts	Accumulated amount of provision for bad debts before recovery recovery	Reversal amount
Unit 22	**Amount recovered**	**Individual identification**	**60,000,000.00**	**60,000,000.00**

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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

6. Other receivables *(continued)*

As at 31 December 2018, reversal of provision for bad debts of individually significant other receivables or recovery of individually significant other receivables are as follows:

	Reasons for reversal	Basis of determining the original provisions for bad debts	Accumulated amount of provision for bad debts before recovery	Reversal amount
Unit 23	Amount recovered	Individual identification	62,430,509.03	51,191,902.00
Unit 24	Amount recovered	Individual identification	6,229,782.31	6,229,782.31
			68,660,291.34	57,421,684.31

As at 30 June 2019, the top 5 of other receivables were as follows:

	Closing balance	Proportion in total balance of other receivables	Nature	Aging	Closing balance of provision for bad debts
First	**3,582,685,239.43**	**30.62%**	**Amount due from associates**	**Within 1 year, 1-2 years**	**–**
Second	**692,712,900.00**	**5.92%**	**Prices of land resumption**	**1-2 years**	**–**
Third	**606,025,345.72**	**5.18%**	**General payables**	**Over 5 years**	**60,000,000.00**
Fourth	**449,987,626.43**	**3.85%**	**Disbursements previously made**	**2-3 years, 3-4 years**	**–**
Fifth	**234,045,448.61**	**2.00%**	**General payables**	**Within 1 year, 1-2 years, 2-3 years**	**16,800,000.00**
	5,565,456,560.19	**47.57%**			**76,800,000.00**

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

6. Other receivables *(continued)*

As at 31 December 2018, the top 5 of other receivables were as follows:

	Closing balance	Proportion in total balance of other receivables	Nature	Aging	Closing balance of provision for bad debts
First	3,272,090,726.80	28.22%	Amount due from associates	Within 1 year	–
Second	692,712,900.00	5.98%	Prices of land resumption	Within 1 year	–
Third	677,256,689.33	5.84%	Consideration receivable for equity transfer	Within 1 year	–
Fourth	602,188,169.53	5.19%	General payables	Over 5 years	60,000,000.00
Fifth	446,399,977.65	3.85%	Disbursements previously made	2-3 years	–
	5,690,648,463.31	49.08%			60,000,000.00

As at 30 June 2019, government grants receivable were as follows:

	Description of government grants	**Amount**	**Aging**	**Expected time of receipt**
Local tax authorities	**Refunds of VAT**	**111,611,698.90**	**Within 1 year**	**2019**

As at 31 December 2018, government grants receivable were as follows:

	Description of government grants	Amount	Aging	Expected time of receipt
Local tax authorities	Refunds of VAT	37,385,615.66	Within 1 year	2019

As set out in Note IV. (II) Tax, 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 2019

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Inventories

	As at 30 June 2019		
	Balance of carrying amount	**Provision for decline in value**	**Carrying value**
Raw materials	**2,237,874,495.30**	**108,362,563.85**	**2,129,511,931.45**
Items in production	**812,744,299.42**	**25,621,378.55**	**787,122,920.87**
Finished goods	**1,293,638,481.52**	**63,443,964.33**	**1,230,194,517.19**
Goods in stock	**1,838,145,388.33**	**5,590,028.25**	**1,832,555,360.08**
Turnover materials	**5,966,282.67**	**81,472.31**	**5,884,810.36**
Development costs	**102,553,228,151.71**	**7,169,850.12**	**102,546,058,301.59**
Products under development	**12,585,797,596.21**	**453,117,307.47**	**12,132,680,288.74**
Contract performance cost	**81,050,585.43**	**10,985,839.43**	**70,064,746.00**
	121,408,445,280.59	**674,372,404.31**	**120,734,072,876.28**

	As at 31 December 2018		
	Balance of carrying amount	Provision for decline in value	Carrying value
Raw materials	2,042,210,001.97	111,744,448.57	1,930,465,553.40
Items in production	920,704,467.26	26,892,195.65	893,812,271.61
Finished goods	2,326,444,144.39	56,865,301.26	2,269,578,843.13
Goods in stock	472,419,785.98	5,621,775.50	466,798,010.48
Turnover materials	20,916,607.52	81,472.31	20,835,135.21
Development costs	96,699,933,733.25	7,169,850.12	96,692,763,883.13
Products under development	13,045,110,219.65	470,289,422.94	12,574,820,796.71
Contract performance cost	74,705,027.12	10,985,839.43	63,719,187.69
	115,602,443,987.14	689,650,305.78	114,912,793,681.36

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

7. Inventories *(continued)*

Changes in provision for decline in value of inventories are as follows:

January to June 2019

			Decrease during the period			
	Opening amount	Provision for the period	Removed from upon disposal of subsidiaries	Reversal	Write-off	Closing balance
Raw materials	111,744,448.57	960,998.19	754,493.67	–	3,588,389.24	108,362,563.85
Items in production	26,892,195.65	–	–	–	1,270,817.10	25,621,378.55
Finished goods	56,865,301.26	13,551,024.24	–	532,581.86	6,439,779.31	63,443,964.33
Turnover materials	81,472.31	–	–	–	–	81,472.31
Goods in stock	5,621,775.50	–	–	–	31,747.25	5,590,028.25
Contract performance cost	10,985,839.43	–	–	–	–	10,985,839.43
Development costs	7,169,850.12	–	–	–	–	7,169,850.12
Products under development	470,289,422.94	–	–	–	17,172,115.47	453,117,307.47
	689,650,305.78	14,512,022.43	754,493.67	532,581.86	28,502,848.37	674,372,404.31

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

7. Inventories *(continued)*

2018

		Decrease in the year			
	Opening amount	Provision for the year	Removed from upon disposal of subsidiaries	Write-off	Closing balance
Raw materials	100,513,654.18	28,093,555.65	7,965,733.09	8,897,028.17	111,744,448.57
Items in production	46,209,849.70	233,296.54	–	19,550,950.59	26,892,195.65
Finished goods	53,935,822.09	17,599,979.79	–	14,670,500.62	56,865,301.26
Turnover materials	81,472.31	–	–	–	81,472.31
Goods in stock	395,486.62	5,226,288.88	–	–	5,621,775.50
Contract performance cost	–	10,985,839.43	–	–	10,985,839.43
Development costs	15,632,660.41	–	–	8,462,810.29	7,169,850.12
Products under development	182,077,333.06	314,037,742.90	–	25,825,653.02	470,289,422.94
	398,846,278.37	376,176,703.19	7,965,733.09	77,406,942.69	689,650,305.78

As at 30 June 2019, the balance of development costs included the capitalised borrowing costs of RMB6,717,613,777.55 (31 December 2018: RMB5,093,549,898.63). The capitalised borrowing costs amounted to RMB1,789,473,624.30 in aggregate during January to June 2019 (first half of 2018: RMB1,468,772,426.41), and the rate of interest capitalisation was 4.48% (2018: 4.76%).

Details of pledge of inventories are set out in Note V. 68.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

7. 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 2019**	31 December 2018
Hangzhou – Jingfangsanbao Project	May 2017	April 2021	10,389,880,000.00	**8,954,997,918.07**	8,743,536,427.89
Tianjin – Airport Economic Zone	March 2018	December 2019	9,119,780,000.00	**6,962,341,362.63**	6,664,978,005.55
Nanjing – Plot G07 at Diary Farm	December 2016	November 2021	8,794,170,000.00	**6,402,958,102.04**	5,990,562,745.69
Ningbo – Plot 07#/15# at Gaoxin District	March 2018	May 2021	8,890,000,000.00	**6,281,762,468.32**	5,964,438,756.85
Hefei – Plot S1606 at Baohe District	May 2017	December 2020	7,832,880,000.00	**5,523,588,028.25**	5,348,019,204.23
Beijing – Penglai Project	May 2015	December 2019	6,816,300,000.00	**4,743,615,087.31**	4,401,205,993.71
Hefei – Nanqi Garden	March 2016	December 2020	6,708,510,000.00	**4,542,181,702.87**	5,231,381,039.37
Chongqing – Xinduhui Project	June 2018	November 2019	20,117,351,300.00	**4,512,755,327.08**	4,378,123,441.04
Beijing – Anningzhuang (安寧莊)	March 2019	February 2022	5,377,000,000.00	**4,084,524,460.60**	–
Nanjing – Plot G20 at Jiulonghu	December 2017	April 2020	5,267,680,000.00	**3,635,252,706.92**	3,491,305,934.90
Beijing – Yizhuang X89R1	August 2018	October 2021	3,243,940,000.00	**3,494,130,218.35**	3,412,499,921.28
Chengdu – Gaoxin Zhonghe Project	November 2018	July 2021	5,332,520,000.00	**3,438,618,645.40**	3,195,329,600.12
Tianjin – Jinzhong River Project (金鐘河項目)	March 2019	August 2021	4,285,000,000.00	**3,140,244,794.32**	3,032,762,236.31
Beijing – Yancun Project	November 2018	October 2020	4,060,920,000.00	**3,057,893,072.50**	2,822,570,346.58
Beijing – Jinlinfu Project	August 2018	October 2020	3,491,040,000.00	**2,927,854,879.29**	2,741,610,888.65
Beijing – Incubator Technology Park (孵化器科技園)	March 2018	January 2022	1,487,320,000.00	**2,479,056,475.40**	2,125,026,154.56
Beijing – Konggang Project	March 2018	August 2020	2,829,630,000.00	**2,375,576,236.39**	2,197,199,344.89
Beijing – Fengtai Project	October 2015	December 2019	6,622,570,000.00	**2,073,130,168.91**	2,063,048,125.58
Beijing – Houshayu Project	October 2016	October 2019	2,396,580,000.00	**1,913,304,232.97**	2,816,343,488.75
Qingdao – Jinyu Jimo	December 2018	February 2021	4,545,730,000.00	**1,869,474,066.41**	1,780,696,051.54
Hefei – Baohe S1802 (包河S1802)	February 2019	March 2022	3,007,450,000.00	**1,735,357,980.88**	1,612,219,198.99
Chongqing – Nanshanjun	December 2011	November 2019	4,374,991,427.00	**1,628,672,463.37**	1,429,747,454.90
Anhui – Forklift Factory Project	November 2015	December 2020	2,000,000,000.00	**1,398,559,409.96**	1,334,280,025.85
Haikou – Yangguangjun	April 2016	September 2022	2,500,000,000.00	**1,292,267,613.66**	1,165,702,075.03

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For the six months ended 30 June 2019

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

7. 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 2019**	31 December 2018
Beijing – Public Rental Apartments of Technology Park	June 2015	August 2019	1,370,000,000.00	**1,274,546,008.73**	1,174,379,768.14
Shanghai – Jiadingxuxing Project (嘉定徐行項目)	June 2019	May 2021	2,115,000,000.00	**1,256,069,698.23**	–
Chengdu – Xindu Dafeng Project	July 2018	September 2020	1,654,890,000.00	**1,219,771,148.03**	918,621,386.00
Tangshan – Qixin 1889#	April 2014	September 2019	2,963,829,179.54	**1,142,135,543.01**	1,183,989,575.09
Qingdao – Qingdao Project	November 2015	November 2019	3,400,000,000.00	**1,125,614,141.20**	1,147,415,341.38
Chengdu – Wuhou Longxijun Project	July 2018	June 2020	1,808,840,000.00	**1,030,870,099.19**	906,097,112.13
Nanhu – Jin'anshiming	March 2018	December 2020	2,915,380,294.63	**850,182,657.49**	695,957,474.97
Tianjin – Yingshun Building	March 2018	June 2020	850,380,000.00	**722,303,071.55**	688,711,570.57
Tianjin – Qiaowanyuan	March 2018	August 2019	757,796,000.00	**691,057,021.32**	695,270,534.16
Beijing – Chicken Farm Project (雞場項目)	July 2016	February 2022	1,100,000,000.00	**616,587,953.09**	6,935,941.17
Chengdu – Shangxifu	July 2018	September 2020	960,270,000.00	**600,529,672.56**	542,648,247.52
Tianjin – Haoyu Company Commercial Project	May 2017	August 2019	578,000,000.00	**543,289,516.43**	524,914,898.11
Ningbo – Plot at Yaojiang Chuanzha	March 2017	July 2019	840,000,000.00	**529,505,450.71**	489,090,306.88
Inner Mongolia – Jinyu Global Finance Centre	July 2013	September 2019	1,539,896,200.00	**324,241,299.78**	558,409,716.21
Beijing – Phase II of Dandian	April 2014	December 2019	4,406,665,057.79	**293,801,985.80**	286,842,480.32
Beijing – Chaoyang New City	August 2013	December 2019	4,184,808,038.41	**192,813,463.25**	190,312,929.80
Chengde – Chengde Project	May 2018	June 2020	554,248,200.00	**173,004,783.05**	120,568,179.49
Hangzhou – Plot 2F, Plot 2G	August 2018	December 2020	592,280,000.00	**158,795,348.58**	123,183,347.18
Beijing – Kanghuiyuan	February 2009	December 2019	1,923,699,963.82	**155,465,690.83**	144,462,830.65

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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

7. 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 2019**	31 December 2018
Tangshan – Caofeidian E-02-2	June 2019	December 2020	662,291,054.60	**132,063,693.04**	98,556,505.44
Tangshan – Jinyu Lefu	March 2010	December 2020	2,787,561,938.91	**319,779,755.33**	345,193,333.83
Chongqing – Times Metro	October 2012	December 2019	4,036,912,780.00	**109,060,849.70**	105,651,337.02
Tianjin – Jinyu Yuecheng	September 2010	January 2020	5,157,217,800.00	**108,474,061.37**	107,428,549.20
Beijing – Plot 1 of Changyang University of Science and Technology	May 2013	January 2020	2,500,000,000.00	**46,196,871.58**	46,117,139.59
Beijing – Nankou Project	May 2016	December 2019	682,973,619.00	**45,606,758.85**	36,069,864.05
Beijing – Plot at Western Xijiao Gravel Plant	May 2016	December 2019	2,648,303,200.00	**44,980,952.66**	308,126,121.66
Beijing – Phase II of Xingpai	April 2014	December 2019	3,111,138,531.52	**28,961,606.76**	28,177,071.41
Beijing – Jinyu Vanke City	March 2008	N/A	4,011,000,000.00	**24,578,918.96**	24,578,918.96
Shanghai – Jiading Juyuan	December 2015	December 2019	5,500,000,000.00	**422,558.40**	2,900,067,902.56
Tangshan – Laishui Dormitory	March 2009	Completed	49,479,634.00	**–**	45,541,009.30
Others				**317,230,300.21**	306,858,028.08
				102,546,058,301.59	96,692,763,883.13

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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

7. Inventories *(continued)*

(2) The following sets out the breakdown of products of property development:

Project name	Completion date of the latest phase	Opening balance	Increase in the period	Decrease in the period	Closing balance
Shanghai – Jiading Juyuan	April 2019	702,558,296.54	2,104,750,601.70	1,476,417,177.31	1,330,891,720.93
Beijing – Wangchuan Beiyuan	December 2018	1,571,735,059.40	–	637,635,428.59	934,099,630.81
Chongqing – Times Metro	March 2018	944,110,895.63	–	121,712,583.25	822,398,312.38
Beijing – Jiapin MALL	September 2015	811,471,711.72	–	–	811,471,711.72
Tangshan – Jinyu Lefu	March 2018	705,518,262.46	–	126,355,159.27	579,163,103.19
Beijing – Chaoyang New City	May 2016	765,022,511.29	–	–	765,022,511.29
Beijing – Treasures Mansion House	May 2019	719,172,926.53	228,883,160.98	405,925,305.19	542,130,782.32
Chongqing – Nanshanjun	July 2017	573,123,903.84	–	41,863,303.65	531,260,600.19
Hefei – Nanqi Garden	June 2019	–	2,023,621,546.37	1,582,937,300.00	440,684,246.37
Qingdao – Qingdao Hefu	December 2018	822,060,663.60	–	396,137,007.06	425,923,656.54
Haikou – Xixili	January 2019	424,616,850.87	481,638.93	22,267,190.26	402,831,299.54
Tangshan – Jin'anhongbao	December 2017	492,470,223.18	–	99,114,177.09	393,356,046.09
Beijing-Shangchengjun	June 2019	369,657,808.26	130,368,706.15	120,082,747.67	379,943,766.74
Inner Mongolia – Global Center	June 2019	272,242,721.09	216,708,393.80	211,952,005.88	276,999,109.01
Chengdu – Dachengjun	December 2014	269,939,784.56	–	1,241,187.43	268,698,597.13
Changyang Polytechnic University Land No.1	June 2017	250,919,656.45	–	10,350,520.14	240,569,136.31
Beijing – Jinchengyu Garden (金成裕雅苑)	June 2019	–	1,106,071,586.92	873,555,259.28	232,516,327.64
Tianjin – Jinyu Yuecheng	October 2017	227,568,760.48	–	26,330,698.29	201,238,062.19
Chengdu – Longxijun	July 2017	219,789,282.02	–	30,311,209.53	189,478,072.49
Tangshan – Qixin 1889#	June 2019	153,382,272.18	12,807,616.43	13,064,485.39	153,125,403.22
Ma'anshan-Jiashanshu	January 2019	145,572,210.45	1,873,836.73	711,716.91	146,734,330.27
Tianjin – Jinyu Mantang	June 2016	148,392,832.08	–	4,470,753.97	143,922,078.11
Inner Mongolia – Jinyu Elegancy City	October 2015	196,329,716.30	–	52,498,427.92	143,831,288.38
Tianjin – Gediaoqiyuan (格調琦園)	September 2018	132,937,365.05	–	–	132,937,365.05
Beijing – Kanghuiyuan	September 2011	117,849,302.62	2,300,000.00	–	120,149,302.62
Beijing – Dacheng International	March 2018	113,491,181.74	–	–	113,491,181.74
Hangzhou – Jinyu Xuefu	November 2017	112,967,718.38	–	8,390,746.97	104,576,971.41
Hangzhou – Guanlan Times	May 2018	164,133,993.58	–	81,356,295.83	82,777,697.75
Beijing – Dacheng Shidai	June 2019	73,881,317.53	2,128,033.30	–	76,009,350.83
Beijing – Jinyu Feili	November 2016	71,719,231.29	–	385,438.37	71,333,792.92

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

7. Inventories *(continued)*

(2) The following sets out the breakdown of products of property development: *(continued)*

Project name	Completion date of the latest phase	Opening balance	Increase in the period	Decrease in the period	Closing balance
Beijing – Wangheyuan	September 2018	72,760,319.71	–	4,014,805.50	68,745,514.21
Beijing – Binheyuan	June 2014	68,402,890.78	–	271,696.11	68,131,194.67
Beijing – Tuqiao Project	December 2016	63,604,439.16	4,453,621.63	3,700,442.05	64,357,618.74
Tangshan – Xitang (璽唐)	June 2019	–	191,478,658.68	127,307,798.76	64,170,859.92
Beijing – Guogongzhuang	December 2014	59,174,430.79	–	1,568,014.81	57,606,415.98
Beijing – Tuqiao Phase III	August 2016	68,083,177.79	–	10,827,242.13	57,255,935.66
Beijing – Jinyu Town–House	October 2014	56,825,586.08	–	–	56,825,586.08
Beijing – Chang'an New City	March 2019	52,232,691.68	1,108,094.06	260,506.47	53,080,279.27
Nanjing– Zijinfu	May 2018	50,106,439.43	–	287,586.06	49,818,853.37
Tianjin – Rongxiyuan Project	May 2015	52,915,370.82	–	6,067,047.00	46,848,323.82
Inner Mongolia – Jinyu Times City	June 2014	35,513,605.62	7,693,670.05	–	43,207,275.67
Beijing – Jiaheyuan	March 2018	44,728,502.58	–	5,467,076.73	39,261,425.85
Beijing – Huijingyuan	September 2017	40,543,834.15	–	1,290,616.46	39,253,217.69
Hainan – Dacheng Business Apartments	February 2005	33,819,032.85	–	–	33,819,032.85
Beijing – Huixingyuan	September 2016	29,456,585.44	–	–	29,456,585.44
Beijing – Wangyajiayuan (旺雅家園)	September 2018	31,789,119.66	–	2,937,129.54	28,851,990.12
Beijing – I Cube	February 2015	27,255,962.07	–	–	27,255,962.07
Beijing – Jinyu Lanwan	October 2016	32,436,479.81	–	5,313,381.53	27,123,098.28
Tianjin – Liulanhuayuan Project Phase I	June 2019	21,781,855.87	15,599.98	–	21,797,455.85
Tangshan – Lixinjiayuan	June 2019	18,314,891.79	893.75	5,454,243.04	12,861,542.50
Hangzhou – Banshan Tianyuan	March 2016	11,509,911.11	–	4,376,701.42	7,133,209.69
Beijing – BBMG International	April 2005	6,541,838.09	–	–	6,541,838.09
Others		124,387,372.31	48,540,512.38	1,216,266.95	171,711,617.74
		12,574,820,796.71	6,083,286,171.84	6,525,426,679.81	12,132,680,288.74

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Contract assets

Contract assets arise mainly from the Group's construction operations. The Group provides construction services in accordance with the construction contract entered into with customers and recognises revenue based on performance progress over the contract period. According to the contract terms, customers of the Group make progress billings with the Group based on the performance progress and make payment for the progress billings within the credit term. Revenue recognised based on performance progress in excess of progress billings is recognized as contract asset while progress billings in excess of revenue recognised based on performance progress is recognized as contract liabilities.

	As at 30 June 2019		
	Balance of carrying amount	**Provision for impairment**	**Carrying value**
Completed but not yet settled	**177,268,510.06**	**–**	**177,268,510.06**

9. Other current assets

	As at 30 June 2019	As at 31 December 2018
Prepaid enterprise income tax	**986,587,067.02**	804,009,937.68
Prepaid land appreciation tax	**711,873,157.04**	645,876,093.44
Prepaid business tax and other tax	**581,723,180.52**	567,283,553.53
VAT recoverable	**1,131,968,999.47**	1,060,730,742.71
VAT certifiable	**127,708,400.70**	146,775,350.18
Cost of obtaining a contract	**48,075,481.13**	71,454,731.13
Others	**773,891,492.11**	414,595,014.15
	4,361,827,777.99	3,710,725,422.82

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

10. Debt investments

	As at 30 June 2019		
	Balance of carrying amount	Provision for impairment	Carrying value
Financial Bonds of Policy Bank - 19 Nong Fa 01 (政策性銀行金融債券-19農發01)	**203,127,789.06**	**–**	**203,127,789.06**

BBMG Finance made new debt investments of RMB199,917,800.00 by purchasing the first tranche of financial bonds for 2019 of Agricultural Bank of China with a coupon rate of 3.75%, an effective interest rate of 3.7549% and maturity date of 25 January 2029.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

11. Long-term receivables

	As at 30 June 2019		
	Balance of carrying amount	**Less: Provision for impairment**	**Carrying value**
Sales of goods by instalments	**699,521,114.64**	**39,668,232.10**	**659,852,882.54**
Loans to Related parties	**289,833,357.80**	**–**	**289,833,357.80**
	989,354,472.44	**39,668,232.10**	**949,686,240.34**

	As at 31 December 2018		
	Balance of carrying amount	Less: Provision for impairment	Carrying value
Receipt of finance lease	555,690,827.57	30,179,310.27	525,511,517.30
Loans to Related parties	276,840,404.25	–	276,840,404.25
	832,531,231.82	30,179,310.27	802,351,921.55

The time interval between payments from customers and committed ownership transfer of goods in certain contracts regarding the Group's concrete business was more than a year, the receivables of which was presented as long-term receivables after considering the significant financing component. The Group referred to bank loan interest rate during the same period and added a premium for certain risk as a discount rate while measuring the significant financing component. The discount rate was 5% for this period.

Loans to related parties mainly referred to the borrowings and interest receivable provided to Cross Point Trading 274 (Pty) Ltd (RF) and Mamba Cement Company (Pty) Ltd (RF), joint ventures 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 borrowings will be recovered before March 2044.

Notes to Unaudited Interim Financial Statements

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

11. Long-term receivables *(continued)*

The movements in provision for bad debts of long-term receivables measured based on the lifetime expected credit loss are as follows:

	As at 30 June 2019	As at 31 December 2018
Balance at the beginning of the period/year	**30,179,310.27**	22,092,206.76
Transferred in upon acquisition of subsidiaries	**–**	14,924,409.37
Provision for the period/year	**9,494,311.89**	–
Reversal for the period/year	**(5,390.06)**	(6,837,305.86)
Balance at the end of the period/year	**39,668,232.10**	30,179,310.27

12. Long-term equity investments

For the six months ended 30 June 2019

		Movements during the period				
	Opening balance	Increase/ (Decrease) in investment	Investment gain or loss under equity method	Other comprehensive income	Cash dividends declared	Carrying amount at the end of the period
Joint ventures						
BBMG TUS Technology Incubator Co., Ltd.	5,100,805.28	-	1,092,410.90	-	-	6,193,216.18
BBMG Landao Commercial Operation Management Co., Ltd.	3,784,396.78	-	(417,220.56)	-	-	3,367,176.22
STAR-USG Building Materials Co., Ltd.	31,019,331.59	-	5,055,737.46	-	-	36,075,069.05
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	508,926,488.46	-	66,658,660.94	575,426.00	(139,519,000.00)	436,641,575.40
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	631,181,638.19	-	111,049,127.52	(4,892.90)	(165,000,000.00)	577,225,872.81
Anshan Jidong Cement Co., Ltd. (鞍山冀東水泥有限責任公司)	226,302,837.47	-	2,175,464.28	-	(5,000,000.00)	223,478,301.75
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	151,229,914.08	-	7,177,787.14	-	-	158,407,701.22
Jidong Pacific (Beijing) Environmental Protection Engineering Technology Co., Ltd.	199.23	(199.23)	-	-	-	-
Cross Point Trading 274 (Pty) Ltd (RF)	113,644,903.27	-	6,223,648.22	637,102.34	-	120,505,653.83
Subtotal of joint ventures	1,671,190,514.35	(199.23)	199,015,615.90	1,207,635.44	(309,519,000.00)	1,561,894,566.46

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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

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

For the six months ended 30 June 2019 *(continued)*

		Movements during the period				
	Opening balance	Increase/ (Decrease) in investment	Investment gain or loss under equity method	Other comprehensive income	Cash dividends declared	Carrying amount at the end of the period
Associates						
Beijing Sinobaide Technology Co., Ltd.	14,336,074.25	-	555,885.94	-	(690,000.00)	14,201,960.19
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	16,364,723.95	-	45,909.97	-	-	16,410,633.92
Beijing Chenyu Real Estate Development Co., Ltd.	22,892,370.60	-	(1,847,328.70)	-	-	21,045,041.90
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	1,740,589.67	-	(1,472.07)	-	(219,843.13)	1,519,274.47
Zehnder (China) Indoor Climate Co., Ltd.	101,170,647.34	-	(4,931.88)	-	-	101,165,715.46
OCV Reinforcements (Beijing) Co., Ltd.	64,425,972.15	-	5,151,130.26	-	-	69,577,102.41
Beijing Gaoqiang Concrete Co., Ltd.	22,942,777.09	-	1,388,601.79	-	(152,900.00)	24,178,478.88
Tangshan Conch Profiles Co., Ltd.	136,669,380.49	-	(1,476,463.90)	-	(2,400,000.00)	132,792,916.59
Toto Machinery (Beijing) Company Limited	161,293,228.09	-	3,116,267.48	-	(6,400,000.00)	158,009,495.57
Beijing Toto Co., Ltd.	146,590,536.67	-	4,035,906.77	-	-	150,626,443.44
Beijing Innovation Industry Investment Co., Ltd.	-	100,000,000.00	249,361.10	-	-	100,249,361.10
Baogang Jidong Cement Co., Ltd.	104,107,413.65	(102,482,490.39)	(1,624,923.26)	-	-	-
Jilin Cement (Group) Co., Ltd.	14,285,000.00	-	(702,672.25)	-	-	13,582,327.75
Liaoning Yunding Cement Group Co., Ltd. (遼寧雲鼎水泥集團股份有限公司)	-	820,000.00	198,046.94	-	-	1,018,046.94
Jidong Cement Fufeng Transportation Co., Ltd.	6,727,093.29	-	312,692.80	3,848.38	(1,187,500.00)	5,856,134.47

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For the six months ended 30 June 2019

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

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

For the six months ended 30 June 2019 *(continued)*

		Movements during the period				
	Opening balance	Increase/ (Decrease) in investment	Investment gain or loss under equity method	Other comprehensive income	Cash dividends declared	Carrying amount at the end of the period
Jilin Changjitu Investment Co., Ltd.	140,529,163.93	-	(1,410,836.89)	-	-	139,118,327.04
SINJI TRADING PTE LTD	4,727,694.10	-	14,466.88	-	-	4,742,160.98
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	4,982,054.25	-	1.18	-	-	4,982,055.43
Changchun Light Rail Jidong Concrete Co., Ltd.	33,188,543.22	-	(738,312.58)	-	-	32,450,230.64
Tianjin Gangbei Concrete Industry Co., Ltd.	3,133,485.90	-	34,834.79	-	-	3,168,320.69
Tianjin Wankeyou Energy Saving Technology Co., Ltd.	2,063,640.66	-	(1,003,855.50)	-	-	1,059,785.16
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	31,260,986.45	-	(8,654.14)	-	-	31,252,332.31
Tianjin Yaopi Glass Co., Ltd	160,244,985.32	-	(650,485.02)	-	-	159,594,500.30
Tianjin Xinling Environmental Protection Co., Ltd.	3,517,210.75	(3,517,210.75)	-	-	-	-
Tianjin Binhai Jiantai Investment Co., Ltd.	158,664,427.82	-	-	-	-	158,664,427.82
Tianjin Huanbohai Rock Materials Trading Centre Co., Ltd.	9,708,495.86	-	(2,876,018.14)	-	-	6,832,477.72
	1,365,566,495.50	(5,179,701.14)	2,757,151.57	3,848.38	(11,050,243.13)	1,352,097,551.18
	3,036,757,009.85	(5,179,900.37)	201,772,767.47	1,211,483.82	(320,569,243.13)	2,913,992,117.64

* See details in Note VI. 1.

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 2019

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

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

2018

		Movements during the year					
	Opening balance	Obtained through business combination not under common control	Increase/(Decrease) in investment	Investment gain under equity method	Other movements of equity interests	Cash dividends declared	Carrying amount at the end of the year
Joint ventures							
STAR-USG Building Materials Co., Ltd.	15,938,256.81	-	-	15,081,074.78	-	-	31,019,331.59
BBMG Landao Commercial Operation Management Co., Ltd.	3,727,572.61	-	-	112,920.41	-	(56,096.24)	3,784,396.78
BBMG TUS Technology Incubator Co., Ltd.	4,237,456.15	-	-	863,349.13	-	-	5,100,805.28
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	482,074,363.98	-	-	111,023,429.60	21,194.88	(84,192,500.00)	508,926,488.46
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	563,347,381.44	-	-	155,346,164.33	(11,907.58)	(87,500,000.00)	631,181,638.19
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	139,914,786.42	-	-	11,315,127.66	-	-	151,229,914.08
Anshan Jidong Cement Co., Ltd. (鞍山冀東水泥有限責任公司)	235,487,546.30	-	-	5,815,291.17	-	(15,000,000.00)	226,302,837.47
Jidong Pacific (Beijing) Environmental Protection Engineering Technology Co., Ltd.	11,781,943.45	-	(11,781,744.22)	-	-	-	199.23
Cross Point Trading 274 (Pty) Ltd (RF)	77,489,489.83	-	-	48,704,927.29	(12,549,513.85)	-	113,644,903.27
Subtotal of joint ventures	1,533,998,796.99	-	(11,781,744.22)	348,262,284.37	(12,540,226.55)	(186,748,596.24)	1,671,190,514.35

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

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

2018 *(continued)*

		Movements during the year					
	Opening balance	Obtained through business combination not under common control	Increase/(Decrease) in investment	Investment gain under equity method	Other movements of equity interests	Cash dividends declared	Carrying amount at the end of the year
Associates							
Zehnder (China) Indoor Climate Co., Ltd.	95,352,921.83	-	-	5,817,725.51	-	-	101,170,647.34
OCV Reinforcements (Beijing) Co., Ltd.	59,574,366.74	-	-	4,851,605.41	-	-	64,425,972.15
Beijing Gaoqiang Concrete Co., Ltd.	23,774,703.48	-	-	(346,426.39)	-	(485,500.00)	22,942,777.09
Beijing Sinobaide Technology Co., Ltd.	11,897,320.50	-	-	3,128,753.75	-	(690,000.00)	14,336,074.25
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	16,239,040.84	-	-	125,683.11	-	-	16,364,723.95
Tangshan Conch Profiles Co., Ltd.	139,532,805.60	-	-	(463,425.11)	-	(2,400,000.00)	136,669,380.49
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	1,585,375.30	-	-	155,214.37	-	-	1,740,589.67
Baogang Jidong Cement Co., Ltd.	102,107,514.31	-	-	1,999,899.34	-	-	104,107,413.65
Jidong Cement Fufeng Transportation Co., Ltd.	6,479,080.36	-	-	248,012.93	-	-	6,727,093.29
Jilin Changjitu Investment Co., Ltd.	143,393,971.16	-	-	(2,864,807.23)	-	-	140,529,163.93
SINJI TRADING PTE LTD	4,676,430.77	-	-	51,263.33	-	-	4,727,694.10
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	4,991,835.01	-	-	(9,780.76)	-	-	4,982,054.25
Changchun Light Rail Jidong Concrete Co., Ltd.	31,335,094.62	-	-	1,853,448.60	-	-	33,188,543.22
Tianjin Gangbei Concrete Industry Co., Ltd.	-	6,769,873.20	-	(3,636,387.30)	-	-	3,133,485.90
Tianjin Wankeyou Energy Saving Technology Co., Ltd.	-	2,525,553.70	(497,902.06)	35,989.02	-	-	2,063,640.66
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	-	30,133,514.23	-	1,127,472.22	-	-	31,260,986.45
Tianjin Yaopi Glass Co., Ltd	-	157,510,944.13	-	2,734,041.19	-	-	160,244,985.32
Tianjin Xinling Environmental Protection Co., Ltd.	-	3,229,810.16	-	287,400.59	-	-	3,517,210.75
Tianjin Binhai Jiantai Investment Co., Ltd.	-	163,655,516.51	(8,878,257.17)	3,887,168.48	-	-	158,664,427.82
Tianjin Huanbohai Rock Materials Trading Centre Co., Ltd.	-	12,877,730.75	-	(2,399,234.89)	-	(770,000.00)	9,708,495.86
Beijing Chenyu Real Estate Development Co., Ltd.	-	-	24,500,000.00	(1,607,629.40)	-	-	22,892,370.60
Toto Machinery (Beijing) Company Limited	-	-	158,839,800.00	2,453,428.09	-	-	161,293,228.09
Jilin Cement (Group) Co., Ltd.	-	-	14,285,000.00	-	-	-	14,285,000.00
Beijing Toto Co., Ltd.	-	-	140,850,000.00	5,740,536.67	-	-	146,590,536.67
Subtotal for associates	640,940,460.52	376,702,942.68	329,098,640.77	23,169,951.53	-	(4,345,500.00)	1,365,566,495.50
Total	2,174,939,257.51	376,702,942.68	317,316,896.55	371,432,235.90	(12,540,226.55)	(191,094,096.24)	3,036,757,009.85

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

13. Investment in other equity instruments

As at 30 June 2019

	Cost	Changes in fair value accumulated in other comprehensive income	Fair Value	Equity instruments held of dividend income for the period
Investments in listed companies	**450,201,827.20**	**(97,634,131.20)**	**352,567,696.00**	**-**
Other investments in non-listed companies	**53,328,771.06**	**(16,902,199.90)**	**36,426,571.16**	**-**
	503,530,598.26	**(114,536,331.10)**	**388,994,267.16**	**-**

As at 31 December 2018

	Cost	Changes in fair value accumulated in other comprehensive income	Fair Value	Equity instruments held of dividend income for the year
Investments in listed companies	450,201,827.20	(91,125,189.12)	359,076,638.08	5,424,118.40
Other investments in non-listed companies	60,575,762.90	(23,465,285.27)	37,110,477.63	763,104.80
	510,777,590.10	(114,590,474.39)	396,187,115.71	6,187,223.20

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Other non-current financial assets

	As at 30 June 2019	As at 31 December 2018
Financial assets at fair value through profit or loss		
Designated asset management of Huazheng Value No. 330	**4,000,000.00**	104,000,000.00
FTSE New Hope No. 1	**–**	110,980,000.00
	4,000,000.00	214,980,000.00

15. Investment properties

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

For the six months ended 30 June 2019:

	Completed buildings	Buildings in progress	Total
Opening balance	**20,581,460,343.02**	**745,784,902.15**	**21,327,245,245.17**
Transfer from construction in progress during the period	**401,419,249.25**	**820,053,876.99**	**1,221,473,126.24**
Transfer from intangible assets during the period	**4,795,009.53**	**40,175,008.47**	**44,970,018.00**
Disposal and retirement	**(67,118,220.00)**	**–**	**(67,118,220.00)**
Transfers during the period (Note)	**(167,400,000.00)**	**–**	**(167,400,000.00)**
Changes in fair value	**438,700,381.37**	**–**	**438,700,381.37**
Closing balance	**21,191,856,763.17**	**1,606,013,787.61**	**22,797,870,550.78**

Note: Transfers during the Period were correspondingly transferred into liquidation of fixed assets as policy relocation.

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

15. Investment properties *(continued)*

2018

	Completed buildings	Buildings in progress	Total
Opening balance	15,440,453,467.02	–	15,440,453,467.02
Business combination not under common control	3,554,207,226.43	–	3,554,207,226.43
Acquisition for the year	28,329,648.64	–	28,329,648.64
Transfer from construction in progress	477,299,602.19	–	477,299,602.19
Transfer from inventories	612,873,526.53	745,784,902.15	1,358,658,428.68
Disposal for the year	(40,636,747.74)	–	(40,636,747.74)
Changes in fair value	508,933,619.95	–	508,933,619.95
Closing balance	20,581,460,343.02	745,784,902.15	21,327,245,245.17

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

The Group's investment properties were valued by an independent valuer with professional qualifications, using future earnings method and market-based approach on an open market and existing use basis.

As at 30 June 2019, the carrying value of investment properties without completing their procedures for the title certificates was RMB1,248,341,430.00 (As at 31 December 2018: RMB1,087,626,970.00). These investment properties were acquired through the business combination, 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 operation of the Group.

Details of pledge of investment properties are set out in Note V. 68.

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

16. Fixed assets

	30 June 2019	31 December 2018
Fixed assets	**43,691,281,263.79**	44,692,772,001.56
Liquidation of fixed assets	**178,644,592.99**	–
	43,869,925,856.78	44,692,772,001.56

Fixed assets

30 June 2019

	Buildings	Machinery and equipment	Transportation equipment	Office and other equipment	Total
Cost					
Opening balance	30,714,134,322.93	28,567,409,083.37	1,817,409,277.34	749,960,619.99	61,848,913,303.63
Addition	12,393,456.22	217,335,474.32	9,397,209.05	16,697,168.24	255,823,307.83
Transfer from construction in progress	278,602,813.83	116,168,436.16	123,275.86	3,092,144.08	397,986,669.93
Business combination not under common control	131,900,443.39	196,838,773.60	309,371.34	926,841.57	329,975,429.90
Disposal or retirement	(77,549,175.38)	(72,685,605.45)	(84,652,294.31)	(14,213,956.26)	(249,101,031.40)
Removed from upon disposal of subsidiaries	–	(6,014,302.00)	(14,383,490.00)	(432,239.00)	(20,830,031.00)
Transferred to right-of-use assets	–	(36,848,934.63)	–	–	(36,848,934.63)
Other transfers (Note)	(29,250,537.21)	–	–	–	(29,250,537.21)
Closing balance	31,030,231,323.78	28,982,202,925.37	1,728,203,349.28	756,030,578.62	62,496,668,177.05

Notes to Unaudited Interim Financial Statements

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

16. Fixed assets *(continued)*

***Fixed assets** (continued)*

30 June 2019 *(continued)*

	Buildings	Machinery and equipment	Transportation equipment	Office and other equipment	Total
Accumulated depreciation					
Opening balance	5,761,397,429.37	9,331,909,491.75	829,414,709.27	506,872,273.91	16,429,593,904.30
Provision	591,618,198.75	1,136,209,819.21	98,793,055.60	27,143,900.17	1,853,764,973.73
Disposal or retirement	(33,439,356.51)	(47,849,109.88)	(72,518,812.48)	(12,840,924.31)	(166,648,203.18)
Removed from upon disposal of subsidiaries	–	(4,773,474.96)	(12,276,132.67)	(410,627.05)	(17,460,234.68)
Transferred to right-of-use assets	–	(12,777,990.75)	–	–	(12,777,990.75)
Other transfers (Note)	(10,918,773.91)	–	–	–	(10,918,773.91)
Closing balance	6,308,657,497.70	10,402,718,735.37	843,412,819.72	520,764,622.72	18,075,553,675.51
Provision for impairment					
Opening balance	325,412,112.11	357,156,467.08	40,912,423.15	3,066,395.43	726,547,397.77
Provision	42,287,509.47	7,636,491.87	2,086,305.38	29,489.08	52,039,795.80
Disposal or retirement	(16,178,230.88)	(23,400,517.03)	(8,281,688.32)	(514,634.70)	(48,375,070.93)
Removed from upon disposal of subsidiaries	–	–	(378,884.89)	–	(378,884.89)
Closing balance	351,521,390.70	341,392,441.92	34,338,155.32	2,581,249.81	729,833,237.75
Carrying amount					
At the end of the period	24,370,052,435.38	18,238,091,748.08	850,452,374.24	232,684,706.09	43,691,281,263.79
At the beginning of the period	24,627,324,781.45	18,878,343,124.54	947,082,144.92	240,021,950.65	44,692,772,001.56

Note: Other transfers for the period include the transfer of related fixed assets into construction in progress due to renovation and expansion.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

16. Fixed assets *(continued)*

***Fixed assets** (continued)*

31 December 2018

	Buildings	Machinery and equipment	Transportation equipment	Office and other equipments	Total
Cost					
Opening balance	29,492,547,790.90	27,803,469,106.66	2,034,078,198.14	677,408,152.34	60,007,503,248.04
Addition	73,214,999.90	241,926,949.84	147,646,047.38	94,407,676.73	557,195,673.85
Transfer from construction in progress	1,220,088,160.33	846,464,681.67	700,008.53	12,502,430.43	2,079,755,280.96
Business combination not under common control	1,093,773,291.27	147,718,160.17	44,023,729.33	10,354,702.96	1,295,869,883.73
Disposal of subsidiaries	(312,241,697.85)	(220,194,966.18)	(30,495,167.85)	(3,247,393.30)	(566,179,225.18)
Classified to held for sale	–	–	(1,328,500.00)	(526,286.45)	(1,854,786.45)
Disposal or retirement	(292,694,797.81)	(251,974,848.79)	(377,215,038.19)	(40,938,662.72)	(962,823,347.51)
Other transfers	(560,553,423.81)	–	–	–	(560,553,423.81)
Closing balance	30,714,134,322.93	28,567,409,083.37	1,817,409,277.34	749,960,619.99	61,848,913,303.63
Accumulated depreciation					
Opening balance	4,825,210,669.20	7,513,672,795.22	869,043,773.49	473,499,551.88	13,681,426,789.79
Provision for the year	1,232,481,858.81	2,125,477,936.82	283,919,764.65	67,613,109.21	3,709,492,669.49
Disposal of subsidiaries	(114,640,721.89)	(139,130,927.58)	(24,948,530.80)	(2,736,908.54)	(281,457,088.81)
Classified as held for trading	–	–	(782,815.69)	(474,900.85)	(1,257,716.54)
Disposal or retirement	(103,137,024.81)	(168,110,312.71)	(297,817,482.38)	(31,028,577.79)	(600,093,397.69)
Other transfers	(78,517,351.94)	–	–	–	(78,517,351.94)
Closing balance	5,761,397,429.37	9,331,909,491.75	829,414,709.27	506,872,273.91	16,429,593,904.30

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

16. Fixed assets *(continued)*

***Fixed assets** (continued)*

31 December 2018

	Buildings	Machinery and equipment	Transportation equipment	Office and other equipments	Total
Provision for impairment					
Opening balance	152,820,438.85	254,443,957.54	22,167,534.24	1,323,044.38	430,754,975.01
Provision for the year	223,004,318.94	116,385,775.52	29,268,068.19	1,993,240.00	370,651,402.65
Disposal of subsidiaries	(19,289,273.83)	(6,120,940.15)	(858,321.92)	(26,052.85)	(26,294,588.75)
Disposal or retirement	(31,123,371.85)	(7,552,325.83)	(9,664,857.36)	(223,836.10)	(48,564,391.14)
Closing balance	325,412,112.11	357,156,467.08	40,912,423.15	3,066,395.43	726,547,397.77
Carrying amount					
At the end of the year	24,627,324,781.45	18,878,343,124.54	947,082,144.92	240,021,950.65	44,692,772,001.56
At the beginning of the year	24,514,516,682.85	20,035,352,353.90	1,142,866,890.41	202,585,556.08	45,895,321,483.24

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

16. Fixed assets *(continued)*

***Fixed assets** (continued)*

Fixed assets leased under operating leases are as follows:

January to June 2019

	Buildings	Machinery and equipment	Transportation equipment	Total
Cost				
Opening balance	166,876,250.38	63,224,011.45	6,865,118.56	236,965,380.39
Transfer from self-occupied	50,963,857.01	–	43,850,104.73	94,813,961.74
Transfer from construction in progress	732,978.00	–	–	732,978.00
Transfer to self-occupied	(5,803,648.47)	(52,023,527.43)	–	(57,827,175.90)
Closing balance	212,769,436.92	11,200,484.02	50,715,223.29	274,685,144.23
Accumulated depreciation				
Opening balance	47,755,048.24	37,304,546.51	5,712,125.27	90,771,720.02
Provision	3,119,384.74	116,618.82	1,169,972.82	4,405,976.38
Transfer from self-occupied	29,643,166.14	–	35,404,539.34	65,047,705.48
Transfer to self-occupied	(2,511,081.25)	(33,159,238.98)	–	(35,670,320.23)
Closing balance	78,006,517.87	4,261,926.35	42,286,637.43	124,555,081.65
Provision for impairment				
Opening balance	7,185,051.99	4,855,893.90	–	12,040,945.89
Transfer from self-occupied	–	–	2,853,350.37	2,853,350.37
Transfer to self-occupied	–	(350,346.91)	–	(350,346.91)
Closing balance	7,185,051.99	4,505,546.99	2,853,350.37	14,543,949.35
Carrying amount				
At the end of the period	127,577,867.06	2,433,010.68	5,575,235.49	135,586,113.23
At the beginning of the period	111,936,150.15	21,063,571.04	1,152,993.29	134,152,714.48

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

16. Fixed assets *(continued)*

Fixed assets *(continued)*

	31 December 2018
Buildings	111,936,150.15
Machinery and equipment	21,063,571.04
Transportation equipment	1,152,993.29
	134,152,714.48

As at 30 June 2019, the carrying value of fixed assets pending completion of the procedures for title certificates amounted to RMB672,608,069.42 (31 December 2018: RMB551,047,894.19). 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 fixed assets and the above matters would not impose material adverse effect on the operations of the Group.

Details of pledge of fixed assets are set out in Note V. 68.

17. Construction in progress

	30 June 2019	31 December 2018
Construction in progress	**2,489,387,794.36**	2,878,754,002.03
Construction materials	**50,668,622.36**	50,921,426.96
	2,540,056,416.72	2,929,675,428.99

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

17. Construction in progress *(continued)*

	30 June 2019			31 December 2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
BBMG keshi (Caofeidian) Precision Manufacture						
– Purchase of equipment	**45,672,521.35**	**–**	**45,672,521.35**	–	–	–
BBMG Residential Industrialization (Tangshan)						
– BBMG New Material Yutian Prefabricated Building Component Base Project Phase I	**28,155,178.72**	**–**	**28,155,178.72**	–	–	–
Beijing Chinefarge Cement						
– Chinefarge upgrading project	**42,870,846.88**	**–**	**42,870,846.88**	41,179,676.84	–	41,179,676.84
Beijing BBMG Tiantan Wood Technology						
– Xisanqi plant renovation	**–**	**–**	**–**	470,347,297.56	–	470,347,297.56
BBMG Tiantan (Tangshan) Wood Technology						
– BBMG Tiantan Homeware (Caofeidian) Innovation Industry Construction Project	**319,821,924.70**	**–**	**319,821,924.70**	97,201,771.99	–	97,201,771.99
Beijing Aerated Concrete						
– Logistics park project	**–**	**–**	**–**	644,884,628.11	–	644,884,628.11

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

17 Construction in progress *(continued)*

	30 June 2019			31 December 2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
BBMG Star Insulation and Energy Conservation Technology (Tangshan) – Caofeidian Project	**130,902,282.62**	**-**	**130,902,282.62**	79,222,364.42	-	79,222,364.42
Badaling Hot Spring – Upgrading of resorts	**129,562,848.69**	**-**	**129,562,848.69**	78,399,632.59	-	78,399,632.59
Jidong Development Group – Caofeidian industrial park	**74,385,711.88**	**-**	**74,385,711.88**	71,168,497.32	-	71,168,497.32
Tangshan Jidong Equipment – Construction project of heavy machinery hotworking center	**50,293,547.41**	**-**	**50,293,547.41**	41,247,964.46	-	41,247,964.46
Jidong Development Machinery and Equipment – Bid lot I (integrated warehouse, cafeteria, bathrooms, and heat exchange station, etc.)	**25,211,539.96**	**-**	**25,211,539.96**	25,198,916.61	-	25,198,916.61
– Deferred expenditures	**77,894,436.69**	**-**	**77,894,436.69**	73,543,672.66	-	73,543,672.66
– Dunshi machinery manufacturing project	**14,057,435.08**	**-**	**14,057,435.08**	14,057,435.08	-	14,057,435.08
– Ancillary equipment plant	**45,885,156.37**	**-**	**45,885,156.37**	45,800,221.56	-	45,800,221.56
– Hotworking plant	**18,491,057.04**	**-**	**18,491,057.04**	18,486,280.34	-	18,486,280.34
– Equipment under installation	**101,666,569.73**	**-**	**101,666,569.73**	96,382,505.77	-	96,382,505.77
– Heavy equipment plant	**109,130,723.97**	**-**	**109,130,723.97**	108,753,967.02	-	108,753,967.02
Huahai Wind Power – Caofeidian new wind power project	**108,232,011.93**	**-**	**108,232,011.93**	107,045,976.72	-	107,045,976.72
Jidong Development Jingyang Building Materials – Aggregates production line with annual production capacity of 3 million tonnes of Jingyang Building Materials	**56,283,799.16**	**-**	**56,283,799.16**	46,809,915.30	-	46,809,915.30
Tianjin BBMG Zhenxing Environmental Protection Technology – Synergetic use of cement kiln for the disposal of hazardous waste	**16,058,952.78**	**-**	**16,058,952.78**	-	-	-

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

17 Construction in progress *(continued)*

	30 June 2019			31 December 2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Tangshan Jidong Cement						
– BBMG Jidong integrated management, control and operation informationization platform project	**22,197,386.71**	**–**	**22,197,386.71**	–	–	–
– 6 million tonnes aggregate machine-made sand project	**30,048,690.86**	**–**	**30,048,690.86**	–	–	–
Tang County Jidong Cement						
– Daily disposal of 500 tonnes household garbage project	**81,511,256.10**	**–**	**81,511,256.10**	14,493,163.67	–	14,493,163.67
Yangquan Jidong Cement						
– Mining Phase II project	**18,107,638.63**	**–**	**18,107,638.63**	1,217,475.71	–	1,217,475.71
Changli Jidong Cement						
– Cement and mineral debris vertical mills project of Changli Company	**18,878,586.29**	**–**	**18,878,586.29**	–	–	–
BBMG Liushui Environmental Protection Technology						
– Construction waste resources optimization project	**16,361,915.44**	**–**	**16,361,915.44**	–	–	–
Dingxin Cement						
– Environmental protection technological improvement project for collaborative disposal of integrated solid waste	**35,962,912.84**	**–**	**35,962,912.84**	132,075.47	–	132,075.47
Construction materials	**66,123,862.02**	**15,455,239.66**	**50,668,622.36**	67,205,356.43	16,283,929.47	50,921,426.96
Other	**959,131,339.12**	**87,388,476.59**	**871,742,862.53**	889,357,888.16	86,177,325.33	803,180,562.83
Total	**2,642,900,132.97**	**102,843,716.25**	**2,540,056,416.72**	3,032,136,683.79	102,461,254.80	2,929,675,428.99

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

17 Construction in progress *(continued)*

Significant changes of construction in progress from January to June 2019 are as below:

	Budget (RMB'000)	Opening balance	Increase during the period	Transferred to fixed assets for the period	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Beijing Chinefarge Cement – Chinefarge upgrading project	42,871.00	41,179,676.84	1,691,170.04	–	–	42,870,846.88	Self-financing	100.00%
BBMG Residential Industrialization (Tangshan) – BBMG New Material Yutian Prefabricated Building Component Base Project Phase I	218,917.00	–	28,155,178.72	–	–	28,155,178.72	Self-financing and borrowing	12.86%
Beijing BBMG Tiantan Furniture – Xisanqi plant renovation	600,000.00	470,347,297.56	142,974,667.19	67,378,584.11	545,943,380.64	–	Self-financing	77.39%
Dachang BBMG Tiantan Furniture – Construction of Dachang project	558,600.00	42,150,752.38	5,018,757.02	20,262,661.29	206,661.45	26,700,186.66	Self-financing and state appropriation	87.70%
BBMG Tiantan (Tangshan) Wood Technology – BBMG Tiantan Homeware (Caofeidian) Innovation Industry Construction Project	848,117.00	97,201,771.99	222,620,152.71	–	–	319,821,924.70	Self-financing and borrowing	37.71%
BBMG Star Insulation and Energy Conservation Technology (Tangshan) – Caofeidian Project	170,930.00	79,222,364.42	51,813,400.32	8,120.35	125,361.77	130,902,282.62	Self-financing	76.58%
Beijing Aerated Concrete – Logistics park project	1,367,600.00	644,884,628.11	30,645,117.49	–	675,529,745.60	–	Self-financing	49.40%
Badaling Hot Spring – Upgrading of resorts	698,670.00	78,399,632.59	51,725,455.58	562,239.48	–	129,562,848.69	Self-financing	18.71%
Jidong Development Group – Caofeidian industrial park	74,386.00	71,168,497.32	3,217,214.56	–	–	74,385,711.88	Self-financing and borrowing	100.00%

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

17 Construction in progress *(continued)*

Significant changes of construction in progress from January to June 2019 are as below: *(continued)*

	Budget (RMB'000)	Opening balance	Increase during the period	Transferred to fixed assets for the period	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Tiancai Construction								
– R&D building	700,000.00	33,511,727.59	–	–	–	33,511,727.59	Self–financing	4.79%
Tangshan Jidong Equipment								
– BBMG Intelligent Electric Manufacturing Base (phase I construction project)	198,000.00	–	1,003,337.17	–	–	1,003,337.17	Self–financing and borrowing	0.51%
– Reserved factory of heavy machinery hotworking centre	64,144.00	41,247,964.46	9,045,582.95	–	–	50,293,547.41	Self–financing	78.41%
Jidong Development Jingyang Building Materials								
– Aggregates production line with annual production capacity of 3 million tonnes of Jingyang Building Materials	330,780.00	46,809,915.30	9,473,883.86	–	–	56,283,799.16	Self–financing	74.67%
Laishui Jinglai Building Materials								
– Construction project of a production line of 2.5 million tonnes dolomite	120,073.00	13,053,809.42	2,977,547.32	–	–	16,031,356.74	Self–financing and borrowing	27.31%
Jidong Development Machinery and Equipment								
– Heavy equipment plant	276,328.00	108,753,967.02	376,756.95	–	–	109,130,723.97	Self–financing	99.93%

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

17 Construction in progress *(continued)*

Significant changes of construction in progress from January to June 2019 are as below: *(continued)*

	Budget (RMB'000)	Opening balance	Increase during the period	Transferred to fixed assets for the period	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Jidong Development Machinery and Equipment								
– Ancillary equipment plant	136,006.00	45,800,221.56	84,934.81	–	–	45,885,156.37	Self–financing	133.88%
– Equipment under installation	272,070.00	96,382,505.77	5,284,063.96	–	–	101,666,569.73	Self–financing	67.05%
–Deferred expenditures	77,894.00	73,543,672.66	4,350,764.03	–	–	77,894,436.69	Self–financing	100.00%
– Dunshi machinery manufacturing project	286,000.00	14,057,435.08	–	–	–	14,057,435.08	Self–financing and borrowing	4.92%
Huahai Wind Power								
– Caofeidian new wind power project	230,000.00	107,045,976.72	1,186,035.21	–	–	108,232,011.93	Self–financing	47.06%
Tangshan Jidong Cement								
– Integrated management, control and operation informatization platform project	108,860.00	–	22,197,386.71	–	–	22,197,386.71	Self–financing	20.39%
Jidong Cement Tongchuan								
– Conveyor belt project	55,000.00	28,893,452.21	–	–	–	28,893,452.21	Self–financing	52.53%
-6 million-tonne aggregate machined-made sand project	42,050.00	–	30,048,690.86	–	–	30,048,690.86	Self–financing	71.46%
Zuoquan BBMG Cement								
– 1.5 million tonnes per year limestone (for cement use) mine project	42,227.00	17,204,850.71	624,367.10	–	–	17,829,217.81	Self–financing	46.03%

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

17 Construction in progress *(continued)*

Significant changes of construction in progress from January to June 2019 are as below: *(continued)*

	Budget (RMB'000)	Opening balance	Increase during the period	Transferred to fixed assets for the period	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Chengde Jidong Cement								
– Technological improvement project of mining	50,170.00	17,885,444.86	–	–	–	17,885,444.86	Self-financing	35.65%
Tang County Jidong Cement								
– Daily disposal of 500 tonnes household garbage project	99,970.00	14,493,163.67	67,018,092.43	–	–	81,511,256.10	Self-financing and borrowing	81.54%
Yangquan Jidong Cement								
– Mining Phase II project	25,000.00	1,217,475.71	16,890,162.92	–	–	18,107,638.63	Self-financing	72.43%
Changli Jidong Cement								
– cement and mineral debris vertical mills project of Changli Company	243,000.00	–	18,878,586.29	–	–	18,878,586.29	Borrowing	7.77%
BBMG Liushui Environmental Protection Technology								
– Construction waste resources optimization project	116,000.00	–	16,361,915.44	–	–	16,361,915.44	Self-financing	96.35%
Bo'ai BBMG Cement								
– Bo'ai Zhaihuoxiang limestone mine	21,103.00	14,097,169.75	–	–	–	14,097,169.75	Self-financing	66.80%
Dingxin Cement								
– Environmental protection technology improvement project for collaborative disposal of integrated solid waste	117,830.00	132,075.47	35,830,837.37	–	–	35,962,912.84	Self-financing	30.52%

Note: Other decrease mainly represents the transfer of Beijing Aerated Concrete's logistics park project and BBMG Tiantan Wood Technology's Xisanqi plant renovation project into investment properties amounting to RMB1,221,473,126.24 (2018: RMB441,281,235.61) for the period.

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

17. Construction in progress *(continued)*

Significant changes of construction in progress in 2018 are as below:

	Budget (RMB'000)	Opening balance	Increase in the year	Transfer to fixed assets for the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
BBMG Liushui Environmental Protection Technology								
– Improvement and expansion project of fly ash	70,910.00	34,986,805.15	29,988,645.31	64,975,450.46	–	–	Self–financing and borrowing	91.63%
– Capacity enhancement and optimization of treatment line of fly ash	22,960.00	11,777,217.29	–	11,777,217.29	–	–	Self–financing and borrowing	51.29%
– Project concerning comprehensive utilization of fly ash	61,290.00	5,647,066.46	–	5,647,066.46	–	–	Self–financing and borrowing	9.21%
– Construction waste resources optimization project	116,000.00	57,780,767.18	37,618,139.11	95,398,906.29	–	–	Self–financing and borrowing	82.24%
Handan Shexian BBMG Cement								
– 2016J-1.92 million t/a relocation and technological improvement project of cement grinding station	99,620.00	–	4,388,341.77	4,388,341.77	–	–	Self–financing	4.41%
Huahai Wind Power								
– Caofeidian new wind power project	230,000.00	107,045,976.72	–	–	–	107,045,976.72	Self–financing	46.54%
Beijing Chinefarge Cement								
– Chinefarge upgrading project	41,180.00	5,651,361.34	35,528,315.50	–	–	41,179,676.84	Self–financing	100.00%
Beijing BBMG Tiantan Furniture								
– Xisanqi plant renovation	400,000.00	153,744,434.99	317,437,346.36	–	834,483.79	470,347,297.56	Self–financing	117.59%
Dachang BBMG Tiantan Furniture								
– Construction of Dachang project	558,600.00	20,774,294.83	21,376,457.55	–	–	42,150,752.38	Self–financing and state appropriation	78.37%

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

17. Construction in progress *(continued)*

Significant changes of construction in progress in 2018 are as below: *(continued)*

	Budget (RMB'000)	Opening balance	Increase in the year	Transfer to fixed assets for the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
BBMG Tiantan (Tangshan) Wood Technology – BBMG Tiantan Homeware (Caofeidian) Innovation Industry Construction Project	848,117.00	–	97,201,771.99	–	–	97,201,771.99	Self-financing and borrowing	11.46%
Beijing Aerated Concrete – Logistics park project	1,367,600.00	955,230,172.52	130,935,691.20	–	441,281,235.61	644,884,628.11	Self-financing	47.15%
BBMG (Dachang) Modern Industrial Park – Tiantan Furniture phase I with capacity of 0.8 million pieces of furniture at Lot 7# and 9#	197,707.00	37,670.62	21,300,450.00	21,338,120.62	–	–	Self-financing	10.79%
BBMG Weiguan (Cangzhou) – Adhesive and poly-hydroxy-acid alkaline agent project	88,392.00	46,739,986.14	9,164,281.15	55,904,267.29	–	–	Self-financing	63.25%
BBMG Star Insulation and Energy Conservation Technology (Tangshan) – Caofeidian Project	170,000.00	–	79,222,364.42	–	–	79,222,364.42	Self-financing	46.60%
Badaling Hot Spring – Upgrading of resorts	698,670.00	1,264,150.93	77,631,519.66	472,493.00	23,545.00	78,399,632.59	Self-financing	11.29%
Jidong Development Group – Caofeidian industrial park	67,352.00	67,352,913.55	3,815,583.77	–	–	71,168,497.32	Self-financing and borrowing	105.67%
Jidong Development Machinery and Equipment – Deferred expenditures	73,540.00	39,280,497.78	37,273,144.57	–	3,009,969.69	73,543,672.66	Self-financing	100.00%

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

17. Construction in progress *(continued)*

Significant changes of construction in progress in 2018 are as below: *(continued)*

	Budget (RMB'000)	Opening balance	Increase in the year	Transfer to fixed assets for the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Jidong Development Machinery and Equipment								
– Dunshi machinery manufacturing project	286,000.00	14,057,435.08	–	–	–	14,057,435.08	Self–financing and borrowing	4.92%
– Ancillary equipment plant	136,006.00	163,959,664.38	18,034,183.44	136,193,626.26	–	45,800,221.56	Self–financing	133.81%
– Equipment under installation	272,070.00	98,554,523.11	78,574,519.44	80,746,536.78	–	96,382,505.77	Self–financing	65.10%
– Heavy equipment plant	276,328.00	241,232,485.60	34,536,629.60	167,015,148.18	–	108,753,967.02	Self–financing	99.80%
Yan Dong Construction								
– Yuquan plate-making workshop	100,000.00	104,418.53	1,231,000.00	–	1,231,000.00	104,418.53	Self–financing	3.22%
Laishui Jinglai Building Materials								
– Construction project of a production line of 2.5 million tonnes dolomite	120,073.00	23,466,333.46	6,351,725.09	16,764,249.13	–	13,053,809.42	Self–financing and borrowing	24.83%
Jidong Development Jingyang Building Materials								
– Aggregates production line with annual production capacity of 3 million tonnes of Jingyang Building Materials	330,780.00	14,044,839.69	32,765,075.61	–	–	46,809,915.30	Self–financing	14.15%
Yantai Jidong Runtai Building Materials								
– Production line project	238,098.00	10,437,308.14	580,946.26	15,490.99	–	11,002,763.41	Self–financing	85.75%
Jidong Cement Heilongjiang								
– Cement production line using new drying process with clinker	1,670,000.00	53,164,479.34	111,038,301.08	164,202,780.42	–	–	Borrowing	73.05%

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

17. Construction in progress *(continued)*

Significant changes of construction in progress in 2018 are as below: *(continued)*

	Budget (RMB'000)	Opening balance	Increase in the year	Transfer to fixed assets for the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Jidong Cement Huludao								
– Cement production line using new drying process with clinker	790,000.00	3,190,260.58	117,924.53	–	–	3,308,185.11	Self–financing	0.42%
Jidong Cement Tongchuan								
– Conveyor belt project	55,000.00	28,893,452.21	–	–	–	28,893,452.21	Self–financing	52.53%
Mizhi Jidong Cement								
– Project concerning cement production by comprehensive utilization using new dry process	487,831.00	5,926,650.40	4,601,876.01	10,528,526.41	–	–	Self–financing	2.16%
Tang County Jidong Cement								
– Daily disposal of 500 tonnes household garbage project	99,970.00	–	14,493,163.67	–	–	14,493,163.67	Borrowing	14.50%
Yangquan Jidong Cement								
– Mining Phase II project	25,000.00	–	1,217,475.71	–	–	1,217,475.71	Self–financing	4.87%
Yi County Xinhai Mining								
– Project concerning crushed stone production of 1.2 million cubic meters per annum	92,172.00	55,942,478.74	3,245,286.77	49,625,961.78	9,500,288.74	61,514.99	Borrowing	64.21%

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For the six months ended 30 June 2019

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

17. 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:

30 June 2019

	Progress of works (%)	Accumulated amount of interest capitalized	Including: Interest capitalized for the period	Capitalization rate of interest for the period (%)
BBMG Tiantan (Tangshan) Wood – BBMG Tiantan Homeware (Caofeidian) Innovation Industry Construction Project	**37.71**	**12,732,855.40**	**7,812,750.05**	**4.66**
Jidong Development Group – Caofeidian industrial park	**110.45**	**24,273,887.17**	**1,712,268.40**	**5.18**
– Deep reform and treatment of mine	**0.15**	**116,141.62**	**116,141.62**	**5.18**
Jidong Development Machinery and Equipment – Dunshi machinery manufacturing project	**4.92**	**4,347,133.63**	**–**	**–**
Laishui Jinglai Building Materials – Construction project of a production line of 2.5 million tonnes dolomite	**27.31**	**2,346,909.29**	**–**	**–**
Jilin BBMG Jidong Enviromnetal Protection Technology – Project concerning a change of exploration right to mining right of Qincaigou mine	**5.91**	**272,106.44**	**51,925.00**	**4.55**
Tang County Jidong Cement – Daily disposal of 500 tonnes household garbage project	**81.54**	**1,581,939.03**	**1,342,205.69**	**3.48**

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

17. 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: *(continued)*

	Progress of works (%)	Accumulated amount of interest capitalized	Including: Interest capitalized for the period	Capitalization rate of interest for the period (%)
Jidong Equipment project – BBMG Intelligent Electric Manufacturing Base (phase I construction project)	**0.51**	**149,168.75**	**149,168.75**	**4.63**
BBMG Residential Industrialization (Tangshan)				
BBMG New Material Yutian Prefabricated Building Component Base Project Phase I	**12.86**	**552,081.53**	**552,081.53**	**4.49**
		46,372,222.86	**11,736,541.04**	

Note: The amount of capitalized interests included in construction in progress for January to June 2019 was RMB11,736,541.04 (January to June 2018: RMB11,706,877.68), among which, RMB7,981,871.64 (2018: RMB153,278,506.52) had been transferred to fixed assets.

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

17. Construction in progress *(continued)*

31 December 2018

	Progress of works (%)	Accumulated amount of interest capitalized	Including: Interest capitalized for the year	Capitalization rate of interest for the year (%)
BBMG Liushui Environmental Protection				
– Improvement and expansion project of fly ash	91.63	292,851.67	292,851.67	3.48
– Construction waste resources optimization	82.24	858,399.99	643,799.99	3.48
BBMG Tiantan (Tangshan) Wood				
– BBMG Tiantan Homeware (Caofeidian) Innovation Industry Construction Project	11.46	4,920,105.35	4,920,105.35	4.54
Jidong Development Group				
– Caofeidian industrial park	2.90	22,561,618.77	3,598,856.01	5.18
Jidong Development Machinery and Equipment				
– Dunshi machinery manufacturing project	4.92	4,347,133.63	–	
Laishui Jinglai Building Materials				
– Construction project of a production line of 2.5 million tonnes dolomite	24.83	2,346,909.29	–	
Chengde BBMG Cement				
– Project concerning comprehensive utilisation of hazardous waste	86.96	747,936.58	131,055.83	4.35

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

17. Construction in progress *(continued)*

31 December 2018 *(continued)*

	Progress of works (%)	Accumulated amount of interest capitalized	Including: Interest capitalized for the year	Capitalization rate of interest for the year (%)
Jilin BBMG Jidong Enviromental Protection Technology				
– Project of intelligent delivery and transportation plaza in front of plant and roads nearby	103.87	6,208.93	5,966.67	4.49
– Project concerning a change of exploration right to mining right of Qincaigou mine	5.36	220,181.44	115,896.10	4.68
– Technological improvement project of construction of new raw coal shed	94.39	30,415.36	30,385.13	4.64
Tang County Jidong Cement				
– Daily disposal of 500 tonnes household garbage project	14.50	239,733.34	239,733.34	3.48
Yi County Xinhai Mining				
– Project concerning crushed stone production of 1.2 million cubic meters per annum	64.21	6,046,059.11	615,464.27	4.61
		42,617,553.46	10,594,114.36	

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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

17. Construction in progress *(continued)*

Provision for impairment of construction materials as at 30 June 2019

	Opening balance	Increase during the period	Decrease/write-off during the period	Closing balance
Jidong Group – Nanhu Yingbinguan	**63,699,404.55**	**–**	**–**	**63,699,404.55**
Jidong Cement Tongchuan – Conveyor belt project	**6,401,041.53**	**1,211,151.26**	**–**	**7,612,192.79**
Other	**16,076,879.25**	**–**	**–**	**16,076,879.25**
Provision for impairment of construction in progress	**86,177,325.33**	**1,211,151.26**	**–**	**87,388,476.59**
Provision for impairment of construction materials	**16,283,929.47**	**–**	**828,689.81**	**15,455,239.66**
Total	**102,461,254.80**	**1,211,151.26**	**828,689.81**	**102,843,716.25**

Note: The reason for making provision for impairment for the projects above is their suspension.

Provision for impairment of construction in progress as at 31 December 2018:

	Opening balance	Increase in the year	Decrease/write-off in the year	Closing balance
Jidong Group – Nanhu Yingbinguan	25,696,028.66	38,003,375.89	–	63,699,404.55
Jidong Cement Tongchuan – Conveyor belt project	3,978,739.01	2,422,302.52	–	6,401,041.53
Other	4,928,225.40	11,148,653.85	–	16,076,879.25
Provision for impairment of construction in progress	34,602,993.07	51,574,332.26	–	86,177,325.33
Provision for impairment of construction materials	15,171,060.40	4,572,915.08	3,460,046.01	16,283,929.47
Total	49,774,053.47	56,147,247.34	3,460,046.01	102,461,254.80

Note: The reason for making provision for impairment for the projects above is their suspension.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Right-of-use assets

30 June 2019

	Buildings	Machinery and equipment	Transportation equipment	Other	Total
Cost					
Opening balance	1,158,027,883.04	1,520,525.42	3,596,147.80	804,704.52	1,163,949,260.78
Increase	78,545,169.84	1,654,143.47	–	–	80,199,313.31
Closing balance	1,236,573,052.88	3,174,668.89	3,596,147.80	804,704.52	1,244,148,574.09
Accumulated depreciation					
Opening balance	134,792,291.31	–	–	–	134,792,291.31
Provision	119,018,911.49	333,873.20	690,178.22	110,542.67	120,153,505.58
Closing balance	253,811,202.80	333,873.20	690,178.22	110,542.67	254,945,796.89
Carrying amount					
At the end of the period	982,761,850.08	2,840,795.69	2,905,969.58	694,161.85	989,202,777.20
At the beginning of the period	1,023,235,591.73	1,520,525.42	3,596,147.80	804,704.52	1,029,156,969.47

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Intangible assets

30 June 2019

	Land use rights	Computer software licenses	Mining rights	Trademark rights	Other	Total
Cost						
Opening balance	15,317,007,872.39	201,497,021.08	2,872,240,892.09	83,414,700.00	194,627,109.07	18,668,787,594.63
Addition	142,103,025.65	11,890,560.30	25,452,998.00	-	49,900.98	179,496,484.93
Disposal	(95,525,419.37)	(404,858.30)	(6,676,350.00)	-	-	(102,606,627.67)
Other decrease (Note)	(64,671,056.21)	-	-	-	-	(64,671,056.21)
Closing balance	15,298,914,422.46	212,982,723.08	2,891,017,540.09	83,414,700.00	194,677,010.05	18,681,006,395.68
Accumulated amortisation						
Opening balance	1,229,037,833.88	84,716,200.76	513,149,405.45	-	56,780,002.39	1,883,683,442.48
Provision for the period	175,673,549.31	18,330,733.67	78,377,940.77	-	9,147,784.81	281,530,008.56
Disposal	(7,334,065.36)	(142,774.00)	(5,572,304.98)	-	-	(13,049,144.34)
Other decrease (Note)	(19,701,038.21)	-	-	-	-	(19,701,038.21)
Closing balance	1,377,676,279.62	102,904,160.43	585,955,041.24	-	65,927,787.20	2,132,463,268.49
Provision for impairment						
Opening balance	12,359,130.01	-	67,943,968.48	5,000,000.00	8,046,757.54	93,349,856.03
Disposal	(226,650.03)	-	-	-	-	(226,650.03)
Closing balance	12,132,479.98	-	67,943,968.48	5,000,000.00	8,046,757.54	93,123,206.00
Carrying amount						
At the end of the period	13,909,105,662.86	110,078,562.65	2,237,118,530.37	78,414,700.00	120,702,465.31	16,455,419,921.19
At the beginning of the period	14,075,610,908.50	116,780,820.32	2,291,147,518.16	78,414,700.00	129,800,349.14	16,691,754,296.12

Note: Other decrease mainly represents the transfer of Beijing Aerated Concrete's logistics park project and BBMG Tiantan Wood Technology's Xisanqi plant renovation project into investment properties amounting to RMB44,970,018.00 during the period.

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

19. Intangible assets *(continued)*

31 December 2018

	Land use rights	Computer software licenses	Mining rights	Trademark rights	Other	Total
Cost						
Opening balance	9,126,604,942.70	167,093,919.84	2,806,043,512.90	83,414,700.00	197,289,497.90	12,380,446,573.34
Addition	451,779,026.19	38,707,748.91	43,504,959.79	–	3,968,563.90	537,960,298.79
Business combination not under common control	6,670,458,320.35	1,062,424.99	33,029,955.89	–	–	6,704,550,701.23
Disposal	(780,992,413.64)	(3,975,375.20)	(10,337,536.49)	–	(6,630,952.73)	(801,936,278.06)
Removed from upon disposal of subsidiaries	(150,842,003.21)	(1,391,697.46)	–	–	–	(152,233,700.67)
Closing balance	15,317,007,872.39	201,497,021.08	2,872,240,892.09	83,414,700.00	194,627,109.07	18,668,787,594.63
Accumulated amortisation						
Opening balance	970,003,171.86	63,873,740.72	355,658,391.06	–	46,865,377.82	1,436,400,681.46
Provision for the year	321,061,570.25	24,446,575.76	161,515,861.34	–	13,137,451.41	520,161,458.76
Disposal	(37,677,785.10)	(2,279,415.69)	(4,024,846.95)	–	(3,222,826.84)	(47,204,874.58)
Removed from upon disposal of subsidiaries	(24,349,123.13)	(1,324,700.03)	–	–	–	(25,673,823.16)
Closing balance	1,229,037,833.88	84,716,200.76	513,149,405.45	–	56,780,002.39	1,883,683,442.48
Provision for impairment						
Opening balance	6,235,685.06	–	67,943,968.48	5,000,000.00	7,780,240.56	86,959,894.10
Provision for the year	6,123,444.95	–	–	–	266,516.98	6,389,961.93
Closing balance	12,359,130.01	–	67,943,968.48	5,000,000.00	8,046,757.54	93,349,856.03
Carrying amount						
At the end of the year	14,075,610,908.50	116,780,820.32	2,291,147,518.16	78,414,700.00	129,800,349.14	16,691,754,296.12
At the beginning of the year	8,150,366,085.78	103,220,179.12	2,382,441,153.36	78,414,700.00	142,643,879.52	10,857,085,997.78

Notes to Unaudited Interim Financial Statements

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

19. 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 2019	30 June 2018
Less than 50 years	**13,909,105,662.86**	14,117,123,752.98

Details of pledge of intangible assets are set out in Note V.68.

As at 30 June 2019, the useful life of trademark rights with a carrying amount of RMB78,414,700.00 was indefinite (31 December 2018: RMB78,414,700.00). 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 2019, the carrying value of intangible assets of the Group pending completion of the procedures for title certificates amounted to RMB177,448,930.78 (31 December 2018: RMB23,937,247.93). The management of the Company is of the view that there would not be any material adverse impact on the business operation of the Group from the aforementioned incomplete procedures for the title certificates.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

20. Goodwill

	30 June 2019	30 June 2018
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 Environmental Protection Technology Co., Ltd.	**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.	**2,742,710.29**	2,742,710.29
Tianjin BBMG Zhenxing Environmental Protection Technology 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
Baogang Jidong Cement Co., Ltd.	**1,181,333.25**	–
	2,804,114,378.64	2,802,933,045.39
Less: Provision for impairment of goodwill	**62,645,395.59**	62,645,395.59
	2,741,468,983.05	2,740,287,649.80

Movements in provision for impairment of goodwill from January to June are as follows:

	Opening and closing balance
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	3,967,009.95
Tianjin BBMG Zhenxing Environmental Protection Technology Co., Ltd.	10,931,009.96
Beijing Taihang Prospect Environmental Protection Technology Co., Ltd.	9,482,871.64
Handan Shexian BBMG Cement Co., Ltd.	35,521,793.75
Beijing Qianglian Cement Co., Ltd.	2,742,710.29
	62,645,395.59

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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

20. Goodwill *(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.

The goodwill formed by the interest in the listed companies held by the Company was determined as the net amount of fair value less costs to sell 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 2019.

The estimated future cash flows are based on the five-year financial budget approved by the management at a discount rate of 9% -10% (2018: 9%-10%). The estimated cash flows of these assets groups beyond five years are determined at a fixed growth rate of 1%-3% (2018: 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.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

21. Long-term deferred expenditures

30 June 2019

	Opening balance	Increase in the period	Increase of business combination not under common control	Amortisation for the period	Other decrease	Provision for impairment for the period	Closing balance
Decoration	126,484,781.94	18,123,203.81	-	17,667,397.20	52,890.76	-	126,887,697.79
Leasehold improvement for fixed assets rented	35,771,776.31	1,346,976.95	-	5,119,659.53	797,496.00	-	31,201,597.73
Land lease prepayments	314,190,930.47	34,496,789.43	-	15,545,029.89	-	-	333,142,690.01
Cost of stripping mines	582,350,585.77	40,786,852.17	-	20,234,139.31	-	-	602,903,298.63
Other	183,907,779.68	86,622,095.03	-	24,802,271.24	3,389,768.78	-	242,337,834.69
	1,242,705,854.17	181,375,917.39	-	83,368,497.17	4,240,155.54	-	1,336,473,118.85

31 December 2018

	Opening balance	Increase in the year	Increase of business combination not under common control	Amortisation for the year	Other decrease	Provision for impairment for the year	Closing balance
Decoration	117,765,888.69	26,625,306.69	18,265,390.25	34,459,223.43	1,712,580.26	-	126,484,781.94
Leasehold improvement for fixed assets rented	20,425,942.92	29,008,922.82	524,044.30	13,104,276.70	1,082,857.03	-	35,771,776.31
Land lease prepayments	338,573,072.61	59,129,252.33	-	68,995,162.47	10,807,942.83	3,708,289.17	314,190,930.47
Cost of stripping mines	494,325,767.23	125,972,786.67	-	37,545,577.26	402,390.87	-	582,350,585.77
Other	163,271,355.66	60,537,786.13	17,125,247.33	47,379,947.25	9,646,662.19	-	183,907,779.68
	1,134,362,027.11	301,274,054.64	35,914,681.88	201,484,187.11	23,652,433.18	3,708,289.17	1,242,705,854.17

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

22. Deferred income tax assets/liabilities

Deferred income tax assets not eliminated:

	30 June 2019		31 December 2018	
	Deductible temporary differences	**Deferred income tax assets**	Deductible temporary differences	Deferred income tax assets
Provision for LAT	**4,323,369,996.76**	**1,080,842,499.19**	3,600,808,425.84	900,202,106.46
Deductible tax losses	**3,693,436,026.12**	**923,359,006.53**	3,084,918,114.24	771,229,528.56
Provision for impairment of assets	**2,785,883,951.00**	**696,470,987.75**	2,529,193,292.44	632,298,323.11
Difference in accounting and tax of revenue recognition	**52,166,294.96**	**13,041,573.74**	57,197,038.40	14,299,259.60
Accrual of property development cost	**2,568,947,883.48**	**642,236,970.87**	2,865,103,566.52	716,275,891.63
Unrealised profits and losses of internal transactions	**1,324,222,096.16**	**331,055,524.04**	1,174,375,630.40	293,593,907.60
Changes in fair value of other equity instruments	**97,634,131.20**	**24,408,532.80**	91,125,189.12	22,781,297.28
Other	**691,769,925.24**	**172,942,481.31**	415,639,615.40	103,909,903.85
	15,537,430,304.92	**3,884,357,576.23**	13,818,360,872.36	3,454,590,218.09

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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

22. Deferred income tax assets/liabilities *(continued)*

Deferred income tax liabilities not eliminated:

	30 June 2019		31 December 2018	
	Taxable temporary differences	**Deferred income tax liabilities**	Taxable temporary differences	Deferred income tax liabilities
Valuation gains of investment properties	**9,322,188,267.41**	**2,330,547,066.85**	9,060,700,276.36	2,265,175,069.09
Difference arising from accounting and tax of accumulated depreciation	**1,002,411,370.79**	**250,602,842.70**	1,347,120,989.20	336,780,247.30
Assessment increase/decrease in business combination	**11,824,732,901.92**	**2,956,183,225.48**	11,792,909,069.24	2,948,227,267.31
Gains from changes in fair value	**260,827,059.16**	**65,206,764.79**	95,393,661.76	23,848,415.44
Other	**1,678,415,414.80**	**419,603,853.70**	1,547,272,780.48	386,818,195.12
	24,088,575,014.08	**6,022,143,753.52**	23,843,396,777.04	5,960,849,194.26

Deductible tax losses and temporary differences of unrecognised deferred income tax assets are as follows:

	30 June 2019	31 December 2018
Deductible tax losses	**9,190,883,250.29**	9,968,563,908.72
Deductible temporary differences	**5,187,088,968.70**	6,795,856,858.10
	14,377,972,218.99	16,764,420,766.82

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For the six months ended 30 June 2019

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

22. Deferred income tax assets/liabilities *(continued)*

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

	30 June 2019	31 December 2018
2019	**152,447,480.23**	366,077,289.95
2020	**395,120,151.86**	464,813,465.26
2021	**2,982,876,043.24**	3,216,211,777.67
2022	**1,875,171,021.16**	1,999,148,025.22
2023	**3,250,937,231.75**	3,922,313,350.62
2024	**534,331,322.06**	–
	9,190,883,250.30	9,968,563,908.72

23. Other non-current assets

	30 June 2019	31 December 2018
Repurchase (Note)	**–**	462,387,504.78
Prepayment for projects, equipment and plants	**985,344,925.59**	892,886,084.54
Prepayment for lands	**158,146,569.65**	163,594,970.99
Prepayment for exploration rights	**92,198,684.80**	69,978,172.75
	1,235,690,180.04	1,588,846,733.06

Note: In 2014, a sales agreement with buyback terms was entered into for the commercial property of Chongqing BBMG Dacheng Shanshui Real Estate. According to the sales and buyback agreement, the Group is expected to buy back the property this year and classify the assets related to the sales and buyback agreement into other current assets in the period.

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

24. Provisions for impairment of assets

30 June 2019

		Increase during the period			Decrease during the period			
	Opening balance	Provision for the period	Business combination not under common control	Other increase	Removed from upon disposal of subsidiaries	Reversal	Write-off	Closing balance
Provision for bad debts:	4,203,792,893.57	249,350,278.97	23,095,723.81	121,589,136.41	13,375,571.30	101,153,538.56	4,725,385.27	4,478,573,537.63
Including: Accounts receivable	*2,423,525,518.45*	*222,824,454.02*	*15,437,643.47*	-	*11,223,623.10*	*24,024,681.03*	*368,342.94*	*2,626,170,968.87*
Bills receivable	*65,855,058.00*	*3,580,770.89*	-	-	-	-	-	*69,435,828.89*
Other receivables	*1,651,477,882.53*	*13,070,293.31*	*7,658,080.34*	*121,589,136.41*	*1,563,291.91*	*76,503,992.61*	*2,754,296.36*	*1,712,973,811.71*
Prepayments	*32,755,124.32*	*380,448.86*	-	-	*588,656.29*	*619,474.86*	*1,602,745.97*	*30,324,696.06*
Long-term receivables	*30,179,310.27*	*9,494,311.89*	-	-	-	*5,390.06*	-	*39,668,232.10*
Provision for decline in value of inventories	689,650,305.78	14,512,022.43	-	-	754,493.67	532,581.86	28,502,848.37	674,372,404.31
Provision for impairment of fixed assets	726,547,397.77	52,039,795.80	-	-	378,884.89	-	48,375,070.93	729,833,237.75
Provision for impairment of construction in progress	102,461,254.80	1,211,151.26	-	-	-	-	828,689.81	102,843,716.25
Provision for impairment of intangible assets	93,349,856.03	-	-	-	-	-	226,650.03	93,123,206.00
Provision for impairment of goodwill	62,645,395.59	-	-	-	-	-	-	62,645,395.59
Other current assets	578,270.60	-	-	-	-	-	578,270.60	-
Impairment of long-term prepaid expenses	3,708,289.17	-	-	-	-	-	-	3,708,289.17
	5,882,733,663.31	317,113,248.46	23,095,723.81	121,589,136.41	14,508,949.86	101,686,120.42	83,236,915.01	6,145,099,786.70

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

24. Provisions for impairment of assets *(continued)*

31 December 2018

			Increase in the year		Decrease in the year				
	Opening balance	Opening balance after restatement	Provision for the year	Business combination not under common control	Removed from upon disposal of subsidiaries	Reversal	Write-off	Transferred to held for sale	Closing balance
Provision for bad debts:	3,748,559,537.20	3,634,145,129.27	462,169,684.07	292,491,692.58	67,988,807.24	70,235,932.88	46,685,701.46	103,170.77	4,203,792,893.57
Including: Accounts receivable	*2,420,720,346.67*	*2,231,874,010.93*	*68,999,649.21*	*168,686,325.27*	*33,171,288.40*	*2,679,120.48*	*10,080,941.31*	*103,116.77*	*2,423,525,518.45*
Bills receivable	–	–	*65,855,058.00*	–	–	–	–	–	*65,855,058.00*
Other receivables	*1,284,733,038.50*	*1,337,072,759.55*	*309,898,882.34*	*108,880,957.94*	*34,817,518.84*	*57,421,684.31*	*12,135,460.15*	*54.00*	*1,651,477,882.53*
Prepayments	*43,106,152.03*	*43,106,152.03*	*17,416,094.52*	–	–	*3,297,822.23*	*24,469,300.00*	–	*32,755,124.32*
Long-term receivables	–	*22,092,206.76*	–	*14,924,409.37*	–	*6,837,305.86*	–	–	*30,179,310.27*
Provision for decline in value of inventories	398,846,278.37	398,846,278.37	378,784,862.54	–	7,965,733.09	2,608,159.35	77,406,942.69	–	689,650,305.78
Provision for impairment of fixed assets	430,754,975.01	430,754,975.01	370,651,402.65	–	26,294,588.75	–	48,564,391.14	–	726,547,397.77
Provision for impairment of construction in progress	49,774,053.47	49,774,053.47	56,147,247.34	–	–	–	3,460,046.01	–	102,461,254.80
Provision for impairment of intangible assets	86,959,894.10	86,959,894.10	6,389,961.93	–	–	–	–	–	93,349,856.03
Provision for impairment of goodwill	62,645,395.59	62,645,395.59	–	–	–	–	–	–	62,645,395.59
Other non-current assets	2,754,674.63	2,754,674.63	–	–	–	–	2,754,674.63	–	–
Other current assets	–	–	578,270.60	–	–	–	–	–	578,270.60
Impairment of long-term prepaid expenses	–	–	3,708,289.17	–	–	–	–	–	3,708,289.17
	4,780,294,808.37	4,665,880,400.44	1,278,429,718.30	292,491,692.58	102,249,129.08	72,844,092.23	178,871,755.93	103,170.77	5,882,733,663.31

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

25. Short-term loans

	30 June 2019	31 December 2018
Guaranteed loans (Note 1)	**1,973,000,000.00**	1,900,000,000.00
Credit loans	**32,881,650,000.00**	36,942,270,000.00
Mortgaged loans (Note 2)	**–**	675,000,000.00
Pledged loans (Note 2)	**710,836,367.32**	363,122,209.57
	35,565,486,367.32	39,880,392,209.57

Note 1: As at 30 June 2019, the guaranteed loans were guaranteed by the Group's subsidiaries.

Note 2: As at 30 June 2019, details and value of collaterals corresponding to mortgaged and pledged loans of the Group are set out in note V. 68.

As at 30 June 2019, the interest rates of the above loans were 3.48%-7.00% per annum (31 December 2018: 3.48%-7.00%).

As at the balance sheet date, the Group had no outstanding loans that were due.

26. Bills payable

	30 June 2019	31 December 2018
Bank acceptance bills	**1,823,115,493.80**	1,974,216,957.31
Commercial acceptance bills	**99,377,997.32**	106,532,379.67
	1,922,493,491.12	2,080,749,336.98

As at 30 June 2019, there were had no outstanding bills payable (31 December 2018: Nil).

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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 30 to 360 days.

An aging analysis of the accounts payable is as follows:

	30 June 2019	31 December 2018
Within 1 year (inclusive of 1 year)	**13,050,071,370.26**	14,843,680,448.83
1 to 2 years (inclusive of 2 years)	**2,992,992,593.70**	2,342,046,547.01
2 to 3 years (inclusive of 3 years)	**390,340,205.79**	426,530,426.20
Over 3 years	**748,195,509.92**	745,358,444.61
	17,181,599,679.67	18,357,615,866.65

As at 30 June 2019, significant accounts payable of the Group aging more than one year are as follows:

	Relationship with the Group	**Amount**	**Percentage of total accounts payable (%)**	**Reasons for non-payment**
First	**Third party**	**1,232,447,312.89**	**7.17**	**Unfinished**
Second	**Third party**	**278,528,885.64**	**1.62**	**Unfinished**
Third	**Third party**	**154,054,062.38**	**0.90**	**Unfinished**
Fourth	**Third party**	**140,101,944.50**	**0.82**	**Unfinished**
Fifth	**Third party**	**91,312,376.83**	**0.53**	**Unfinished**

28. Receipts in advance

	30 June 2019	31 December 2018
Advances on rents	**267,429,538.24**	317,903,204.75

As at 30 June 2019, there were no significant receipts in advance aged over one year (31 December 2018: Nil).

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

29. Contract liabilities

	30 June 2019	31 December 2018
Advances on pre-sale of properties	**19,821,875,734.68**	21,150,513,544.32
Advances on sale of goods	**1,818,587,717.00**	1,988,020,988.13
Advances on construction costs	**117,009,194.37**	73,190,484.08
Advances on property fees	**277,383,779.96**	227,478,705.19
Other	**209,764,946.91**	275,964,632.05
	22,244,621,372.92	23,715,168,353.77

As at 30 June 2019, there were no significant receipts in advance in contract liabilities balance aged over one year.

Details of advances on pre-sale of properties as at the balance sheet date are as follows:

Projects	Expected settlement date of the next batch	Proportion of the pre–sale	**30 June 2019**	31 December 2018
Hefei – Nanqi Garden	December 2020	77.00%	**3,580,978,922.21**	5,126,527,246.45
Hangzhou – Metro Forest (都會森林)	May 2021	68.00%	**2,198,438,915.54**	363,433,975.45
Qingdao – Beizutuan	September 2019	68.00%	**1,655,416,053.36**	1,997,948,490.16
Beijing – Jin'gang Jiayuan	October 2020	86.20%	**1,200,674,983.26**	868,907,071.47
Beijing – Treasures Mansion House	August 2019	95.00%	**1,300,171,730.45**	3,585,450,834.92
Beijing – Wangchuan Beiyuan	December 2019	100.00%	**1,136,157,145.80**	1,864,599,797.48
Beijing – Jinyu Feili	December 2019	100.00%	**936,294,513.65**	912,695,456.61
Beijing – Shunyi Jinchengyu Garden (順義金成裕雅苑)	August 2020	75.00%	**846,244,757.64**	1,624,488,303.66
Beijing-Shangchengjun	December 2019	76.60%	**822,064,178.30**	347,859,317.89
Chongqing – Nanshanjun	December 2019	87.66%	**772,785,338.88**	447,651,641.66
Nanjing– Zijingdieyuan (紫京疊院)	October 2019	0.34%	**492,553,039.36**	5,183,510.00
Tangshan – Jin'anhongbao	April 2020	75.38%	**476,770,262.28**	123,358,807.83
Beijing-Yancun project	November 2020	68.00%	**433,872,435.85**	–
Chongqing – Xinduhui	December 2019	92.00%	**371,960,994.25**	108,112,292.81
Tianjin – Qiaowanyuan	April 2020	35.56%	**357,694,553.60**	127,293,027.16
Ningbo – Shengjunhuating (晟郡華庭)	June 2020	32.00%	**336,504,791.83**	31,747,190.00
Shanghai – Juyuan	December 2019	100.00%	**323,472,702.45**	1,560,582,243.75

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

29. Contract liabilities *(continued)*

Details of advances on pre-sale of properties as at the balance sheet date are as follows: *(continued)*

Projects	Expected settlement date of the next batch	Proportion of the pre–sale	**30 June 2019**	31 December 2018
Beijing-Yizhuang X89R1	November 2020	15.00%	**321,642,938.67**	–
Haikou – Xixili	September 2019	90.00%	**308,758,076.51**	220,313,135.15
Hefei – Dachengjun	June 2020	10.00%	**282,134,340.78**	–
Haikou – Yangguangjun	October 2019	7.00%	**275,525,704.14**	115,407,883.52
Inner Mongolia – Jinyu Global Finance Centre	September 2019	97.00%	**213,039,773.30**	320,328,438.48
Tangshan – Jinyu Lefu	December 2020	100.00%	**171,887,758.28**	159,132,282.90
Chongqing – Times Metro	September 2019	66.98%	**144,144,783.36**	213,794,794.35
Beijing – Changyang Polytechnic University Land No. 1	December 2019	90.00%	**105,097,211.02**	118,020,331.47
Chengdu – Longxi Center (瓏熙中心)	June 2020	100.00%	**99,525,927.64**	39,061,737.27
Beijing – Dacheng Shidai Center (大成時代中心)	November 2020	100.00%	**83,869,523.82**	83,809,523.82
Hangzhou – Guanlan Times	July 2019	97.00%	**60,410,789.76**	66,594,259.32
Tianjin – Jinyu Yuecheng	September 2019	99.00%	**50,378,114.76**	76,713,894.39
Ningbo – Ganjiang Shidai (瞰江時代)	September 2019	100.00%	**44,502,811.27**	34,292,790.40
Chengdu – Longxijun	December 2019	100.00%	**34,045,471.00**	19,018,808.58
Tianjin – Jinyu Mantang	December 2020	100.00%	**33,243,525.79**	31,364,728.24
Tangshan – BBMG Xitang (金隅璽唐)	September 2019	63.68%	**30,299,072.83**	126,805,190.48
Inner Mongolia – Jinyu Elegancy City	July 2019	92.00%	**26,389,633.07**	12,649,402.19

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

29. Contract liabilities *(continued)*

Details of advances on pre-sale of properties as at the balance sheet date are as follows: *(continued)*

Projects	Expected settlement date of the next batch	Proportion of the pre–sale	**30 June 2019**	31 December 2018
Beijing – Chaoyang New City	December 2019	100.00%	**19,655,946.02**	8,614,218.49
Beijing – Kanghuiyuan	December 2020	97.00%	**18,146,882.66**	19,707,906.20
Nanjing – Jinyu Zijinfu	July 2019	98.00%	**10,661,569.50**	4,463,788.60
Beijing – Jiaheyuan	December 2019	95.00%	**7,992,836.56**	8,785,567.13
Inner Mongolia – Jinyu Times City	September 2019	99.00%	**6,620,174.61**	7,643,916.00
Beijing – Nankou housing with a price cap	December 2019	100.00%	**5,526,437.63**	9,565,735.08
Hangzhou – Jinyu Xuefu	July 2019	93.00%	**2,537,268.41**	110,376,716.97
Beijing – Nankou Affordable Housing	December 2019	95.00%	**2,241,096.41**	6,276,167.88
Other			**221,542,748.17**	241,933,120.11
			19,821,875,734.68	21,150,513,544.32

30. Wages payable

January to June 2019

	Opening balance	**Increase during the period**	**Decrease during the period**	**Closing balance**
Short–term remunerations	**359,517,376.25**	**2,722,444,098.60**	**2,854,612,061.98**	**227,349,412.87**
Post–employment benefits (defined contribution plan)	**11,708,438.42**	**337,560,196.32**	**329,739,903.55**	**19,528,731.19**
Termination benefits	**22,614,488.63**	**22,788,086.26**	**29,399,391.49**	**16,003,183.40**
	393,840,303.30	**3,082,792,381.18**	**3,213,751,357.02**	**262,881,327.46**

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For the six months ended 30 June 2019

RMB

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

30. Wages payable *(continued)*

2018

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short–term remunerations	297,848,583.63	5,489,164,575.11	5,427,495,782.49	359,517,376.25
Post–employment benefits (defined contribution plan)	35,723,955.91	666,296,868.06	690,312,385.55	11,708,438.42
Termination benefits	32,014,591.22	77,241,862.72	86,641,965.31	22,614,488.63
	365,587,130.76	6,232,703,305.89	6,204,450,133.35	393,840,303.30

Short–term remunerations are as bellow:

January to June 2019

	Opening balance	Increase during the period	Decrease during the period	Closing balance
Salaries, bonuses, allowances and subsidies	**243,385,243.77**	**2,145,946,307.96**	**2,277,589,769.52**	**111,741,782.21**
Staff welfare	**754,107.73**	**150,973,512.90**	**151,667,784.48**	**59,836.15**
Social insurance	**9,878,189.14**	**189,925,728.60**	**190,424,220.94**	**9,379,696.80**
Including: Medical insurance	***8,357,227.75***	***157,975,381.99***	***158,676,275.49***	***7,656,334.25***
Work injury insurance	***945,203.14***	***20,295,154.14***	***19,936,919.84***	***1,303,437.44***
Maternity insurance	***575,758.25***	***11,655,192.47***	***11,811,025.61***	***419,925.11***
Housing funds	**31,716,876.51**	**181,756,852.76**	**185,105,650.67**	**28,368,078.60**
Union fund and employee education fund	**54,062,170.98**	**52,366,523.27**	**47,749,536.26**	**58,679,157.99**
Other	**19,720,788.12**	**1,475,173.11**	**2,075,100.11**	**19,120,861.12**
	359,517,376.25	**2,722,444,098.60**	**2,854,612,061.98**	**227,349,412.87**

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

30. Wages payable *(continued)*

2018

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Salaries, bonuses, allowances and subsidies	208,846,996.99	4,249,429,092.03	4,214,890,845.25	243,385,243.77
Staff welfare	–	354,815,366.20	354,061,258.47	754,107.73
Social insurance	9,235,934.89	412,032,567.30	411,390,313.05	9,878,189.14
Including: Medical insurance	*7,649,678.21*	*350,066,149.78*	*349,358,600.24*	*8,357,227.75*
Work injury insurance	*1,175,668.47*	*40,823,255.02*	*41,053,720.35*	*945,203.14*
Maternity insurance	*410,588.21*	*21,143,162.50*	*20,977,992.46*	*575,758.25*
Housing funds	7,694,117.71	378,532,199.32	354,509,440.52	31,716,876.51
Union fund and employee education fund	52,350,745.92	94,355,350.26	92,643,925.20	54,062,170.98
Other	19,720,788.12	–	–	19,720,788.12
	297,848,583.63	5,489,164,575.11	5,427,495,782.49	359,517,376.25

As at the balance sheet date, there was no wages payable in arrears.

Defined contribution plan is as follows:

January to June 2019

	Opening balance	Increase during the period	Decrease during the period	Closing balance
Basic pension insurance	**10,452,703.35**	**304,631,851.10**	**297,300,477.20**	**17,784,077.25**
Corporate annuity	**427,473.10**	**20,928,089.67**	**20,533,679.78**	**821,882.99**
Unemployment insurance	**828,261.97**	**12,000,255.55**	**11,905,746.57**	**922,770.95**
	11,708,438.42	**337,560,196.32**	**329,739,903.55**	**19,528,731.19**

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

30. Wages payable *(continued)*

2018

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Basic pension insurance	34,016,342.42	600,758,397.94	624,322,037.01	10,452,703.35
Corporate annuity	543,064.46	42,206,770.47	42,322,361.83	427,473.10
Unemployment insurance	1,164,549.03	23,331,699.65	23,667,986.71	828,261.97
	35,723,955.91	666,296,868.06	690,312,385.55	11,708,438.42

The Group participated in the pension insurance and unemployment insurance managed by local government, to which the Group and employees made contributions based on 16% and 0.7%-0.8% 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.

31. Tax payable

	30 June 2019	31 December 2018
VAT	**366,400,600.02**	685,827,284.15
Corporate income tax	**1,300,679,787.87**	1,318,708,063.22
Individual income tax	**6,418,729.30**	28,999,879.59
City maintenance and construction tax	**31,981,827.11**	45,191,206.54
Resource tax	**19,725,013.87**	5,971,972.27
Land appreciation tax	**198,595,213.25**	201,215,665.93
Education surcharges	**26,390,186.69**	35,181,993.79
Urban and rural land use tax	**24,460,081.34**	40,193,955.11
Real estate tax	**45,643,627.29**	58,259,144.18
Deed tax and others	**127,967,029.18**	107,646,437.46
	2,148,262,095.92	2,527,195,602.24

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

32. Other payables

	30 June 2019	31 December 2018
Interests payable	**1,199,317,052.37**	1,006,889,605.80
Including: Interests on long–term borrowings	***88,714,111.67***	*67,603,463.65*
Interests on short–term borrowings	***74,847,908.81***	*89,566,404.95*
Interests of corporate bonds	***1,035,755,031.89***	*849,719,737.20*
Dividends payable	**1,507,338,976.35**	492,510,444.74
Other payables	**7,282,671,191.08**	6,853,195,432.79
Including: Amounts collected on behalf and temporary receipts	***2,610,270,326.98***	*3,070,939,674.79*
Deposits	***1,592,883,126.60***	*1,844,161,323.40*
Payables for land use right	***152,846,392.89***	*155,493,125.23*
Construction costs payable	***203,302,353.46***	*179,760,984.68*
Payables for relocation compensation	***1,214,465,404.84***	*218,280,669.07*
Freight and miscellaneous charges payable	***138,058,100.33***	*140,929,864.42*
Payables for acquisition of equity investments	***22,925,725.22***	*22,927,800.00*
Payables to related parties (Note X.6)	***7,354,199.07***	*114,556,923.42*
Utilities	***45,825,333.37***	*43,331,819.10*
Public maintenance fund payable	***36,466,931.72***	*33,737,788.77*
Current portion of net liabilities of defined benefit plan (Note V.39)	***65,616,756.65***	*66,454,809.12*
Other	***1,192,656,539.95***	*962,620,650.79*
	9,989,327,219.80	8,352,595,483.33

As at 30 June 2019, significant other payables of the Group aging more than one year are as follows:

	Relationship with the Group	Amount	Percentage of total other payables (%)	Reasons for non–payment
Unit 26	**Third party**	**274,392,212.14**	**2.75**	**Unsettled**
Unit 27	**Third party**	**218,753,755.82**	**2.19**	**Unsettled**
Unit 28	**Third party**	**135,598,466.15**	**1.36**	**Unsettled**
Unit 29	**Third party**	**103,091,124.29**	**1.03**	**Unsettled**
Unit 30	**Third party**	**101,328,342.44**	**1.01**	**Unsettled**
Unit 31	**Third party**	**93,357,201.32**	**0.93**	**Unsettled**
Unit 32	**Third party**	**83,710,291.33**	**0.84**	**Unsettled**

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

33. Non-current liabilities due within one year

	30 June 2019	31 December 2018
Long–term loans due within one year	**12,125,192,611.92**	9,465,848,283.40
Bonds payable due within one year	**10,461,679,690.36**	8,428,234,671.07
Long–term payables due within one year	**39,567,383.08**	649,781,588.67
Lease liabilities due within one year	**165,866,970.79**	–
	22,792,306,656.15	18,543,864,543.14

34. Other current liabilities

	30 June 2019	31 December 2018
Accrued expenses	**9,130,067,329.90**	7,697,764,315.99
Including: Accrued development costs	***3,112,522,369.00***	*3,456,448,364.86*
Provision for LAT	***4,442,735,335.85***	*3,721,648,449.34*
Accrued costs for treatment of solid wastes	***256,428,368.53***	*164,902,810.56*
Repurchase	***874,871,031.52***	–
Other accrued expenses	***443,510,225.00***	*354,764,691.23*
Tax to be written off	**1,241,374,926.02**	794,949,820.96
	10,371,442,255.92	8,492,714,136.95

35. Long-term loans

	30 June 2019	31 December 2018
Guaranteed loans (Note 1)	**13,882,217,667.00**	10,484,580,000.00
Credit loans	**15,597,676,293.36**	14,071,789,349.97
Mortgaged loans (Note 2)	**14,205,006,218.89**	12,388,040,000.00
Pledged loans (Note 2)	**5,993,500,000.00**	3,027,493,199.13
Amount at the end of the period/year	**49,678,400,179.25**	39,971,902,549.10
Less: Long–term loans due within one year	**12,125,192,611.92**	9,465,848,283.40
	37,553,207,567.33	30,506,054,265.70

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

35. Long-term loans *(continued)*

As at the balance sheet date, an analysis on maturity of long–term loans is as follows:

	30 June 2019	31 December 2018
Within 1 year	**12,125,192,611.92**	9,465,848,283.40
1-2 years	**11,216,174,417.36**	12,078,352,584.27
2-5 years	**13,633,200,000.00**	10,517,464,831.46
Over 5 years	**12,703,833,149.97**	7,910,236,849.97
	49,678,400,179.25	39,971,902,549.10

Note 1: As at 30 June 2019, the guaranteed loans of the Group were guaranteed by its subsidiaries.

Note 2: As at 30 June 2019, details and value of collaterals corresponding to mortgaged and pledged loans of the Group are set out in note V. 68.

As at 30 June 2019, the interest rates of the above loans were 1.20%-10.34% (31 December 2018: 1.20%-10.34%) per annum.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

36. Short-term financing bonds and bonds payable

	30 June 2019	31 December 2018
Short-term financing bonds	**2,800,520,000.00**	6,500,000,000.00
Bonds payable		
Corporate bonds	**23,168,431,406.50**	20,159,323,960.77
Medium–term notes	**10,500,000,000.00**	8,000,000,000.00
Debt financing plan	**500,000,000.00**	500,000,000.00
Balance at the end of the period/year	**34,168,431,406.50**	28,659,323,960.77
Less: Bonds payable due within one year (Note V.33)	**10,461,679,690.36**	8,428,234,671.07
Non-current portion	**23,706,751,716.14**	20,231,089,289.70

	30 June 2019	31 December 2018
Analysis of maturity term of bonds payable:		
Within 1 year (inclusive of 1 year)	**10,461,679,690.36**	8,428,234,671.07
1 to 2 years (inclusive of 2 years)	**5,687,893,424.94**	500,000,000.00
2 to 5 years (inclusive of 5 years)	**16,523,793,788.63**	19,731,089,289.70
Over 5 years	**1,495,064,502.57**	–
	34,168,431,406.50	28,659,323,960.77

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

36. Short-term financing bonds and bonds payable *(continued)*

On 30 June 2019, the balance of bonds payable is as follows:

	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the period	Interest charged during the period	Amortisation of discount/premium	Repayment during the period	Reclassified to due within one year	Closing balance
Bonds payable:											
Non-current portion:											
1) RMB2 billion medium-term notes	RMB2 billion	15 October 2014	5 years	2,000,000,000.00	2,000,000,000.00	-	53,500,000.00	-	-	(2,000,000,000.00)	-
1) RMB1.5 billion medium- term notes	RMB1.5 billion	17 November 2014	5 years	1,500,000,000.00	1,500,000,000.00	-	39,750,000.00	-	-	(1,500,000,000.00)	-
2) RMB3.2 billion corporate bonds	RMB3.2 billion	14 March 2016	5 years	3,200,000,000.00	3,192,247,592.89	-	58,979,195.26	1,710,832.05	(6,065,000.00)	-	3,187,893,424.94
2) RMB1.8 billion corporate bonds	RMB1.8 billion	14 March 2016	7 years	1,800,000,000.00	1,793,773,035.23	-	32,195,471.53	695,471.53	-	-	1,794,468,506.76
3) RMB800 million corporate bonds	RMB800 million	13 September 2012	7 years	39,000,000.00	38,964,000.00	-	-	26,400.00	-	(38,990,400.00)	-
4) RMB900 million corporate bonds	RMB900 million	20 March 2012	8 years	418,695,000.00	416,817,322.70	-	11,681,590.50	1,498,007.31	-	(418,315,330.01)	-
5) RMB450 million corporate bonds	RMB450 million	15 October 2012	7 years	450,000,000.00	449,599,258.96	-	13,275,000.00	359,907.75	-	(449,959,166.71)	-
5) RMB800 million corporate bonds	RMB800 million	15 October 2012	10 years	800,000,000.00	797,641,931.84	-	24,000,000.00	572,042.76	-	-	798,213,974.60
6) RMB3.5 billion corporate bonds	RMB3.5 billion	19 May 2017	5 years	3,500,000,000.00	3,490,400,661.46	-	92,308,932.16	1,308,932.17	-	(3,491,709,593.63)	-
6) RMB500 million corporate bonds	RMB500 million	19 May 2017	7 years	500,000,000.00	498,439,876.79	-	13,576,145.10	126,145.10	-	-	498,566,021.89
7) RMB1.25 billion corporate bonds	RMB1.25 billion	13 July 2017	2 years	1,250,000,000.00	1,247,423,819.21	-	33,311,766.41	811,766.41	-	(1,248,235,585.62)	-
8) RMB1.75 billion corporate bonds	RMB1.75 billion	13 July 2017	3 years	1,750,000,000.00	1,745,003,295.28	-	47,020,806.26	645,806.28	-	-	1,745,649,101.56
9) RMB500 million short-term bonds	RMB500 million	17 November 2017	2+3 years	500,000,000.00	500,000,000.00	-	13,750,000.00	-	-	(500,000,000.00)	-
10) RMB500 million corporate bonds	RMB500 million	30 June 2017	3 years	500,000,000.00	498,439,832.33	-	14,950,000.00	1,029,782.06	(185,000,000.00)	(314,469,614.39)	-
11) RMB2 billion medium- term notes	RMB2 billion	22 January 2018	5 years	2,000,000,000.00	2,000,000,000.00	-	58,500,000.00	-	-	-	2,000,000,000.00
12) RMB500 million short- term bonds	RMB500 million	27 February 2018	3+2 years	500,000,000.00	500,000,000.00	-	14,500,000.00	-	-	(500,000,000.00)	-
13) RMB2.5 billion short-term bonds	RMB2.5 billion	25 June 2018	3 years	2,500,000,000.00	2,500,000,000.00	-	78,750,000.00	-	-	-	2,500,000,000.00
14) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	3+2 years	1,500,000,000.00	1,495,357,176.10	-	35,711,357.34	461,357.34	-	-	1,495,818,533.44
14) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	5+2 years	1,500,000,000.00	1,495,216,157.98	-	37,811,160.52	311,160.52	-	-	1,495,527,318.50
15) RMB2.5 billion medium-term notes	RMB2.5 billion	13 August 2018	5 years	2,500,000,000.00	2,500,000,000.00	-	58,750,000.00	-	-	-	2,500,000,000.00

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

36. Short-term financing bonds and bonds payable *(continued)*

On 30 June 2019, the balance of bonds payable is as follows: *(continued)*

	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the period	Interest charged during the period	Amortisation of discount/premium	Repayment during the period	Reclassified to due within one year	Closing balance
Bonds payable: *(continued)*											
16) RMB500 million corporate bonds	RMB500 million	9 January 2019	3+2 years	500,000,000.00	-	500,000,000.00	9,012,810.71	(1,595,939.29)	-	-	498,404,060.71
16) RMB1.5 billion corporate bonds	RMB1.5 billion	09 January 2019	5+2 years	1,500,000,000.00	-	1,500,000,000.00	29,313,252.59	(4,935,497.44)	-	-	1,495,064,502.56
19) RMB2.5 billion medium-term notes	RMB2.5 billion	11 March 2019	5 years	2,500,000,000.00	-	2,500,000,000.00	32,927,083.33	-	-	-	2,500,000,000.00
20) RMB1.2 billion corporate bonds	RMB1.2 billion	21 March 2019	3 years	1,200,000,000.00	-	1,196,603,773.58	19,880,000.00	542,497.60	-	-	1,197,146,271.18
				34,407,695,000.00	28,659,323,960.77	5,696,603,773.58	823,454,571.71	3,568,672.15	(191,065,000.00)	(10,461,679,690.36)	23,706,751,716.14
Short-term financing bonds:											
RMB1.5 billion ultrashort financing bonds	RMB1.5 billion	23 April 2018	270 days	1,500,000,000.00	1,500,000,000.00	-	3,442,500.00	-	(1,500,000,000.00)	-	-
RMB2 billion ultrashort financing bonds	RMB2 billion	18 July 2018	270 days	2,000,000,000.00	2,000,000,000.00	-	25,364,444.44	-	(2,000,000,000.00)	-	-
RMB1 billion ultrashort financing bonds	RMB1 billion	16 November 2018	210 days	1,000,000,000.00	1,000,000,000.00	-	16,582,222.22	-	(1,000,000,000.00)	-	-
RMB2 billion ultrashort financing bonds	RMB2 billion	11 December 2018	197 days	2,000,000,000.00	2,000,000,000.00	-	35,102,222.22	-	(2,000,000,000.00)	-	-
17) RMB800 million ultrashort financing bonds	RMB800 million	22 February 2019	270 days	800,000,000.00	-	798,920,000.00	9,329,000.61	1,600,000.00	-	-	800,520,000.00
18) RMB2 billion ultrashort financing bonds	RMB2 billion	22 February 2019	216 days	2,000,000,000.00	-	2,000,000,000.00	21,617,777.78	-	-	-	2,000,000,000.00
				9,300,000,000.00	6,500,000,000.00	2,798,920,000.00	111,438,167.27	1,600,000.00	(6,500,000,000.00)	-	2,800,520,000.00
				43,707,695,000.00	35,159,323,960.77	8,495,523,773.58	934,892,738.98	5,168,672.15	(6,691,065,000.00)	(10,461,679,690.36)	26,507,271,716.14

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

36. Short-term financing bonds and bonds payable *(continued)*

On 31 December 2018, the balance of bonds payable is as follows:

	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Bonds payable:											
Non-current portion:											
RMB1.5 billion medium-term notes	RMB1.5 billion	14 October 2013	5 years	1,500,000,000.00	1,500,000,000.00	-	68,875,000.00	-	(1,500,000,000.00)	-	-
1) 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)	-
1) 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)	-
RMB2 billion private placement bonds	RMB2 billion	5 February 2015	3 years	2,000,000,000.00	2,000,000,000.00	-	11,000,000.00	-	(2,000,000,000.00)	-	-
RMB2.5 billion private placement bonds	RMB2.5 billion	19 March 2015	3 years	2,500,000,000.00	2,500,000,000.00	-	30,333,333.33	-	(2,500,000,000.00)	-	-
RMB500 million private placement bonds	RMB500 million	20 July 2015	3 years	500,000,000.00	500,000,000.00	-	14,377,083.33	-	(500,000,000.00)	-	-
2) RMB3.2 billion corporate bonds	RMB3.2 billion	14 March 2016	5 years	3,200,000,000.00	3,188,753,555.19	-	103,334,037.70	3,494,037.70	-	(3,192,247,592.89)	-
2) RMB1.8 billion corporate bonds	RMB1.8 billion	14 March 2016	7 years	1,800,000,000.00	1,792,420,728.61	-	64,352,306.62	1,352,306.59	-	-	1,793,773,035.20
3) RMB800 million corporate bonds	RMB800 million	13 September 2012	7 years	800,000,000.00	38,911,200.00	-	2,457,000.00	52,800.00	-	(38,964,000.00)	-
RMB300 million private placement bonds	RMB300 million	4 May 2015	3 years	300,000,000.00	298,475,000.00	-	7,076,712.33	300,000.00	(298,775,000.00)	-	-
RMB500 million private placement bonds	RMB500 million	3 June 2015	3 years	500,000,000.00	500,000,000.00	-	14,101,369.75	575,000.00	(500,575,000.00)	-	-
RMB1.6 billion corporate bonds	RMB1.6 billion	30 August 2011	7 years	1,600,000,000.00	1,076,154,908.13	-	45,129,650.00	1,782,591.87	(1,077,937,500.00)	-	-
4) RMB900 million corporate bonds	RMB900 million	20 March 2012	8 years	900,000,000.00	415,400,880.64	-	23,363,181.00	1,416,442.06	-	-	416,817,322.70
5) RMB450 million corporate bonds	RMB450 million	15 October 2012	7 years	450,000,000.00	449,128,818.21	-	26,550,000.00	470,440.75	-	(449,599,258.96)	-
5) RMB800 million corporate bonds	RMB800 million	15 October 2012	10 years	800,000,000.00	797,104,074.72	-	48,000,000.00	537,857.12	-	-	797,641,931.84
6) RMB3.5 billion corporate bonds	RMB3.5 billion	19 May 2017	5 years	3,500,000,000.00	3,487,864,532.24	-	184,536,129.22	2,536,129.22	-	-	3,490,400,661.46

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

36. Short-term financing bonds and bonds payable *(continued)*

On 31 December 2018, the balance of bonds payable is as follows: *(continued)*

	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Bonds payable: (continued)											
6) RMB500 million corporate bonds	RMB500 million	19 May 2017	7 years	500,000,000.00	498,195,688.05	-	27,144,188.74	244,188.74	-	-	498,439,876.79
7) RMB1.25 billion corporate bonds	RMB1.25 billion	13 July 2017	2 years	1,250,000,000.00	1,245,844,212.93	-	66,579,606.28	1,579,606.29	-	(1,247,423,819.22)	-
8) RMB1.75 billion corporate bonds	RMB1.75 billion	13 July 2017	3 years	1,750,000,000.00	1,743,746,919.98	-	94,006,375.33	1,256,375.32	-	-	1,745,003,295.30
9) RMB500 million short-term bonds	RMB500 million	17 November 2017	2+3 years	500,000,000.00	500,000,000.00	-	27,500,000.00	-	-	-	500,000,000.00
10) RMB500 million corporate bonds	RMB500 million	30 June 2017	3 years	500,000,000.00	497,470,217.94	-	29,900,000.00	969,614.39	-	-	498,439,832.33
11) RMB2 billion medium-term notes	RMB2 billion	22 January 2018	5 years	2,000,000,000.00	-	2,000,000,000.00	110,175,000.00	-	-	-	2,000,000,000.00
12) RMB500 million short-term bonds	RMB500 million	27 February 2018	3+2 years	500,000,000.00	-	500,000,000.00	24,488,888.89	-	-	-	500,000,000.00
13) RMB2.5 billion short-term bonds	RMB2.5 billion	25 June 2018	3 years	2,500,000,000.00	-	2,500,000,000.00	81,375,000.00	-	-	-	2,500,000,000.00
14) RMB1.5 billion corporate bonds	RMB1.5 billion	13 July 2018	3+2 years	1,500,000,000.00	-	1,500,000,000.00	33,528,996.61	(4,642,823.90)	-	-	1,495,357,176.10
14) RMB1.5 billion corporate bonds	RMB1.5 billion	13 July 2018	5+2 years	1,500,000,000.00	-	1,500,000,000.00	35,500,478.49	(4,783,842.02)	-	-	1,495,216,157.98
15) RMB2.5 billion medium-term notes	RMB2.5 billion	9 August 2018	5 years	2,500,000,000.00	-	2,500,000,000.00	45,041,666.67	-	-	-	2,500,000,000.00
				38,850,000,000.00	26,529,470,736.64	10,500,000,000.00	1,405,226,004.29	7,140,724.13	(8,377,287,500.00)	(8,428,234,671.07)	20,231,089,289.70

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

36. Short-term financing bonds and bonds payable *(continued)*

On 31 December 2018, the balance of bonds payable is as follows: *(continued)*

	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Short-term financing bonds:											
RMB1 billion short-term financing bonds	RMB1 billion	21 June 2017	270 days	1,000,000,000.00	799,698,081.12	-	-	(799,698,081.12)	-	-	
RMB2 billion ultrashort financing	RMB2 billion	28 September 2017	270 days	2,000,000,000.00	1,970,000,000.00	-	47,638,888.89	-	(1,970,000,000.00)	-	-
RMB2 billion ultrashort financing bonds	RMB2 billion	29 January 2018	180 days	2,000,000,000.00	-	2,000,000,000.00	44,755,555.56	-	(2,000,000,000.00)	-	-
RMB2 billion ultrashort financing bonds	RMB2 billion	5 March 2018	180 days	2,000,000,000.00	-	2,000,000,000.00	33,345,000.00	-	(2,000,000,000.00)	-	-
RMB1.5 billion ultrashort financing bonds	RMB1.5 billion	23 April 2018	270 days	1,500,000,000.00	-	1,500,000,000.00	13,005,000.00	-	-	-	1,500,000,000.00
RMB2 billion ultrashort financing bonds	RMB2 billion	17 July 2018	270 days	2,000,000,000.00	-	2,000,000,000.00	39,753,888.89	-	-	-	2,000,000,000.00
RMB1 billion ultrashort financing bonds	RMB1 billion	15 November 2018	210 days	1,000,000,000.00	-	1,000,000,000.00	4,550,000.00	-	-	-	1,000,000,000.00
RMB2 billion ultrashort financing bonds	RMB2 billion	10 December 2018	197 days	2,000,000,000.00	-	2,000,000,000.00	3,988,888.89	-	-	-	2,000,000,000.00
				13,500,000,000.00	2,769,698,081.12	10,500,000,000.00	187,037,222.23	-	(6,769,698,081.12)	-	6,500,000,000.00
				52,350,000,000.00	29,299,168,817.76	21,000,000,000.00	1,592,263,226.52	7,140,724.13	(15,146,985,581.12)	(8,428,234,671.07)	26,731,089,289.70

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

36. Short-term financing bonds and bonds payable *(continued)*

1) 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, totalling 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, totalling RMB1,500,000,000 with a term of 5 years and a coupon rate of 5.3%.

2) 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, totalling RMB3,200,000,000 with a term of 5 years and a coupon rate of 3.12%. In accordance with the issuer's option to raise the coupon rate stipulated in Prospectus of BBMG in Relation to the Public Issuance of 2016 Corporate Bonds (Tranche 1) (for Qualified Investors) (《北京金隅股份有限公司公開發行2016年公司債券(第一期)募集説明書(面向合格投資者)》), the Company raised the coupon rate of the bonds for the current period to 3.9% for the next two years (i.e. from 14 March 2019 to 13 March 2021). The Company issued its first tranche of corporate bonds (type two) for 2016 on 14 March 2016, totalling RMB1,800,000,000 with a term of 7 years and a coupon rate of 3.5%.

3) 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 (hereinafter referred to as "12 Jidong Development Bond"), totalling RMB800,000,000 with a term of 7 years and a coupon rate of 6.3%.

4) 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, totalling 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 was 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 at 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 RMB418,315,330.01 (exclusive of interests) due on 20 March 2020.

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

36. Short-term financing bonds and bonds payable *(continued)*

5) 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 RMB1,250,000,000 to the public. 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.

6) 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, totalling 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, totalling RMB500,000,000 with a term of 7 years and a coupon rate of 5.38%.

7) Pursuant to the relevant requirements for bonds listing on the Shanghai Stock Exchange, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2017 on the Shanghai Stock Exchange to qualified investors by way of non-public issuance from 13 July 2017, totalling RMB1,250,000,000 with a term of 2 years. The bonds bear an annual coupon rate of 5.20% and adopt simple interest for accrual of annual interest; no compound interest will be accrued.

8) Pursuant to the relevant requirements for bonds listing on the Shanghai Stock Exchange, the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2017 on the Shanghai Stock Exchange to qualified investors by way of non-public issuance from 13 July 2017, totalling RMB1,750,000,000 with a term of 3 years. The bonds bear an annual coupon rate of 5.30% and adopt simple interest for accrual of annual interest; no compound interest will be accrued.

9) Pursuant to the document Debt Financing Plan [2017] No. 0192 issued by Beijing Financial Assets Exchange Limited, the Company successfully issued the first tranche of debt financing plan for 2017 on 17 November 2017. The interest commencement date was 17 November 2017 and the expiry date will be in 2022. The actual listing amount totalled RMB500,000,000 with a coupon rate of 5.50%. The interests are calculated at fixed rate and allocated based on actual number of days.

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

36. Short-term financing bonds and bonds payable *(continued)*

10) Pursuant to the No-Objection Letter Regarding the Compliance with Transfer Conditions of Shenzhen Stock Exchange by the Non-Public Issuance of Corporate Bonds for 2016 of Tangshan Jidong Cement Co., Ltd. (Shen Zheng Han [2016] No. 471) (《關於唐山冀東水泥股份有限公司2016非公開發行非公開債券符合深交所轉讓條件的無異議函》(深證函[2016]471號)) issued by the Shenzhen Stock Exchange, Jidong Cement issued the first tranche of corporate bonds by way of non-public issuance on 3 July 2017 with a term of 3 years, of which the issuer has an option to adjust the coupon rate and the investors have a sell back option at the end of the second year. The interest commencement date was 30 June 2017 and the actual amount issued totalled RMB500,000,000. The bonds bear an interest rate of 5.98%.

11) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) (《接受註冊通知書》(中市協注[2017]MTN512號)) issued by the National Association of Financial Market Institutional Investors ("**NAFMII**"), the Company successfully issued the first tranche of medium term notes for 2018 of BBMG Corporation on 22 January 2018. The amount issued totalled RMB2,000,000,000 with a term of 5 years and a coupon rate of 5.85%.

12) The Company successfully issued the first tranche of debt financing plan for 2018 named"18BBMGZR001 (18京金隅ZR001)" on 27 February 2018 for a term of 2+3 years. The interest commencement date was 27 February 2018 and expiry date will be 27 February 2023. The actual listing amount totalled RMB500,000,000 with a coupon rate of 5.80%.

13) The Company successfully issued the second tranche of debt financing plan for 2018 named"18BBMGZR0 (18京金隅ZR0)" on 25 June 2018 for a term of 3 years. The expiry date will be 25 June 2021. The actual listing amount totalled RMB2,500,000,000 and the listing price was 6.30% with a coupon rate of 6.30%.

14) Pursuant to the document [2018] No. 884 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) for 2018 on 13 July 2018, totalling RMB1,500,000,000 with a term of 5 years and a coupon rate of 4.7%. The issuer has an option to adjust the coupon rate and the investors have a sell back option at the end of the third year; and the Company issued its first tranche of corporate bonds (type two) for 2018 on 13 July 2018, totalling RMB1,500,000,000 with a term of 7 years and a coupon rate of 5.00%. The issuer has an option to adjust the coupon rate and the investors have a sell back option at the end of the fifth year.

15) Pursuant to the Notice of Acceptance of Registration issued by the NAFMII, the Company successfully issued the third tranche of medium term notes for 2018 on 9 August 2018.The interest commencement date was 13 August 2018 and the amount issued totalled RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.70%.

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

36. Short-term financing bonds and bonds payable *(continued)*

16) Pursuant to the document Zheng Jian Xu Ke [2018] No. 884 issued by the China Securities Regulatory Commission, the Company issued corporate bonds (classified to two types) with par value of no more than RMB5,000,000,000 to qualified investors by way of public issuance on 9 January 2019. Type one amounted to RMB500,000,000 in total with a term of 5 years and a coupon rate of 3.73%. The issuer has an option to adjust the coupon rate and the investors have a sale back option at the end of the third year; and type two amounted to RMB1,500,000,000 in total with a term of 7 years and a coupon rate of 4.07%. The issuer has an option to adjust the coupon rate and the investors have a sale back option at the end of the fifth year.

17) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. SCP16) issued by the NAFMII, Jidong Cement successfully issued the first tranche of ultrashort financing bonds for 2019 of Tangshan Jidong Cement Co., Ltd. on 22 February 2019 with a term of 270 days. The interest commencement date was 22 February 2019 and the actual amount issued totalled RMB800,000,000 with a coupon rate of 3.30%.

18) Pursuant to the document Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. SCP300) issued by the NAFMII, the Company successfully issued the first tranche of ultrashort financing bonds for 2019 during 20 February 2019 to 21 February 2019 with a term of 216 days. The interest commencement date was 22 February 2019 and the actual amount issued totalled RMB2,000,000,000 with a coupon rate of 3.04%.

19) Upon consideration and approval by the 16th meeting of the 4th session of the Board held on 29 March 2017 and the 2016 annual general meeting of the Company held on 17 May 2017, and pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) issued by the NAFMII, the Company successfully issued the first tranche of medium term notes of BBMG Corporation for 2019 on 11 March 2019. The interest commencement date was 11 March 2019 and the actual amount issued totalled RMB2,500,000,000 with a coupon rate of 4.35%.

20) Pursuant to the Letter of No Objection Regarding the Compliance of Tangshan Jidong Cement Co., Ltd. with Transfer Conditions of Shenzhen Stock Exchange in the Non-Public Issuance of Corporate Bonds for 2018 (Shen Zheng Han [2018] No. 810) (《關於唐山冀東水泥股份有限公司2018非公開發行公司債券符合深交所轉讓條件的無異議函》(深證函[2018]810號)) issued by the Shenzhen Stock Exchange, Jidong Cement issued the first tranche of corporate bonds by way of non-public issuance on 20 March 2019 with a term of 5 years. The issuer has an option to adjust the coupon rate and the investors have a sell back option at the end of the third year. The interest commencement date was 19 March 2019 and the actual amount issued totalled RMB1,200,000,000 with a coupon rate of 4.97%.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

37. Lease liabilities

	30 June 2019
Principal of lease liabilities	**1,341,707,115.12**
Less: Unrecognised finance cost	**288,999,283.52**
Closing balance	**1,052,707,831.60**
Less: Lease liabilities due within one year (Note V.33)	**165,866,970.79**
Non-current portion	**886,840,860.81**

38. Long-term payables

	30 June 2019	31 December 2018
Finance lease	**–**	915,808,652.67
Other (Note 1)	**49,829,588.08**	49,829,588.08
	49,829,588.08	965,638,240.75
Less: Long–term payables due within one year (Note V.33)	**39,567,383.08**	649,781,588.67
Non-current portion	**10,262,205.00**	315,856,652.08

	30 June 2019	31 December 2018
Analysis of maturity of long-term payables		
Within 1 year (inclusive of 1 year)	**39,567,383.08**	649,781,588.67
1 to 2 years (inclusive of 2 years)	**–**	300,731,943.18
2 to 5 years (over 2 years and inclusive of 5 years)	**10,262,205.00**	15,124,708.90
	49,829,588.08	965,638,240.75

Note 1: 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), which will be due on 2021.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

39. Long-term wages payable

	30 June 2019	31 December 2018
Net liabilities of defined benefit plan	**666,248,897.35**	674,179,502.11

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 (韜睿惠悦諮詢(上海)有限公司), a member of the China Association of Actuaries (中國精算學會), on 30 June 2019 using the projected accumulated benefit units method.

The following table sets forth the principal actuarial assumptions used as at the balance sheet date:

	January to June 2019	2018
Discount rate (%)	**3.00%-4.25%**	3.25%-4.05%
Expected growth rate of future retiree benefit costs (%)	**3.00%**	3.00%

The following table sets forth the quantitative sensitivity analysis of significant assumptions used:

January to June 2019

	Increase%	**Increase/ (decrease) in obligation under defined benefit plan**	**Decrease%**	**Increase/ (decrease) in obligation under defined benefit plan**
Discount rate (%)	**0.25**	**(14,968,551.12)**	**0.25**	**15,746,996.68**
Expected growth rate of future retiree benefit costs (%)	**0.50**	**22,257,669.10**	**0.50**	**(20,452,725.38)**

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

39. Long-term wages payable *(continued)*

2018

	Increase%	Increase/ (decrease) in obligation under defined benefit plan	Decrease%	Increase/ (decrease) in obligation under defined benefit plan
Discount rate (%)	0.25	(9,166,366.00)	0.25	9,558,656.00
Expected growth rate of future retiree benefit costs (%)	0.50	17,636,527.00	0.50	(15,761,968.00)

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.

The table below sets out the relevant costs recognised in the income statement:

	January to June 2019	2018
Net interest expenses charged to finance expenses	**6,702,098.00**	28,361,143.19
Charged to management expenses	**4,000.00**	14,819,000.00
	6,706,098.00	43,180,143.19

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

39. Long-term wages payable *(continued)*

Movements in present value of net liabilities of defined benefit plan are as follows:

	January to June 2019	2018
Opening balance for the period/year	**740,634,311.23**	724,680,592.19
Increase of business combination not under common control	**–**	34,066,000.00
Interest expenses for the period/year	**6,702,098.00**	28,361,143.19
Service costs for the period/year	**4,000.00**	14,819,000.00
Welfare benefits paid for the period/year	**(15,479,755.23)**	(76,542,915.15)
Actuarial gains recognised in other comprehensive income	**5,000.00**	15,250,491.00
Including: Actuarial changes arising from changes in financial assumptions	**–**	*11,907,000.00*
Including: Actuarial gains on difference in experience	***5,000.00***	*3,343,491.00*
Closing balance for the period/year	**731,865,654.00**	740,634,311.23
Including: Current portion of net liabilities of defined benefit plan (Note V.32)	***65,616,756.65***	*66,454,809.12*
Closing balance for the period/year	**666,248,897.35**	674,179,502.11

Expected future payments to the defined benefit plan:

	30 June 2019	31 December 2018
Within 1 year	**65,616,756.65**	66,454,809.12
2 to 5 years	**215,792,912.57**	219,063,593.57
5 to 10 years	**206,788,975.05**	210,390,904.05
Over 10 years	**667,207,728.11**	677,848,827.10
Total expected deposit	**1,155,406,372.38**	1,173,758,133.84

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For the six months ended 30 June 2019

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

40. Accrued liabilities

January to June 2019

		Opening balance	Increase during the period	Decrease during the period	Closing balance
Accrued concrete loss	Note 1	46,982,113.42	15,282,181.34	19,961,031.14	42,303,263.62
Restoration cost of mines	Note 2	274,939,455.79	16,666,450.16	12,428,053.97	279,177,851.98
Finance charges from sale and repurchase	Note 3	214,414,200.00	–	214,414,200.00	–
Other	Note 4	70,315,149.33	61,826,966.47	26,705,421.28	105,436,694.52
		606,650,918.54	93,775,597.97	273,508,706.39	426,917,810.12

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 repurchase after five years, It is expected that the repurchase will be triggered during the year, so the liabilities related to the after-sale repurchase will be reclassified to other current liabilities in the current period.

Note 4: Others include compensations and penalties of subsidiaries of the Group in pending litigations.

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

41. Deferred income

Government grants	30 June 2019	31 December 2018
Opening balance for the period/year	**888,404,866.72**	855,519,940.14
Increase in the period/year	**22,947,183.00**	89,745,143.93
Business combination not under common control	**–**	18,997,709.87
Decrease in the period/year	**41,477,880.95**	75,857,927.22
Closing balance for the period/year	**869,874,168.77**	888,404,866.72

Of which, the details of government grants are as follows:

	30 June 2019	31 December 2018
Government grants related to assets		
Environmental protection projects	**467,181,845.56**	489,823,323.81
Cogeneration projects	**31,174,470.43**	30,462,876.59
Relocation compensation	**222,350,975.44**	182,727,875.53
Specific funds	**936,250.00**	47,903,030.56
Other	**146,405,356.50**	136,334,260.23
Government grants related to income		
Research and development funds	**1,825,270.84**	1,153,500.00
Closing balance for the period/year	**869,874,168.77**	888,404,866.72

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

41. Deferred income *(continued)*

As at 30 June 2019, the major items related to government grants were as follows:

	Opening balance	Increase in the period	Recognised in other income in the period	Closing balance	Related to assets/gains
Asset subsidy for relocation compensation of Tiantan	**168,506,737.22**	**–**	**1,522,075.34**	**166,984,661.88**	**Related to assets**
Subsidy for environmental protection equipment for Bio-Island project	**141,539,203.10**	**–**	**7,501,092.62**	**134,038,110.48**	**Related to assets**
Appropriation for mud project of Beijing Cement Plant	**24,923,055.56**	**–**	**1,488,333.34**	**23,434,722.22**	**Related to assets**
Tangshan Qixin Cement Industry Museum Project	**49,207,539.50**	**–**	**732,198.84**	**48,475,340.66**	**Related to assets**
Grant of liushui construction garbage project	**41,000,000.00**	**–**	**1,366,666.68**	**39,633,333.32**	**Related to assets**
Relocation compensation for Jianji	**47,903,030.56**	**–**	**921,212.10**	**46,981,818.46**	**Related to assets**
Zanhuang collaborative disposal of household garbage and sludge	**15,487,500.00**	**–**	**531,000.00**	**14,956,500.00**	**Related to assets**
Grant of Heilongjiang industrial production project	**–**	**14,230,000.00**	**1,423,000.01**	**12,806,999.99**	**Related to assets**
Subsidy for Zanhuang -2,500 tonnes new cement clinker production line project	**6,515,111.06**	**–**	**365,333.34**	**6,149,777.72**	**Related to assets**
Raw material storage tent of Zhenxing	**8,064,000.00**	**–**	**336,000.00**	**7,728,000.00**	**Related to assets**
Air pollution control project of Zanhuang	**6,478,000.04**	**–**	**269,916.66**	**6,208,083.38**	**Related to assets**
Heat supply renovation project of Liulihe	**6,374,999.93**	**–**	**250,000.02**	**6,124,999.91**	**Related to assets**
	515,999,176.97	**14,230,000.00**	**16,706,828.95**	**513,522,348.02**	

As at 31 December 2018, the major items related to government grants were as follows:

	Opening balance	Increase in the year	Recognised in other income in the year	Closing balance	Related to assets/gains
Asset subsidy for relocation compensation of Tiantan	173,235,980.36	–	4,729,243.14	168,506,737.22	Related to assets
Subsidy for environmental protection equipment for Bio-Island project	156,915,120.74	–	15,375,917.64	141,539,203.10	Related to assets
Appropriation for mud project of Beijing Cement Plant	27,899,722.24	–	2,976,666.68	24,923,055.56	Related to assets
Relocation compensation for Jianji	49,745,454.76	–	1,842,424.20	47,903,030.56	Related to assets
Subsidy for Zanhuang -2,500 tonnes new cement clinker production line project	7,245,777.74	–	730,666.68	6,515,111.06	Related to assets
Raw material storage tent of Zhenxing	8,736,000.00	–	672,000.00	8,064,000.00	Related to assets
Air pollution control project of Zanhuang	7,017,833.36	–	539,833.32	6,478,000.04	Related to assets
Heat supply renovation project of Liulihe	6,874,999.97	–	500,000.04	6,374,999.93	Related to assets
Tangshan Qixin Cement Industry Museum Project	50,688,412.70	–	1,480,873.20	49,207,539.50	Related to assets
Grant of liushui construction garbage project	–	41,000,000.00	–	41,000,000.00	Related to assets
Zanhuang collaborative disposal of household garbage and sludge	–	15,930,000.00	442,500.00	15,487,500.00	Related to assets
	488,359,301.87	56,930,000.00	29,290,124.90	515,999,176.97	

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

42. Other non-current liabilities

	30 June 2019	31 December 2018
Repurchase payment	–	660,456,831.52
Advance payment for rent	**15,000,000.00**	15,000,000.00
Other	–	717,233.77
	15,000,000.00	676,174,065.29

43. Share capital

30 June 2019

		Increase/decrease in the period		
	Opening balance	Shares released from lock-up period	Subtotal	Closing balance
I. Shares subject to lock-up restriction				
1. State-owned legal person shareholdings	–	–	–	–
2. Other domestic shareholdings	4,848,000.00	–	–	4,848,000.00
Total shares subject to lock-up restriction	4,848,000.00	–	–	4,848,000.00
II. Shares not subject to lock-up restriction	–	–		
1. RMB ordinary shares	8,334,158,264.00	–	–	8,334,158,264.00
2. Foreign listed shares	2,338,764,870.00	–	–	2,338,764,870.00
Total shares not subject to lock-up restriction	10,672,923,134.00	–	–	10,672,923,134.00
Total share capital	10,677,771,134.00	–	–	10,677,771,134.00

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

43. Share capital *(continued)*

31 December 2018

		Increase/decrease in the year		
	Opening balance	Shares released from lock-up period	Subtotal	Closing balance
I. Shares subject to lock-up restriction				
1. State-owned legal person shareholdings	188,679,244.00	(188,679,244.00)	(188,679,244.00)	–
2. Other domestic shareholdings	4,848,000.00	–	–	4,848,000.00
Total shares subject to lock-up restriction	193,527,244.00	(188,679,244.00)	(188,679,244.00)	4,848,000.00
II. Shares not subject to lock-up restriction				
1. RMB ordinary shares	8,145,479,020.00	188,679,244.00	188,679,244.00	8,334,158,264.00
2. Foreign listed shares	2,338,764,870.00	–	–	2,338,764,870.00
Total shares not subject to lock-up restriction	10,484,243,890.00	188,679,244.00	188,679,244.00	10,672,923,134.00
Total share capital	10,677,771,134.00	–	–	10,677,771,134.00

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Other equity instruments

Perpetual bonds	Issuance date	**30 June 2019**	31 December 2018
2015 First Tranche of Medium–term Notes	15 October 2015	**990,000,000.00**	990,000,000.00
2016 First Tranche of Medium–term Notes	2 September 2016	**1,996,000,000.00**	1,996,000,000.00
2016 Second Tranche of Medium–term Notes	6 September 2016	**1,996,000,000.00**	1,996,000,000.00
2017 First Tranche of Medium–term Notes	11 October 2017	**2,495,000,000.00**	2,495,000,000.00
2017 Second Tranche of Medium–term Notes	6 November 2017	**2,495,000,000.00**	2,495,000,000.00
2018 Second Tranche of Medium–term Notes	7 June 2018	**1,996,000,000.00**	1,996,000,000.00
2018 Fourth Tranche of Medium–term Notes	18 September 2018	**1,497,000,000.00**	1,497,000,000.00
2018 Fifth Tranche of Medium–term Notes	17 October 2018	**1,497,000,000.00**	1,497,000,000.00
		14,962,000,000.00	14,962,000,000.00

According to the Prospectus, 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.
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 distribution payment date, the Company shall not defer the payment of interest due or all payment events interest deferred pursuant to this term and its fruits: (1) distributing dividends to ordinary shareholders; (2) reducing the registered capital.
Redemption and purchase	The Company is entitled to redeem the medium-term notes at par value plus purchase payable interest (including all deferred interest) on the third/fifth and each of the subsequent interest payment dates of the medium-term notes.
Interest rate determination	– Medium-term notes carried fixed rate; – The coupon rate shall be reset every three/five years from the fourth/sixth year of interest calculation; – In the event that the issuer does not exercise its redemption right, starting from the fourth/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. Thereafter, the coupon interest rates is reset every 3/5 years to the benchmark interest rate for the current period plus the initial spread plus 300 basis points.

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, 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.

The interest rate of medium–term notes of the Group was 4.50%-6.80%, and from January to June 2019, the interest accrued was RMB401,820,000.00 and interest payable to specific investors amounted to RMB119,800,000.00.

45. Capital reserve

January to June 2019

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Share premium	**5,273,970,842.54**	**406,999,558.21**	**–**	**5,680,970,400.75**

2018

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium	5,820,202,037.98	–	546,231,195.44	5,273,970,842.54

For the reasons of movements in capital reserve, please see Note VII. 2.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

46. Other comprehensive income

Accumulated balance of other comprehensive income attributable to shareholders of the parent company in the consolidated balance sheet:

	1 January 2019	Increase/(decrease)	30 June 2019
Changes arising from re-measurement of defined benefit plans	**53,361,769.00**	**(5,000.00)**	**53,356,769.00**
The difference between the fair value on the date of transfer and the carrying value of the investment properties transferred from self-occupied properties or inventories and measured with the fair value model	**176,722,075.98**	**–**	**176,722,075.98**
Other comprehensive income that may be reclassified to profit or loss under equity method	**(1,008,660.75)**	**399,789.66**	**(608,871.09)**
Exchange differences on foreign currency translation	**4,115,841.18**	**(229,964.19)**	**3,885,876.99**
Changes in fair value of other equity instruments investment	**(26,239,704.38)**	**(1,248,349.60)**	**(27,488,053.98)**
	206,951,321.03	**(1,083,524.13)**	**205,867,796.90**

	1 January 2018	Increase/(decrease)	31 December 2018
Changes arising from re-measurement of defined benefit plans	70,072,510.00	(16,710,741.00)	53,361,769.00
The difference between the fair value on the date of transfer and the carrying value of the investment properties transferred from self-occupied properties or inventories and measured with the fair value model	176,722,075.98	–	176,722,075.98
Other comprehensive income that may be reclassified to profit or loss under equity method	3,127,570.81	(4,136,231.56)	(1,008,660.75)
Exchange differences on foreign currency translation	931,829.28	3,184,011.90	4,115,841.18
Changes in fair value of other equity instruments investment	3,356,173.25	(29,595,877.63)	(26,239,704.38)
	254,210,159.32	(47,258,838.29)	206,951,321.03

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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 year:

January to June 2019

	Amount before tax	Less: Income tax	Attributable to parent company	Equity attributable to minority interests
Changes arising from re-measurement of defined benefit plans	**(5,000.00)**	**–**	**(5,000.00)**	**–**
Other comprehensive income that may be reclassified to profit or loss under equity method	**1,211,483.82**	**–**	**399,789.66**	**811,694.16**
Exchange differences on foreign currency translation	**(418,116.72)**	**–**	**(229,964.19)**	**(188,152.53)**
Changes in fair value of other equity instruments investment	**(6,692,848.55)**	**(1,627,235.52)**	**(1,248,349.60)**	**(3,817,263.43)**
	(5,904,481.45)	**(1,627,235.52)**	**(1,083,524.13)**	**(3,193,721.80)**

January to June 2018

	Amount before tax	Less: Income tax	Attributable to parent company	Equity attributable to minority interests
Changes arising from re-measurement of defined benefit plans	(19,427,236.00)	–	(18,855,736.00)	(571,500.00)
Other comprehensive income that may be reclassified to profit or loss under equity method	(2,075,977.28)	–	(685,072.50)	(1,390,904.78)
Exchange differences on foreign currency translation	(104,404.06)	–	(3,171,275.05)	3,066,870.99
Changes in fair value of other equity instruments investment	(171,731,944.57)	(43,094,192.79)	(21,675,850.45)	(106,961,901.33)
	(193,339,561.91)	(43,094,192.79)	(44,387,934.00)	(105,857,435.12)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

47. Specific reserve

January to June 2019

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Production safety cost	**20,124,124.94**	**63,526,828.53**	**42,819,970.51**	**40,830,982.96**

2018

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Production safety cost	12,989,928.59	36,144,729.80	29,010,533.45	20,124,124.94

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. 33 Production safety cost.

48. Surplus reserve

January to June 2019

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	**1,537,434,040.24**	**–**	**–**	**1,537,434,040.24**

2018

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	1,368,019,010.35	169,415,029.89	–	1,537,434,040.24

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

48. Surplus reserve *(continued)*

According 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

January to June 2019

	Opening balance	Increase in the period	Decrease in the period	Closing balance
General risk reserve	**340,792,201.29**	**–**	**–**	**340,792,201.29**

2018

	Opening balance	Increase in the year	Decrease in the year	Closing balance
General risk reserve	299,478,851.25	41,313,350.04	–	340,792,201.29

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 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.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

50. Retained earnings

	January to June 2019	2018
Retained earnings as at the end of the previous period/year	**24,646,427,835.84**	22,758,176,658.95
Add: changes in accounting policy	**(39,155,945.38)**	(21,093,927.93)
Retained earnings as at the beginning of the period/year	**24,607,271,890.46**	22,737,082,731.02
Net profit attributable to the shareholders of the parent company	**3,045,574,008.22**	3,260,449,276.97
Less: Interest of perpetual bonds	**401,820,000.00**	627,842,777.78
Less: Appropriation of surplus reserve	**–**	169,415,029.89
Less: Appropriation of general risk reserve	**–**	41,313,350.04
Less: Cash dividends payable (Note 1)	**587,277,412.39**	512,533,014.44
Retained earnings at the end of the period/year	**26,663,748,486.29**	24,646,427,835.84

Note 1: Upon the consideration and approval by the 2018 annual general meeting of the Company convened on 15 May 2019, profit distribution for the year 2018 was calculated based on 10,677,771,134 ordinary shares in issue as of 31 December 2018, with the distribution of a dividend of RMB0.55 per 10 shares (tax inclusive) in an aggregate amount of cash dividends of RMB587,277,412.39.

51. Operating revenue and costs

	January to June 2019		January to June 2018	
	Revenue	**Costs**	Revenue	Costs
Principal operations	**44,210,815,455.45**	**31,999,887,116.95**	34,998,521,382.42	25,391,549,752.00
Other operations	**400,273,175.21**	**233,194,551.85**	366,871,873.56	143,221,828.22
	44,611,088,630.66	**32,233,081,668.80**	35,365,393,255.98	25,534,771,580.22

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

51. Operating revenue and costs *(continued)*

Operating revenue are as follows:

	January to June 2019	January to June 2018
Sale of products	**20,315,963,107.78**	16,691,762,445.41
Bulk commodity trade	**9,730,978,383.33**	5,798,692,112.10
Sale of properties	**11,135,581,975.84**	9,955,463,235.75
Rental income	**898,879,811.57**	759,136,003.43
Including: Rental income from investment properties	***791,362,190.23***	*646,537,184.55*
Other rental income	***107,517,621.34***	*112,598,818.88*
Property management	**464,644,807.29**	435,264,429.59
Hotel operation	**200,156,036.14**	212,893,202.89
Income from decoration	**295,085,232.07**	322,286,697.74
Treatment of solid wastes	**698,806,155.94**	453,942,695.63
Others	**870,993,120.70**	735,952,433.44
	44,611,088,630.66	35,365,393,255.98

Construction Contracts under progress are as follow:

January to June 2019

	Total amount	**Accumulated cost incurred**	**Accumulated gross profit recognised**	**Amount settled**
Construction Contracts	**230,280,740.26**	**223,191,733.40**	**37,056,766.39**	**166,609,210.52**

Accumulated cost incurred, accumulated gross profit recognised and amount settled exclude the relevant data of projects which have been completed at the end of the period.

From January to June 2019, the Group did not provided for estimated losses for the period from construction contracts.

Rental income is as follows:

	January to June 2019	January to June 2018
Operating leases	**898,879,811.57**	759,136,003.43

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

51. Operating revenue and costs *(continued)*

Disaggregated operating revenue from contracts with customers

January to June 2019

	Commodity (transferred at a point of time)	**Service (transferred over time)**	**Total**
Cement segment	**18,299,052,679.75**	**698,806,155.94**	**18,997,858,835.69**
Building materials and commerce and logistics segment	**12,147,835,072.09**	**295,085,232.07**	**12,442,920,304.16**
Property segment	**11,152,958,419.74**	**–**	**11,152,958,419.74**
Property investment and management segment	**341,127,364.06**	**664,800,843.43**	**1,005,928,207.49**
	41,940,973,535.64	**1,658,692,231.44**	**43,599,665,767.08**

January to June 2018

	Commodity (transferred at a point of time)	Service (transferred over time)	Total
Cement segment	14,124,217,015.86	453,942,695.63	14,578,159,711.49
Building materials and commerce and logistics segment	8,574,141,741.27	322,286,697.74	8,896,428,439.01
Property segment	9,974,060,860.17	–	9,974,060,860.17
Property investment and management segment	407,928,945.82	648,157,632.48	1,056,086,578.30
	33,080,348,563.12	1,424,387,025.85	34,504,735,588.97

For disclosures of the principal operating locations and type of products, please see Note XIV. 2 Segment Report.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

52. Tax and surcharges

	January to June 2019	January to June 2018
Business tax	**1,260,971.87**	50,794,937.59
City maintenance and construction tax	**102,111,556.19**	91,931,674.41
Education surcharges	**84,192,374.61**	78,682,790.62
Land appreciation tax	**1,302,991,418.68**	491,140,914.91
Real estate tax	**152,717,568.03**	115,689,182.96
Land use tax	**101,129,354.04**	80,233,596.76
Vehicle and vessel tax	**1,574,254.51**	2,406,656.10
Stamp duty	**45,779,718.37**	20,421,146.81
Green tax	**41,888,050.13**	42,059,229.17
Resource tax	**38,383,898.33**	21,254,964.63
Others	**4,741,751.93**	59,093,307.19
	1,876,770,916.69	1,053,708,401.15

53. Selling expenses

	January to June 2019	January to June 2018
Employee remunerations	**440,542,199.07**	405,786,840.86
Office service expenses	**129,574,263.49**	93,484,337.78
Lease fee	**57,649,447.17**	66,337,198.61
Agency intermediary fee	**170,265,487.73**	96,049,910.14
Advertisement fee	**151,250,961.52**	157,054,858.75
Transportation expenses	**421,616,522.05**	319,736,820.32
Others	**19,572,762.68**	25,215,376.72
	1,390,471,643.71	1,163,665,343.18

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

54. Administrative expenses

	January to June 2019	January to June 2018
Employee remuneration	**1,215,893,776.93**	1,218,358,079.49
Office service expenses	**533,192,330.15**	526,422,811.56
Intermediary service fees	**129,124,893.22**	101,991,748.68
Lease and utilities fees	**122,127,846.12**	130,202,084.84
Sewage and afforestation fees	**18,297,643.63**	27,487,527.07
Losses on suspension of operations	**449,377,346.60**	436,027,925.63
Maintenance expenses	**668,210,889.57**	575,036,441.39
Others	**57,284,627.91**	78,063,470.47
	3,193,509,354.13	3,093,590,089.13

55. Research and Development expenses

	January to June 2019	January to June 2018
Employee remunerations	**76,555,362.94**	47,665,212.66
Material and equipment cost	**29,015,195.03**	6,324,171.03
Travel expenses	**2,162,726.89**	1,734,238.71
Others	**12,881,579.81**	7,526,640.05
	120,614,864.67	63,250,262.45

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

56. Finance costs

	January to June 2019	January to June 2018
Interest expenses	**3,510,684,819.86**	2,797,517,231.59
Including: Interests on bank loans and other loans fully repayable within 5 years	***3,001,595,628.88***	*2,416,824,321.32*
Interests on bank loans and other loans fully repayable over 5 years	***47,217,330.64***	*4,718,653.63*
Interest expense on lease liabilities	***28,294,944.23***	–
Interest expenses on significant financing component	***433,576,916.11***	*375,974,256.64*
Less: Interest income	**445,148,683.74**	119,554,528.16
Less: Amount of interest capitalized	**1,801,210,165.34**	1,480,479,304.09
Exchange losses	**12,997,514.67**	17,511,515.78
Handling charges	**95,340,526.23**	61,148,038.90
Others	**41,757,693.02**	87,803,714.01
	1,414,421,704.70	1,363,946,668.03

From January to June 2019, the amount of capitalised borrowing costs has been included in construction in progress of RMB11,736,541.04 (January to June 2018: RMB11,706,877.68) and costs for properties under development of RMB1,789,473,624.30 (January to June 2018: RMB1,468,772,426.41).

The breakdown of interest income was as follows:

	January to June 2019	January to June 2018
Cash and bank balances	**76,073,765.46**	90,466,473.93
Interest income from financing component	**40,814,931.82**	3,873,486.18
Other debt investments	**328,259,986.46**	25,214,568.05
	445,148,683.74	119,554,528.16

None of the interest income above was arised from impaired financial assets.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

57. Other gains

	January to June 2019	January to June 2018	Related to assets/ gains
Refunds of VAT	**270,426,897.64**	241,425,207.62	Related to gains
Income from relocation compensation	**2,469,182.12**	3,425,126.02	Related to assets/gains
Income from other subsidies	**65,068,856.34**	51,284,765.20	Related to assets/gains
Grants of sale of heat	**1,179,310.04**	1,611,842.70	Related to gains
	339,144,246.14	297,746,941.54	

58. Investment gains

	January to June 2019	January to June 2018
Gains from long-term equity investments under equity method (Note V. 12)	**201,772,767.47**	139,008,136.74
Investment gains from disposal of subsidiaries (Note VI. 2)	**9,142,289.61**	–
Investment losses from disposal of associates and joint ventures	**(617,210.75)**	–
Investment gains from financial assets held for trading during the holding period	**–**	61,546,654.49
Investment gains from other debt investments held for trading during the holding period	**3,127,797.28**	–
Investment gains from holding financial assets measured at amortized cost	**–**	24,407,626.67
Investment gains from equity instruments at fair value through other comprehensive income during the holding period	**–**	531,473.76
Investment gains from disposal of financial assets held for trading	**30,240,332.66**	1,539,602.17
Gains on re-measurement of equity interests in the acquiree held before the date of acquisition at fair value	**9,248,144.36**	–
Others	**1,875,158.49**	5,424,238.46
	254,789,279.12	232,457,732.29

There were no significant restrictions on the repatriation of investment income of the Group as of 30 June 2019. For the six months ended 30 June 2019, there were no gains from listed share investment among the Group's investment income (for the six months ended 30 June 2018: nil).

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

59. Gains from changes in fair value

	January to June 2019	January to June 2018
Financial assets held for trading	**62,272,088.26**	2,927,895.47
Investment properties measured at fair value	**438,700,381.37**	270,195,883.37
	500,972,469.63	273,123,778.84

60. Credit impairment losses

	January to June 2019	January to June 2018
Bad debt loss of bills receivable	**(3,580,770.89)**	–
Bad debt loss of accounts receivable	**(198,799,772.99)**	11,844,294.27
Reversal of provision for bad debt of other accounts receivable	**63,433,699.30**	31,632,121.58
Bad debt loss of long-term accounts receivable	**(9,488,921.83)**	–
	(148,435,766.41)	43,476,415.85

61. Asset impairment losses

	January to June 2019	January to June 2018
Losses on decline in value of inventory	**(13,979,440.57)**	(3,090,903.24)
Losses on impairment of fixed assets	**(52,039,795.80)**	(8,973,295.92)
Losses on impairment of construction in progress	**(1,211,151.26)**	(1,836,360.22)
Losses on impairment of intangible assets	**–**	(3,050,593.49)
Reversal of provision for impairment of prepayments	**239,026.00**	2,027,467.49
Others	**–**	790,102.17
	(66,991,361.63)	(14,133,583.21)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

62. Non-operating income

	January to June 2019	January to June 2018	Recognised in non-recurring profit and loss for January to June 2019
Net gains from fines	**15,854,606.09**	22,928,047.87	15,854,606.09
Relocation compensation/government grants	**18,688,087.47**	1,634,830.25	18,688,087.47
Unpayable amounts	**15,554,063.64**	11,292,107.94	15,554,063.64
Others	**70,752,114.97**	52,526,638.63	70,752,114.97
	120,848,872.17	88,381,624.69	120,848,872.17

63. Non-operating expenses

	January to June 2019	January to June 2018	Recognised in non-recurring profit and loss for January to June 2019
Losses from disposal of non-current assets	**14,268,510.53**	41,333,767.02	14,268,510.53
Of which: Losses from disposal of fixed assets	***13,756,403.29***	*41,321,148.53*	*13,756,403.29*
Losses from other non-current assets	***512,107.24***	*12,618.49*	*512,107.24*
Charity donation expenses	**422,000.00**	100,000.03	422,000.00
Expenses on compensation, penalties and fines	**85,139,940.59**	46,815,569.79	85,139,940.59
Others	**20,657,652.63**	20,695,668.40	20,657,652.63
	120,488,103.75	108,945,005.24	120,488,103.75

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

64. Expenses by nature

The supplemental information on the Group's operating costs, selling expenses, administrative expenses and research and development expenses by nature is as follows:

	January to June 2019	January to June 2018
Consumption of raw materials	**9,959,764,791.67**	7,334,522,415.42
Procurement costs of tradable goods	**10,292,966,117.97**	7,032,383,236.60
Cost of sales of real estate	**6,946,172,259.24**	6,816,228,978.21
Changes in work in progress, finished goods and goods in stock	**(224,959,771.64)**	(147,558,489.41)
Employees' remuneration	**3,082,792,381.18**	2,776,850,812.88
Depreciation and amortisation	**2,213,766,214.80**	2,099,833,920.20
Rentals	**363,684,201.14**	256,625,792.17
Maintenance expenses	**668,210,889.57**	575,036,441.39
Fuel and energy costs	**1,439,425,161.72**	1,322,179,708.89
Transportation fee	**753,597,327.01**	486,627,915.48
Advertisement fee	**151,250,961.52**	157,054,858.75
Office expenses	**71,918,129.09**	88,344,112.13
Intermediary fee	**299,390,380.95**	198,041,658.82
Other	**919,698,487.09**	859,105,913.45
	36,937,677,531.31	29,855,277,274.98

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

65. Income tax expense

	January to June 2019	January to June 2018
Current income tax expenses	**1,664,967,448.51**	1,082,588,352.32
Deferred income tax expenses	**(365,302,142.40)**	(86,931,564.56)
	1,299,665,306.11	995,656,787.76

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

	January to June 2019	January to June 2018
Total profit	**5,264,638,028.49**	3,923,400,018.37
Income tax expense at the statutory (or applicable) tax rate	**1,316,159,507.09**	980,850,004.59
Effect of different tax rates applicable to some subsidiaries	**(64,483,276.73)**	(38,157,503.73)
Adjustments on the current income tax of previous periods	**(21,056,545.98)**	(41,163,567.33)
Share of profits and losses of joint ventures and associates	**(54,990,910.66)**	(39,108,268.33)
Expenses not deductible	**8,246,553.39**	8,167,589.32
Use of deductible losses in prior years	**(55,706,976.12)**	(96,020,961.35)
Impact of deductible temporary difference and deductible tax losses not recognized	**171,496,955.12**	221,089,494.59
Income tax expense at the effective tax rate of the Group	**1,299,665,306.11**	995,656,787.76

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

66. Earnings per share

	January to June 2019 RMB/share	January to June 2018 RMB/share
Earnings	**5,264,638,028.49**	3,923,400,018.37
Net profit for the year attributable to ordinary shareholders of the Company	**3,045,574,008.22**	2,410,206,116.06
Shares		
Weighted average number of ordinary shares in issue of the Company	**10,677,771,134.00**	10,677,771,134.00
Earnings per share	**0.29**	0.23

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.

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

67. Notes to items of statement of cash flows

	January to June 2019	January to June 2018
Cash received from other operating activities		
Deposits and other amounts received	**149,383,360.14**	198,133,218.49
Compensation received	**1,055,327,643.07**	24,892,883.96
Received interest income	**445,148,683.74**	119,554,528.16
Current accounts and other current account	**60,294,060.92**	711,190,974.62
	1,710,153,747.87	1,053,771,605.23
Cash paid relating to other operating activities		
Bidding deposits of land items and relevant amounts	**–**	2,979,218,170.86
Relocation compensation paid	**–**	67,288,811.02
Selling and administrative expenses etc. paid	**2,184,259,823.46**	2,034,067,804.61
Other current accounts	**1,035,053,152.10**	2,958,986,872.62
	3,219,312,975.56	8,039,561,659.11
Cash received from other investing activities		
Disposal of financial products such as short-term funds or bonds	**34,396,634.59**	2,300,000,000.00
Cash inflow from interbank borrowings	**2,000,000,000.00**	2,572,568,400.00
Disposal of reverse repurchase assets	**594,000,000.00**	2,000,200,000.00
	2,628,396,634.59	6,872,768,400.00
Cash paid relating to other investing activities		
Purchase of financial products such as short-term funds or bonds	**1,199,999,991.78**	3,501,000,000.00
Cash outflow from interbank borrowings	**2,000,000,000.00**	2,084,429,400.00
Purchase of reverse repurchase assets	**594,000,000.00**	2,200,200,000.00
Loans to associates	**190,958,405.25**	–
	3,984,958,397.03	7,785,629,400.00
Cash received from other financing activities		
Recovery of deposit for borrowings	**35,000,000.00**	–
Cash paid relating to other financing activities		
Repayment of financing of sale and lease back business	**–**	397,052,351.96
Repayment of borrowings of Kuishan Jidong Cement Company Limited	**484,564,382.84**	–
	484,564,382.84	397,052,351.96

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

67. Notes to items of statement of cash flows *(continued)*

(1) Supplemental information to statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	January to June 2019	January to June 2018
Net profit	**3,964,972,722.38**	2,927,743,230.61
Add: Credit impairment losses	**148,435,766.41**	(43,476,415.85)
Provision for impairment of assets	**66,991,361.63**	14,133,583.21
Depreciation of fixed assets	**1,853,764,973.73**	1,822,381,884.50
Depreciation of right-of-use assets	**120,153,505.58**	–
Amortisation of intangible assets	**281,530,008.56**	200,380,993.97
Amortisation of long-term deferred expenses	**83,368,497.17**	77,071,041.73
(Gains)/losses from disposal of fixed assets, intangible assets and other long-term assets	**(2,579,915.26)**	22,502,565.23
Losses on retirement of fixed assets	**14,268,510.53**	–
Gains from changes in fair value	**(500,972,469.63)**	(273,123,778.84)
Finance costs	**1,722,472,169.19**	1,311,185,815.00
Investment gains	**(254,789,279.12)**	(232,457,732.29)
Increase in deferred income tax assets	**(425,980,844.51)**	(70,154,196.78)
Increase/(decrease) in deferred income tax liabilities	**61,001,815.24**	(3,715,981.93)
Increase in inventories	**(4,220,187,961.37)**	(1,738,150,777.27)
Increase in operating receivables	**(593,126,821.56)**	(2,170,725,177.68)
Decrease in operating payables	**(1,371,242,424.23)**	(5,482,193,263.62)
Net cash flows from/(used in) operating activities	**948,079,614.74**	(3,638,598,210.01)
Material financing activities not involving cash:		
Debt-to-equity swap of a minority shareholder (Note)	**–**	147,000,000.00
Endorsement and transfer of bills:		
Endorsement and transfer of bank acceptance bills received from sale of goods or rendering of services	**7,334,086,217.06**	3,548,995,501.48

Note: In the first half of 2018, Nuode Investment Co., Ltd. of China Railway Construction Engineering Group (中鐵建工集團諾德投資有限公司), a minority shareholder of BBMG China Railway Noble (Hangzhou) Property Development Co., Ltd. (金隅中鐵諾德(杭州)房地產開發有限公司), which, in turn, is a subsidiary of the Group, made additional investment to it in a way of debt-to-equity swap, with a capital increase of RMB147,000,000.00.

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

67. Notes to items of statement of cash flows *(continued)*

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

	January to June 2019	January to June 2018
Balances of cash at the end of the period	**15,691,738,007.72**	11,676,370,375.05
Less: Balances of cash at the beginning of the period	**13,520,047,307.82**	12,914,086,803.47
Net increase/(decrease) in cash and cash equivalents	**2,171,690,699.90**	(1,237,716,428.42)

(2) Information on acquisition or disposal of subsidiaries and other operating units

	January to June 2019	January to June 2018
Cash received from disposal of subsidiaries and other business units	**44,390,000.00**	–
Cash and cash equivalents received from the prior year disposal of subsidiaries and other operating units for the period (Note)	**669,350,973.33**	–
Less: Cash and cash equivalent held by subsidiaries and other operating units disposed of	**10,112,064.36**	–
Net cash received from disposal of subsidiaries and other operating units	**703,628,908.97**	–

	January to June 2019	January to June 2018
Consideration for acquisition of subsidiaries and other operating units	**49,065,891.00**	4,018,176,372.21
Cash and cash equivalents paid for acquisition of subsidiaries and other business entities	**49,065,891.00**	4,018,176,372.21
Less: Cash and cash equivalents held by subsidiaries and other operating units acquired	**644,853.35**	382,005,950.21
Net cash paid for acquisition of subsidiaries and other operating units	**48,421,037.65**	3,636,170,422.00

Note: During the period, the Group received the payment of RMB669,350,973.33 for the disposal of equity interests in Kuishan Jidong Cement Company Limited in 2018.

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

67. Notes to items of statement of cash flows *(continued)*

(3) Cash and cash equivalents

	30 June 2019	30 June 2018
Cash	**15,691,738,007.72**	11,676,370,375.05
Including: Cash on hand	***959,596.15***	*3,292,287.37*
Bank deposits on demand	***8,921,358,184.11***	*11,424,073,655.49*
Other monetary fund on demand	***6,769,420,227.46***	*249,004,432.19*
Balance of cash and cash equivalents at the end of the period/year	**15,691,738,007.72**	11,676,370,375.05

(4) Cash flow information related to leases

	January to June 2019
Cash inflow related to leases	**903,467,874.95**
Cash outflow related to leases	**146,460,857.47**

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

68. Assets with restricted titles or right to use

	Note	30 June 2019	31 December 2018
Pledged assets			
Cash and bank balances			
Statutory deposit reserve placement with central bank by Finance Company	(1)	**1,498,757,557.60**	987,814,461.77
Guarantee deposits for L/C	(1)	**182,188,832.24**	175,108,025.27
Quality/performance guarantees	(1)	**277,410,876.73**	273,062,584.16
Guarantee deposits for acceptance bills	(1)	**244,863,811.42**	576,988,247.64
Inventories	(2)	**29,436,706,601.29**	21,971,607,254.27
Accounts receivable		–	1,379,171.95
Bills receivable	(3)	**139,359,982.71**	129,872,209.57
Fixed assets	(2)	**3,265,064,582.63**	6,858,474,963.04
Investment properties	(2)	**13,031,798,402.42**	11,349,885,820.64
Equity interests	(2)	**10,629,772,371.21**	5,557,233,899.11
Land use rights	(2)	**23,816,962.55**	23,390,669.69
Assets whose titles are restricted for other reasons			
Restricted cash arising from pre-sales of properties	(4)	**3,699,558,847.74**	2,926,411,562.08
Others		**281,529,070.06**	317,712,783.75
		62,710,827,898.60	51,148,941,652.94

Note 1: As at 30 June 2019, the total amount of the Group's pledged cash and bank balances was RMB2,203,221,077.99 (31 December 2018: RMB2,012,973,318.84), of which the amount paid by BBMG Finance Co., Ltd. (金隅财务有限公司) to the People's Bank of China as statutory deposit reserve in accordance with relevant regulations which cannot be used for daily operations was RMB1,498,757,557.60 (31 December 2018: RMB987,814,461.77).

Note 2: As at 30 June 2019, the Group obtained short-term borrowings of RMB571,476,384.61 (31 December 2018: RMB908,250,000.00) and long-term borrowings of RMB20,198,506,218.89 (31 December 2018: RMB15,415,533,199.13) secured by inventories with a carrying amount of RMB29,436,706,601.29 (31 December 2018: RMB21,971,607,254.27), fixed assets with a carrying amount of RMB3,265,064,582.63 (31 December 2018: RMB6,858,474,963.04), investment properties with a carrying amount of RMB13,031,798,402.42 (31 December 2018: RMB11,349,885,820.64), land use rights with a carrying amount of RMB23,816,962.55 (31 December 2018: RMB23,390,669.69), and equity interests with a carrying amount of RMB10,629,772,371.21 (31 December 2018: RMB5,557,233,899.11).

Note 3: The Group obtained short-term borrowings of RMB139,359,982.71 by discounting bills receivable with a carrying amount of RMB139,359,982.71 (31 December 2018: the Group obtained short-term borrowings of RMB129,872,209.57 by discounting bills receivable with a carrying amount of RMB129,872,209.57).

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 pre-sales funds are used for construction projects first, and written application have to be made to the supervisory bank before using the funds. Where presale 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 2019, 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.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

69. Foreign currency monetary items

	30 June 2019			31 December 2018		
	Original currency	Exchange rate	As RMB	Original currency	Exchange rate	As RMB
Cash and bank balances						
USD	**20,588,754.97**	**6.8747**	**141,541,513.78**	24,933,096.30	6.8632	171,120,826.53
HKD	**1,181,683.30**	**0.8797**	**1,039,526.80**	1,711,145.75	0.8762	1,499,305.91
EUR	**1.39**	**7.8170**	**10.87**	90,905.58	7.8473	713,363.36
ZAR	**25,344,285.84**	**0.4852**	**12,297,047.49**	45,320,432.88	0.4735	21,459,224.97
MNT	**108,610,524.75**	**0.0026**	**282,387.36**	110,740,902.32	0.0026	287,926.35
TZS	**5,194,538.36**	**0.0030**	**15,583.62**	–	–	–
Accounts receivable						
USD	**128,300,266.14**	**6.8747**	**882,025,839.63**	62,144,697.11	6.8632	426,511,485.21
EUR	**–**	**–**	**–**	210,398.43	7.8473	1,651,059.60
ZAR	**4,804,620.20**	**0.4852**	**2,331,201.72**	13,711,205.64	0.8959	6,492,255.87
MNT	**–**	**–**	**–**	7,220,536,370.46	0.0026	18,773,394.56
Accounts payable						
USD	**6,211,383.56**	**6.8747**	**42,701,398.56**	82,550,203.88	6.8632	566,558,559.27
ZAR	**54,946,584.23**	**0.4852**	**26,660,082.67**	106,528,687.40	0.4735	50,441,333.48
MNT	**–**	**–**	**–**	15,647,959,214.65	0.0026	40,684,693.96
Other receivables						
USD	**5,019,654.83**	**6.8747**	**34,508,621.06**	3,514,458.52	6.8632	24,120,431.71
ZAR	**1,875,830.59**	**0.4852**	**910,153.00**	8,171,466.92	0.4735	3,869,189.59
HKD	**24,000.00**	**0.8797**	**21,112.80**	–	–	–
EUR	**–**	**–**	**–**	325,240.00	7.8473	2,552,255.85
Long-term receivables						
USD	**42,159,419.00**	**6.8747**	**289,833,357.80**	40,336,928.00	6.8632	276,840,404.25
Long-term payables						
USD	**–**	**–**	**–**	7,583,307.00	6.8632	52,045,752.60
Other payables						
USD	**2,449,673.90**	**6.8747**	**16,840,773.16**	4,713,035.48	6.8632	32,346,505.11
ZAR	**1,675,634.25**	**0.4852**	**813,017.74**	7,437,005.72	0.4735	3,521,422.21
HKD	**–**	**–**	**–**	2,595,133.28	0.8762	2,273,855.78
Short-term loans						
USD	**–**	**–**	**–**	189,000.00	6.8632	1,297,144.80
Bills payable						
USD	**124,509,360.85**	**6.8747**	**855,964,503.06**	–	–	–
			421,826,580.74			206,721,856.55

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VI. CHANGE IN SCOPE OF CONSOLIDATION

1. Business combination not under common control

Baogang Jidong Cement Co., Ltd. (hereinafter referred to as "**Baogang Cement**") was originally an associate company of the Company's subsidiary Tangshan Jidong Cement Co., Ltd. (hereinafter referred to as "**Jidong Cement**") with a 49% shareholding. On 12 January 2019, Jidong Cement acquired 21% equity interests in Baogang Cement held by Inner Mongolia Baogang Xichuang Group Co., Ltd. (內蒙古包鋼西創集團有限責任公司) through open bidding. The consideration for the transaction was RMB49,065,891.00. As of 31 January 2019, Jidong Cement has paid in full the relevant equity transfer consideration, and Baogang Cement has completed the industrial and commercial change. The Company obtained 70% equity interest in total in Baogang Cement and became its controlling shareholder. The purchase date was determined to be 31 January 2019.

The fair values and carrying amount of identifiable assets and liabilities of Baogang Cement on acquisition date are set out as follows:

	Fair value as at 31 January 2019	Carrying amount as at 31 January 2019
Cash and bank balances	644,853.35	644,853.35
Bills receivable	33,683,968.19	33,683,968.19
Accounts receivable	96,302,054.94	96,302,054.94
Prepayments	5,596,855.20	5,596,855.20
Other receivables	1,127,275.17	1,127,275.17
Net inventories	16,726,785.70	16,726,785.70
Other current assets	2,755,281.41	2,755,281.41
Fixed assets	329,975,429.90	322,293,680.70
Construction in progress	2,364,586.35	2,366,417.37
Deferred income tax assets	3,786,513.63	3,786,513.63
Accounts payable	(117,125,480.48)	(117,125,480.48)
Contract liabilities	(21,412,307.75)	(21,412,307.75)
Wages payable	(877,576.85)	(877,576.85)
Tax payable	(1,282,969.70)	(1,282,969.70)
Other payables	(122,323,585.97)	(122,323,585.97)
Deferred income tax liabilities	(1,919,979.54)	–
Net assets	228,021,703.55	222,261,764.91
Minority interests	68,406,511.06	
Net assets attributable to the parent company	159,615,192.49	
Fair value corresponding to the 49% equity interest previously held by Jidong Cement	111,730,634.74	
Fair value corresponding to the purchase of 21% equity interest	47,884,557.75	
Goodwill arising from the purchase	1,181,333.25	
Consideration paid	49,065,891.00	

Notes to Unaudited Interim Financial Statements

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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 Baogang Cement from the acquisition date to the end of the period are set out as follows:

	From 1 February to 30 June 2019
Operating revenue	**76,557,754.21**
Net loss	**(6,280,435.57)**
Net cash flows	**3,300,643.74**

2. Disposal of subsidiaries

The Company entered into an Equity Transfer Contact with Shanghai Shengxuan Group Co., Ltd. (上海盛玄集團有限公司), under which the Company sold its 51% equity interest in BBMG Material Industrial (Shanghai) Co., Ltd. to Shanghai Shengxuan Group Co., Ltd. at a consideration of RMB44,390,000.00. The date when the Company lost its control over BBMG Material Industrial (Shanghai) Co., Ltd. is 28 February 2019. Therefore, from 1 March 2019, the Group will no longer include BBMG Material Industrial (Shanghai) Co., Ltd. in the scope of consolidation. The financial information of BBMG Material Industrial (Shanghai) Co., Ltd. is set forth below:

	Carrying amount as at 28 February 2019	Carrying amount as at 31 December 2018
Current assets	**102,693,138.67**	102,793,900.14
Non-current assets	**6,713,721.13**	6,740,307.17
Current liabilities	**(40,293,702.18)**	(40,291,356.83)
	69,113,157.62	69,242,850.48
Minority interests	**33,865,447.23**	
Fair value of remained equity interest	**35,247,710.39**	
Gains on disposal	**9,142,289.61**	
Consideration for disposal	**44,390,000.00**	

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For the six months ended 30 June 2019

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VI. CHANGE IN SCOPE OF CONSOLIDATION *(continued)*

2. Disposal of subsidiaries *(continued)*

The operating results of BBMG Material Industrial (Shanghai) Co., Ltd. after being included in the combination scope during the period

BBMG Material Industrial (Shanghai) Co., Ltd.	From 1 January to 28 February 2019
Operating revenue	–
Operating costs	–
Net loss	(129,692.86)

3. Deregistration of subsidiaries

The breakdown of deregistration of the Company's major subsidiaries during the period is as below:

Name	Proportion of shareholding of parent company before deregistration	Reason for not being subsidiary
Tianjin Hengsheng Building Materials Co., Ltd. (天津恒生建築材料有限責任公司)	100%	Absorption and merge
Tianjin Huanbohai Pioneer Logistics Management Co., Ltd. (天津環渤海先鋒物流管理有限公司)	51%	Deregistration
Tianjin Hongda Foundation Concrete Co., Ltd. (天津市宏達基業混凝土有限公司)	100%	Deregistered
Beijing Jinhaiyan Assets Management Co., Ltd.	100%	Absorption and merge

4. Establishment of new subsidiaries

The Company established three new subsidiaries during the period, including BBMG Residential Industrialization (Tangshan) Co., Ltd. (金隅住宅產業化（唐山）有限公司), Shanghai BBMG Jingcheng Real Estate Development Co., Ltd. (上海金隅京成房地產開發有限公司) and Tangshan Jinshi Lianhe Cement Industry Development Co., Ltd. (唐山市金石聯合水泥產業發展有限公司).

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VII. INTERESTS IN OTHER ENTITIES

1. Interests in the subsidiaries

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%) Direct	Indirect
Subsidiaries acquired through establishment or investment					
Beijing BBMG Mining Co., Ltd.	Beijing	Sale of metal ore and mining products etc.	500.00	100.00	-
Beijing BBMG Concrete Co., Ltd.	Beijing	Processing of commodity concrete etc.	46,541.04	100.00	-
Handan BBMG Taihang Cement Co., Ltd.	Handan	Manufacture and sale of concrete	6,600.00	100.00	-
Jize BBMG Taihang Concrete Co., Ltd.	Jize County	Processing and sale of commercial concrete	1,200.00	-	100.00
Liaocheng BBMG Hongjun Concrete Co., Ltd.	Liaocheng	Manufacture and sale of commercial concrete	1,000.00	-	80.00
Liaocheng BBMG Yonghui Concrete Co., Ltd.	Liaocheng	Manufacture and sale of commercial concrete	2,000.00	-	80.00
Wei County BBMG Concrete Co., Ltd.	Handan	Manufacture and sale of concrete	1,000.00	92.00	-
Handan Hanshan BBMG Concrete Co. Ltd.	Handan	Manufacture and sale of commercial concrete and crushed stone	3,000.00	92.00	-
Handan Jinyu Chenxiang Concrete Co., Ltd.	Handan	Manufacture and sale of concrete	3,000.00	92.00	-
Beijing BBMG Coating Co., Ltd.	Beijing	Manufacture of coating; professional contracting	8,900.00	100.00	-
Dachang BBMG Coating Co., Ltd.	Dachang County	Manufacture and sale of coating	3,000.00	-	100.00
Xinjiang BBMG Coating Co., Ltd.	Urumqi	Manufacture of coating; sale of building materials etc	100.00	-	55.00
BBMG New Building materials industrialization Group Co., Ltd. (北京金隅新型建材產業化集團有限公司)	Beijing	Manufacture and sale of building materials	37,496.77	100.00	-
Beijing Sanchong Mirror Co., Ltd.	Beijing	Manufacture and sale of glass made spectacle lenses	5,766.00	-	100.00
Beijing Jinyu Energy-Saving Materials & Technology (Dachang) Co., Ltd.	Langfang	Manufacture and sale of building materials	1,700.00	-	100.00
Beijing Sanchong Mirror (Dachang) Co., Ltd.	Langfang	Manufacture and sale of glass made spectacle lens	5,800.00	-	100.00
BBMG Star Insulation and Energy Conservation Technology (Tangshan) Co., Ltd.	Tangshan	Manufacturing	5,000.00	-	100.00

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%) Direct	Indirect
Subsidiaries acquired through establishment or investment *(continued)*					
Beijing Jiandu Design and Research Institute Co., Ltd.	Beijing	Design of modern building materials etc.	954.12	–	100.00
Beijing Jinyu Aerated Concrete Co., Ltd.	Beijing	Manufacture and sale of aerated concrete products etc.	10,000.00	–	100.00
Beijing BBMG Business and Trading Co., Ltd.	Beijing	Wholesale of building materials and metal materials etc.	66,000.00	–	100.00
BBMG Mortar Co., Ltd.	Beijing	Manufacture and sale of dry and mixed mortar	11,875.00	–	100.00
BBMG (Dachang) Modern Industrial Park Management Co., Ltd.	Dachang County	Manufacture of various modern building materials etc.	50,000.00	–	100.00
Beijing BBMG Tiantan Furniture Co., Ltd.	Beijing	Manufacture, processing, and sale of furniture etc.	20,916.49	–	97.81
BBMG Residential Industrialization (Tangshan) Co., Ltd. (1)	Tangshan	Manufacture and sale of building materials	35,000.00	–	100.00
Dachang BBMG Jinhaiyan Glass Wool Co., Ltd.	Dachang County	Manufacture and sale of glass wool products	8,000.00	100.00	–
BBMG Weiguan (Cangzhou) Chemical Co., Ltd.	Beijing	Manufacture of wood-based panels, resin for impregnated paper, etc.	6,000.00	–	100.00
Beijing Building Materials Academy Co., Ltd.	Beijing	Development, manufacture and sale of building materials etc.	19,170.00	100.00	–
Beijing Building Materials Testing Academy Co., Ltd.	Beijing	Testing for building material quality etc.	8,136.61	–	100.00
Beijing BBMG Cement Environmental Protection Technology Co., Ltd.	Beijing	Construction project management, construction general contracting and eco-friendly technology development etc.	1,000.00	–	100.00
Beijing Concrete World Magazine (北京《混凝土世界》雜誌社)	Beijing	Publishing of magazine; advertising design and production	30.00	–	100.00
Beijing Dacheng Changrun Properties Limited	Beijing	Property development and operation	1,000.00	–	82.00
Beijing BBMG Konggang Development Co., Ltd.	Beijing	Property development	10,000.00	–	95.00
BBMG Xingda Real Estate Development Co., Ltd.	Beijing	Property development and operation	5,000.00	–	100.00
Dacheng Meixi International Property Development (Beijing) Co., Ltd.	Beijing	Property development and operation	10,000.00	–	100.00
Chongqing BBMG Dacheng Property Development Co., Ltd.	Chongqing	Property development and consultation etc.	20,000.00	–	100.00
Chongqing BBMG Dacheng Shanshui Real Estate Co., Ltd.	Chongqing	Property development and sale of housing, etc.	49,250.00	–	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 major subsidiaries is as follows: (continued)

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%) Direct	Indirect
Subsidiaries acquired through establishment or investment *(continued)*					
Chongqing BBMG Dacheng New Metropolis Co., Ltd.	Chongqing	Property development; sale of commodity housing etc.	150,000.00	–	100.00
Chengdu BBMG Dacheng Property Development Co., Ltd.	Chengdu	Property development etc.	5,000.00	–	100.00
Chengdu BBMG Yuehuang Real Estate Co., Ltd.	Chengdu	Property development	5,000.00	–	100.00
Shanghai BBMG Dacheng Property Development Co., Ltd.	Shanghai	Property development and operation, etc	100,000.00	–	100.00
BBMG Jinghua Property Development Hefei Co., Ltd.	Hefei	Property development	50,000.00	–	100.00
Ningbo BBMG Dacheng Property Development Co., Ltd.	Ningbo	Property development and operation, etc.	5,000.00	–	100.00
BBMG Jingyuan (Ningbo) Real Estate Development Co., Ltd.	Ningbo	Property development	20,000.00	–	100.00
Chengde BBMG Real Estate Development Co., Ltd.	Chengde	Property development and operation	5,000.00	–	100.00
Beijing Longyuan Real Estate Development Co., Ltd.	Beijing	Property development and operation	5,000.00	–	100.00
Qingdao Jinyu Chuang Real Estate Development Co., Ltd.	Qingdao	Property development and operation	1,000.00	–	100.00
Tianjin Jinyu Jinli Real Estate Development Co., Ltd.	Tianjin	Property development and operation	5,000.00	–	100.00
BBMG (Tianjin) Property Development Co., Ltd.	Tianjin	Property development and sale etc.	80,000.00	–	100.00
Jinyu Ligang (Tianjin) Property Development Co., Ltd.	Tianjin	Property development and operation, etc.	39,000.00	–	100.00
BBMG Jindian (Tianjin) Property Co., Ltd.	Tianjin	Property development and operation	10,000.00	–	100.00
Chengdu BBMG Jingfeng Real Estate Development Co., Ltd.	Chengdu	Property development	5,000.00	–	100.00
Chengdu BBMG Wancheng Real Estate Development Co., Ltd.	Chengdu	Property development	5,000.00	–	100.00
BBMG Nanjing Real Estate Development Co., Ltd.	Nanjing	Property development and operation, etc.	122,000.00	–	100.00
BBMG Jiahua Nanjing Real Estate Co., Ltd.	Nanjing	Property development	50,000.00	–	100.00
Jinyu Mengcheng (Ma'anshan) Property Development Co., Ltd.	Maanshan	Property development and commodity housing sales etc.	5,000.00	–	100.00
BBMG Real Estate Development (Hefei) Co., Ltd.	Hefei	Property development and operation	150,000.00	–	100.00
BBMG Properties (Anhui) Co., Ltd.	Hefei	Property development and property management, etc.	50,000.00	–	100.00
Hefei BBMG Jingyun Real Estate Development Co., Ltd.	Hefei	Property development and operation	5,000.00	–	100.00
BBMG (Hangzhou) Property Development Co., Ltd.	Hangzhou	Property development and operation	75,000.00	–	100.00
Hangzhou BBMG Mountain Villa Property Development Co., Ltd.	Hangzhou	Property development and others	25,000.00	–	100.00
Hangzhou BBMG Guanchao Real Estate Development Co., Ltd.	Hangzhou	Property development and operation, etc.	58,600.00	–	100.00
BBMG Jiaxing Nanjing Real Estate Development Co., Ltd.	Nanjing	Property development	10,000.00	–	70.00
Beijing BBMG Dongcheng Real Estate Co., Ltd.	Beijing	Property development	100,000.00	–	90.50
BBMG (Qingdao) Property Development Co., Ltd.	Qingdao	Property development and operation, etc.	5,000.00	100.00	

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For the six months ended 30 June 2019

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%) Direct	Indirect
Subsidiaries acquired through establishment or investment *(continued)*					
Qingdao BBMG Yangguang Property Development Co., Ltd.	Qingdao	Property development	60,000.00	–	100.00
BBMG China Railway Nuode (Hangzhou) Property Development Co., Ltd.	Hangzhou	Property development and operation, etc.	50,000.00	51.00	
Shanghai BBMG Jingcheng Property Development Co., Ltd. (1)	Shanghai	Property development	5,000.00	–	100.00
BBMG GEM Real Estate Development Co., Ltd.	Beijing	Property development and operation etc.	340,000.00	100.00	–
Beijing BBMG Property Development Co., Ltd.	Beijing	Property development and sale etc.	5,000.00	–	100.00
BBMG Vanke Property Development Co., Ltd.	Beijing	Property development and sale of housing, etc.	19,000.00	–	51.00
Beijing Jinyu Chaoxin Tiandi Property Investment Co., Ltd.	Beijing	Property development and property management, etc.	1,000.00	–	100.00
Beijing BBMG Changyang Jiaye Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	237,254.90	100.00	
Beijing BBMG Property Investment Co., Ltd.	Beijing	Sale of self-developed commercial housing	5,000.00	–	70.00
Inner Mongolia BBMG Property Investment Co., Ltd.	Hohhot	Property development and operation etc.	20,000.00	–	100.00
Tangshan BBMG Julong Property Development Co., Ltd.	Tangshan	Property development and operation etc.	5,000.00	–	80.00
Jinyu Wen Chao (Hangzhou) Real Estate Development Co., Ltd.	Hangzhou	Property development and operation, etc.	5,000.00	80.00	
Beijing Jinyexincheng Property Management Co., Ltd.	Beijing	Property management	50.00	–	100.00
Beijing BBMG Chengyuan Property Development Co., Ltd.	Beijing	Property development and sale of commodity housing etc.	45,944.06	100.00	–
Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd.	Beijing	Property rental and development etc	6,129.76	100.00	–
Beijing BBMG Innovation and Technology Incubator Co., Ltd.	Beijing	Incubating property management and technology business	100,000.00	51.37	48.63
BBMG Property Management Co., Ltd.	Beijing	Hotel management	9,900.00	100.00	–
Beijing BBMG Culture Technology Development Co., Ltd.	Beijing	Technology development, transfer, consulting, service	3,000.00	–	68.00
Beijing BBMG Business Management Co., Ltd.	Beijing	Corporate management	1,000.00	–	100.00
BBMG Property Management Co., Ltd.	Beijing	Property management	2,000.00	–	100.00
Beijing Jinhaiyan Property Management Co., Ltd.	Beijing	Property management	1,370.00	–	100.00
Beijing Keshi Hardware Co., Ltd.	Beijing	Manufacture of new products like construction hardware	6,595.92	–	100.00

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%) Direct	Indirect
Subsidiaries acquired through establishment or investment *(continued)*					
BBMG Fengshan Hot Spring Resort Co., Ltd.	Beijing	Accommodation and conference services, etc.	36,818.91	–	100.00
Beijing Jianji Assets Management Co., Ltd.	Beijing	Self-owned property rental, property management etc.	78,732.79	–	100.00
Beijing Aerated Concrete Co., Ltd.	Beijing	Manufacture and sales of aerated concrete panels	27,480.00	55.68	–
Beijing Woodworking Factory Co., Ltd.	Beijing	Manufacture and sale of woodbased panels, etc.	5,455.63	100.00	–
BBMG Finance Co., Ltd.	Beijing	Operation of finance business and financing advisory business etc.	300,000.00	100.00	–
BBMG Finance Lease Co., Ltd.	Tianjin	Finance lease business	65,594.00	60.00	40.00
Beijing Tongda Refractory Engineering Technology Co., Ltd.	Beijing	Development and manufacture of various new refractory materials etc.	1,000.00	–	100.00
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	Gongyi	Manufacture and distribution of refractory materials	1,050.00	–	100.00
Yangquan Tongda BBMG Refractory Materials Co., Ltd.	Yangquan	Manufacture and sale of refractory ceramic etc.	6,000.00	–	100.00
Beijing Tongda New Green Hightemperature Materials Engineering Research Centre Co., Ltd.	Beijing	Research, experimentation and development of engineering and technology	1,000.00	–	98.00
Cheng'an BBMG Taihang Concrete Co., Ltd. (成安金隅太行混凝土有限公司) (2)	Cheng'an County	Manufacture and sale of commercial concrete	1,000.00	–	100.00
Daming BBMG Taihang Concrete Co., Ltd. (大名縣金隅太行混凝土有限公司) (2)	Daming County	Sales of concrete and mortar	1,000.00	–	90.00
Guantao BBMG Yuzhen Concrete Co., Ltd. (館陶縣金隅宇震混凝土有限公司) (2)	Handan	Sales of prefabricated part	1,000.00	–	100.00

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For the six months ended 30 June 2019

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%) Direct	Indirect
Subsidiaries acquired in business combination under common control					
Beijing Building Decoration and Design Engineering Co., Ltd.	Beijing	Design of projects' decoration and furniture decoration, etc.	8,500.00	–	100.00
Beijing BBMG Doudian Technology Corporate Management Co., Ltd.	Beijing	Manufacture of insulation and energy-saving building materials, etc.	15,037.66	100.00	–
BBMG Property Development Group Co., Ltd.	Beijing	Property development and operation	290,000.00	100.00	–
Haikou Dacheng Property Investment Co., Ltd.	Haikou	Property development etc.	1,600.00	–	100.00
BBMG Dacheng Property Management Co., Ltd.	Beijing	Property management	500.00	–	100.00
BBMG Hongye Ecological Science and Technology Co., Ltd.	Beijing	Rental and property management, etc.	200.00	–	100.00
BBMG Hong Kong Limited	Hong Kong	Self-owned property rental	(HKD) 100.00	100.00	–
Beijing Yanshui Assets Management Co., Ltd.	Beijing	Manufacture of cement	6,266.85	100.00	–
Tongda Refractory Technology Co., Ltd.	Beijing	Development and manufacture of various new refractory materials etc.	28,517.14	92.83	–
Subsidiaries acquired in business combination not under common control					
Beijing BBMG Qianjing Environmental Technology Co., Ltd.	Beijing	Manufacture and sale of cement and cement products, etc.	10,000.00	67.00	–
Tianjin BBMG Concrete Co., Ltd.	Tianjin	Concrete project construction and manufacturing, etc.	39,590.51	91.01	8.99
Shijiazhuang BBMG Xucheng Concrete Co., Ltd.	Shijiazhuang	Manufacture and sale of concrete	20,000.00	97.80	–
Beijing Dynea Chemical Industry Co., Ltd.	Beijing	Manufacture of wood-based panels, resin for impregnated paper, etc.	7,808.61	100.00	–
Beijing Chinefarge Cement Co., Ltd.	Beijing	Manufacture of cement and clinker, etc.	31,500.00	95.70	–
Krono (Beijing) Woods Co., Ltd.	Beijing	Production of fibreboard and other decorative panels, etc	44,987.38	100.00	–
BBMG Sports Culture Co., Ltd.	Beijing	Project operation of Sports	300.00	67.00	–
Beijing Doors and Windows Co., Ltd.	Beijing	Manufacture and process of plastics-steel doors and windows	100.00	100.00	–
Guantao BBMG Taihang Concrete Co., Ltd. (館陶縣金隅太行混凝土有限公司) (2)	Guantao County	Manufacture and sale of commodity concrete	4,000.00	–	100.00
Jidong Development Group Co., Ltd.	Tangshan Fengrun District	Building materials industry	247,950.41	55.00	–
Tangshan Jidong Cement Co., Ltd.	Tangshan	Manufacture and sales of cement, clinker, relevant building materials and cement equipment	134,752.29	7.00	30.00

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%) Direct	Indirect
Subsidiaries acquired in business combination not under common control *(continued)*					
Jidong Sand Gravel Aggregate Co., Ltd.	Tangshan	Aggregate	25,000.00	-	100.00
Hebei Jidong Development Group Mining Engineering Co., Ltd.	Shijiazhuang	Other construction and installation industry	2,000.00	-	85.00
Tangshan High Voltage Porcelain Insulator Works Co., Ltd. (唐山高壓電瓷有限公司)	Tangshan	Manufacture and sales of high voltage insulator	5,000.00	-	100.00
Hebei Building Material Industry Design & Research Institution	Shijiazhuang	Building materials industry engineering design	11,550.60	-	100.00
Tangshan Qixin Cement Industry Museum	Tangshan	Cultural relic collection and exhibition to promote national culture, etc.	6,724.00	-	100.00
Tangshan Qixin Jiyi Property Services Co., Ltd.	Tangshan	Property service, commodity retail, etc.	100.00	-	100.00
Tangshan Jidong Equipment & Engineering Co., Ltd.	Beijing	Machinery equipment and spare parts and civil installation	22,700.00	-	30.00
Tangshan Jidong Development Machinery and Equipment Manufacturing Co., Ltd.	Tangshan	Manufacture and sales of machinery equipment and accessories	60,000.00	-	100.00
Jidong Rizhang Energy-Conserving Fan Manufacture Co., Ltd.	Tangshan	State-owned enterprise (machinery manufacturing industry)	8,400.00	-	100.00
Tangshan Jidong Development Yan Dong Construction Co., Ltd.	Tangshan	Construction industry	20,000.00	-	59.00
Jidong Development International Trading Co., Ltd.	Beijing	Import and export and bulk commodity trade	23,000.00	-	100.00
Tangshan Jixin Cement Transition Co., Ltd.	Tangshan	Loading, offloading and handling	(USD) 600	-	60.00
Jidong Development (HK) International Ltd.	Hong Kong	Commodities trading	6,294.36	-	100.00
Tangshan Dunshi Real Estate Development Co., Ltd.	Tangshan	Real estate	30,000.00	-	100.00
Tangshan Jidong Cement Nanhu Property Development Co., Ltd.	Tangshan	Real estate	75,000.00	-	100.00
Shijiazhuang Dunshi Real Estate Development Co., Ltd.	Shijiazhuang	Property development and operation, etc.	10,000.00	-	65.00
Tangshan Jidong Guye Mining Investment Co., Ltd.	Tangshan	Other machinery and equipment repair industry	10,650.00	-	70.00
Jidong Development Logistics Co., Ltd.	Tangshan	Storage and operation of general goods as well as coal trade	10,000.00	-	100.00
Tangshan Jidong Property Services Co., Ltd.	Tangshan	Property service	300.00	-	100.00
Huahai Wind Power Development Co., Ltd.	Tangshan	Wind power equipment manufacturing	15,000.00	-	70.00
Tangshan Qixin Building Materials Co., Ltd.	Tangshan	Manufacture of cement and cement products	16,747.00	-	100.00

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For the six months ended 30 June 2019

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%) Direct	Indirect
Subsidiaries acquired in business combination not under common control *(continued)*					
Tangshan Qixin Cement Co., Ltd.	Tangshan	Manufacture of limestone, cement and cement clinker, etc.	23,544.00	–	100.00
Jidong Development Group Tangshan Xinxing Knitting Factory	Tangshan	Knitting processing	4,171.00	–	100.00
BBMG Jidong Caofeidian Supply Chain Management Co., Ltd. (金隅冀東曹妃甸供應鏈管理有限公司)	Tangshan	Supply chain management services	2,000.00	–	90.00
Tangshan Jinyu Dunshi Real Estate Development Co., Ltd.	Tangshan	Real estate development and operation and property management services, etc.	35,000.00	–	100.00
China-Africa Jidong Building Materials Investment Co., Ltd.	Tangshan	Investment in building materials industry	34,830.00	–	60.00
Tianjin Building Materials (Holding) Co., Ltd.	Tianjin	Manufacture and sales of building and decorative materials	508,222.35	55.00	–
Tianjin Tiancai Haoye Trading Co., Ltd.	Tianjin	Building materials and commerce and logistics	5,001.00	–	100.00
Tianjin Jianyu Energy Development Co., Ltd.	Tianjin	Building materials and commerce and logistics	18,000.00	–	51.00
Tianjin Bodingmeite Import Co., Ltd.	Tianjin	–	3,200.00	–	100.00
Tianjin Tiancai Hrngye Building Materials Co., Ltd.	Tianjin	Building materials and commerce and logistics	37,242.39	–	100.00
Huanbohai Jinan (Tianjin) Group Holding Co., Ltd.	Tianjin	Property investment management	19,634.40	–	51.66
Tianjin Xincai Property Development Co., Ltd.	Tianjin	Real estate	27,649.81	–	100.00
Tianjin North Longfeng Properties Development Co., Ltd.	Tianjin	Real estate	4,900.00	–	100.00
Tianjin Kaitai Building Materials Marketing Co., Ltd.	Tianjin	Building materials and commerce and logistics	18,481.83	–	100.00
Tianjin Building Materials Scientific Study Co., Ltd.	Tianjin	Property investment management	16,129.64	–	100.00
Tianjin Tianying New Building Materials Co., Ltd.	Tianjin	Cement and ready-mixed concrete	1,250.00	–	100.00
Tianjin Tiancaiweiye Building Materials Co., Ltd.	Tianjin	Cement and ready-mixed concrete	26,275.03	–	100.00
Tianjin Tiantuhaobang Tuliao Co., Ltd.	Tianjin	Building materials and commerce and logistics	4,328.68	–	100.00
Tianjin Tianxia Doors and Window Co., Ltd.	Tianjin	Building materials and commerce and logistics	2,107.80	–	100.00
Tianjin keyuan New Building Material Co., Ltd. (天津市科垣新型建材有限公司)	Tianjin	Building materials and commerce and logistics	200.00	–	90.00
Tianjin Hengtong Industry and Trade Development Co., Ltd.	Tianjin	Building materials and commerce and logistics	5,231.48	–	90.17
Tianjin Tiancai Construction Investment Co., Ltd.	Tianjin	Property investment management	34,528.08	–	100.00

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For the six months ended 30 June 2019

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%) Direct	Indirect
Subsidiaries acquired in business combination not under common control *(continued)*					
Tiancai Hongye (Tianjin) Building Materials Co., Ltd.	Tianjin	Property investment management	54,596.03	–	100.00
Tianjin Jinya Market Management Co., Ltd.	Tianjin	Property investment management	1,383.00	–	100.00
Tianjin Binhai New Area Jianhengyu Trading Co., Ltd.	Tianjin	Property investment management	350.00	–	100.00
Tianjin Tiancai New Industry Assets Management Co., Ltd.	Tianjin	Property investment management	31,973.79	–	100.00
Tianjin Longsheng Building Materials Co., Ltd.	Tianjin	Building materials and commerce and logistics	1,576.00	–	100.00
Tianjin Xincheng Building Materials Co., Ltd.	Tianjin	Property investment management	17,099.70	–	100.00
Tianjin Yuanyang Longda Glass Products Co., Ltd.	Tianjin	Property investment management	8,258.73	–	100.00
Tianjin Tiancai Chenrun Building Materials Co., Ltd.	Tianjin	Building materials and commerce and logistics	1,752.33	–	100.00
Tianjin Jiansha Building Leasing Co., Ltd.	Tianjin	Property investment management	50.00	–	100.00
Tianjin Cement Stone Mine Co., Ltd.	Tianjin	Cement and ready-mixed concrete	119,937.67	–	100.00
Tianjin Yuanyang Glass Industry Co., Ltd.	Tianjin	Property investment management	3,869.18	–	100.00
Tianjin Tiantu Coating Co., Ltd.	Tianjin	Property investment management	231.80	–	100.00
Tianjin Xinxin Door & Window Co., Ltd.	Tianjin	Property investment management	193.50	–	100.00
Tianjin Hongguang Building Materials Co., Ltd.	Tianjin	Property investment management	1,177.86	–	100.00
Tianjin Tiancai Xingchen Building Material Co., Ltd.	Tianjin	Property investment management	42,798.30	–	100.00
Tianjin Stone Mine Co., Ltd.	Tianjin	Property investment management	44,081.24	–	100.00
Tianjin Tiancai Binhan Building Materials Co., Ltd.	Tianjin	Property investment management	6,384.60	–	100.00
Tianjin Xingmingtai Plastic Products Co., Ltd.	Tianjin	Property investment management	6,492.95	–	100.00
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd.	Tangshan	Manufacture and sales of concrete and concrete products	400,000.00	55.00	45.00
Beijing Jidong Haiqiang Concrete Co., Ltd. (北京冀東海強混凝土有限公司) (2)	Beijing	Ready-mixed commodity concrete etc.	2,980.00	–	70.00
Beijing Konggang Tonghe Concrete Co., Ltd. (北京空港通和混凝土有限公司) (2)	Beijing	Processing and manufacturing of commodity concrete etc.	9,518.00	–	70.00
Beijing Zhongjian Hongfu Concrete Co., Ltd. (北京中建宏福混凝土有限公司) (2)	Beijing	Professional goods transportation (in tanks)	4,500.00	–	90.00
Beijing Huyue Concrete Co., Ltd. (北京虎躍混凝土有限公司) (2)	Beijing	Transportation of general goods (in tanks), etc.	5,867.00	–	100.00
Beijing Yongfeng Weiye Concrete Co., Ltd. (北京永豐偉業混凝土有限責任公司) (2)	Beijing	Manufacture and sales of concrete and concrete products	2,000.00	–	100.00
Beijing Chengwu Concrete Co., Ltd. (北京城五混凝土有限公司) (2)	Beijing	Manufacturing of concrete and concrete-based products, etc.	2,000.00	–	66.00

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 major subsidiaries is as follows: (continued)

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%) Direct	Indirect
Subsidiaries acquired in business combination not under common control *(continued)*					
Beijing Hanxin Concrete Co., Ltd. (北京韓信混凝土有限公司) (2)	Beijing	Production of concrete, etc.	4,510.00	–	70.00
Beijing Hengkun Concrete Co., Ltd. (北京恒坤混凝土有限公司) (2)	Beijing	Special goods transportation (in tank), etc.	5,000.00	–	60.00
Tianjin Hangu Jidong Rainbow Concrete Co., Ltd. (天津漢沽冀東彩虹混凝土有限公司) (2)	Tianjin	Ready-mixed concrete and pouring projects etc.	2,600.00	–	100.00
Tianjin Jidong Haifeng Concrete Co., Ltd. (天津冀東海豐混凝土有限公司) (2)	Tianjin	Wholesale and retail of commodity concrete, etc.	2,500.00	–	100.00
Tianjin Jidong Jinpujiye Concrete Co., Ltd. (天津冀東津璞基業混凝土有限公司) (2)	Tianjin	Processing, sales and pouring of concrete	2,900.00	–	100.00
Jidong Concrete (Tianjin) Co., Ltd. (冀東混凝土(天津)有限公司) (2)	Tianjin	Production, processing and sale of ready-mixed concrete	3,000.00	–	100.00
Tangshan Jidong Cement Xujian Concrete Co., Ltd. (唐山冀東水泥胥建混凝土有限公司) (2)	Tangshan	Manufacture of ready-mixed concrete etc.	3,500.00	–	70.00
Tangshan Qianxi Jidong Concrete Co., Ltd. (唐山遷西冀東混凝土有限公司) (2)	Qianxi County	Production of commodity concrete etc.	1,200.00	–	100.00
Tangshan Jidong Xingang Concrete Co., Ltd. (唐山冀東新港混凝土有限公司) (2)	Tangshan	Manufacture and sales of commercial concrete, etc.	3,360.00	–	100.00
Chengde Jidong Hengsheng Concrete Co., Ltd. (承德冀東恒盛混凝土有限公司) (2)	Chengde	Construction equipment templates lease, etc	2,000.00	–	100.00
Hohhot Jidong Cement Concrete Co., Ltd. (呼和浩特市冀東水泥混凝土有限公司) (2)	Hohhot	Special goods transportation (in tanks), etc.	3,000.00	–	100.00
Liaoning Ruifeng Concrete Co., Ltd. (遼寧瑞豐混凝土有限公司) (2)	Shenyang	Production of commodity concrete and additive for concrete, etc.	2,500.00	–	100.00
Shenyang Aohuaxing Concrete Co., Ltd. (瀋陽澳華興混凝土有限公司) (2)	Shenyang	Special goods transportation (tank, pump), etc.	3,100.00	–	100.00
Shenyang Landing Concrete Co., Ltd. (瀋陽藍鼎混凝土有限公司) (2)	Shenyang	Special goods transportation (tank, pump), etc.	2,008.00	–	100.00
Jilin Jidong Concrete Co., Ltd. (吉林市冀東混凝土有限公司) (2)	Jilin	Manufacture of concrete components and concrete products etc.	2,000.00	–	100.00
Chongqing Jushi New Building Materials Co., Ltd. (重慶鉅實新型建材有限公司) (2)	Chongqing	Ready-mixed commodity concrete professional contracting (level 3), etc.	2,100.00	–	100.00
Xinxingzhan (Chongqing) Building Materials Co., Ltd. (新興棧(重慶)建材有限公司) (2)	Chongqing	Manufacture and sale of commodity concrete	7,563.00	–	100.00

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For the six months ended 30 June 2019

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%) Direct	Indirect
Subsidiaries acquired in business combination not under common control *(continued)*					
Jidong Cement (Chongqing) Concrete Co., Ltd. (冀東水泥重慶混凝土有限公司) (2)	Chongqing	Special goods transportation (in tank), etc.	3,000.00	-	100.00
Hunan Dunshi Concrete Co., Ltd. (湖南盾石混凝土有限責任公司) (2)	Changsha	Manufacture and sale of concrete and ready-mixed mortar etc.	6,000.00	-	95.00
Baoji Jidong Dunshi Concrete Co., Ltd. (寶雞冀東盾石混凝土有限公司) (2)	Baoji	Ready-mixed concrete and pouring projects	4,000.00	-	100.00
Shenzhou Jidong Concrete Co., Ltd. (深州冀東混凝土有限責任公司) (2)	Shenzhou	Manufacture and sales of ready-mixed commodity concrete, etc.	3,000.00	-	100.00
Datong Dunshi Concrete Co., Ltd. (大同盾石混凝土有限公司) (2)	Datong County	Sales and transportation of ready-mixed concrete, etc.	2,000.00	-	100.00
Datong Jinlong Commodity Concrete Co., Ltd. (大同市金龍商品混凝土有限責任公司) (2)	Datong	Sales and transportation of ready-mixed concrete, etc.	3,000.00	-	100.00
Shaanxi Xi Xian New Area Jidong Concrete Co., Ltd. (陝西鹹新區冀東混凝土有限公司) (2)	Xianyang	Manufacture of ready-mixed concrete, etc.	2,000.00	-	100.00
Changchun Jidong Cement & Concrete Co., Ltd. (長春冀東水泥混凝土有限公司) (2)	Changchun	Production of concrete, etc.	1,000.00	-	100.00
Huanghua BBMG Jidong Concrete Co., Ltd. (黃驊金隅冀東混凝土有限公司) (2)	Huanghua	Sales and transportation of ready-mixed concrete, etc.	2,500.00	-	100.00
Cangzhou Lingang BBMG Jidong Concrete Co., Ltd. (滄州臨港金隅冀東混凝土有限公司) (2)	Cangzhou	Sales and transportation of ready-mixed concrete, etc.	2,500.00	-	100.00

(1) Newly-acquired subsidiaries during the year.

(2) During the period, the Company acquired BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd. under common control. Its previous 37 fourth-tier subsidiaries became third-tier subsidiaries.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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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 of minority shareholding	Impact of new lease standard on opening minority interests	Profit or loss attributable to minority interests	Dividend paid to minority shareholders	Accumulated equity attributable to minority interests at the end of the year
January to June 2019					
Jidong Group	**45.00%**	**(13,952,229.84)**	**855,196,579.58**	**557,498,914.33**	**15,846,520,323.56**
Tianjin Building Materials	**45.00%**	**(57,147,236.95)**	**(5,998,593.40)**	**9,490,509.40**	**5,025,247,431.97**
2018					
Jidong Group	45.00%		860,093,648.41	57,105,226.25	15,461,796,508.64
Tianjin Building Materials	45.00%		(123,971,000.20)	–	5,097,883,771.72

The following table sets forth the major financial information of the above-mentioned subsidiaries. Relevant figures represent amounts before intragroup offsetting:

30 June 2019

	Jidong Group	Tianjin Building Materials
Current assets	**33,198,960,547.32**	**5,970,638,890.65**
Non-current assets	**53,672,439,544.69**	**11,815,662,295.17**
Total assets	**86,871,400,092.01**	**17,786,301,185.82**
Current liabilities	**(46,751,803,407.26)**	**(5,647,951,214.30)**
Non-current liabilities	**(8,862,408,841.01)**	**(2,261,177,193.97)**
Total liabilities	**(55,614,212,248.27)**	**(7,909,128,408.27)**

	January to June 2019	January to June 2019
Operating revenue	**25,931,040,469.12**	**2,401,362,748.83**
Net profit	**2,011,447,397.14**	**66,729,429.92**
Total comprehensive income	**2,012,424,772.71**	**66,830,578.47**
Net cash flows from/(used in) operating activities	**2,664,084,066.93**	**(348,840,172.54)**

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

31 December 2018

	Jidong Group	Tianjin Building Materials
Current assets	35,967,188,697.52	5,783,193,737.93
Non-current assets	47,310,049,251.89	11,628,540,847.68
Total assets	83,277,237,949.41	17,411,734,585.61
Current liabilities	48,145,246,331.65	5,516,918,952.00
Non-current liabilities	8,296,675,584.48	1,877,744,702.97
Total liabilities	56,441,921,916.13	7,394,663,654.97

	2018	22 May 2018 to 31 December 2018
Operating revenue	44,244,740,470.83	2,367,140,048.27
Net profit/(loss)	1,713,644,595.02	(320,042,135.30)
Total comprehensive income	1,644,674,633.52	599,798,617.90
Net cash flows from/(used in) operating activities	6,320,324,301.78	(1,301,801,987.97)

Notes to Unaudited Interim Financial Statements

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

2. Transactions resulting in changes in equity attributable to shareholders in subsidiaries with no effect on right of control

Internal restructuring of the cement business

In 2019, to completely resolve the issue of competition in the same industry, the Company contributed the equity interests it held in 7 companies including Zanhuang BBMG Cement Co., Ltd., and Tangshan Jidong Cement Co., Ltd. ("**Jidong Cement**") contributed the equity interests it held in 5 companies including Linli Jidong Cement Co., Ltd. and cash of RMB2,481,749,700.00 to BBMG Jidong Cement (Tangshan) Co., Ltd. (hereinafter referred to as "**JV Company**"), at the same time, the Company has transferred the equity interests in seven companies including Zuoquan BBMG Cement Co., Ltd. to Jidong Cement at an agreed consideration of RMB1,536,867,900.00. The Reorganization has been completed in March 2019 (hereinafter referred to as the "**Transaction**"). The Transaction has been considered and approved at the twenty-fifth meeting of the fourth session of the Board, the twenty-sixth meeting of the fourth session of the Board and the Company's first extraordinary shareholders meeting in 2018. Meanwhile, on 31 May 2018 and 27 December 2018, the Company received the Approval on the Transaction from China Securities Regulatory Commission and the State-owned Assets Supervision and Administration Commission. The difference between the interests of the Company in Jidong Cement and related subsidiaries before and after the completion of the Transaction as a result of the Transaction was RMB505,602,711.69, adjusted against the capital reserve for 2019.

Internal restructuring of the concrete business

To optimize industrial structure, the Company entered into equity transfer agreements with Jidong Development Group Co., Ltd. (hereinafter referred to as "**Jidong Development Group**") and Jidong Cement, respectively, under which the Company purchased 36% equity of BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd. (金隅冀東（唐山）混凝土環保科技集團有限公司) (hereinafter referred to as "**BBMG Concrete Group**") held by Jidong Development Group and 19% equity of the same by Jidong Cement, with agreed considerations of RMB85,338,025.20 and RMB45,039,513.00, respectively. Upon the completion of the equity transaction, the shareholdings of the Company, Jidong Development Group and Jidong Cement in BBMG Concrete Group are 55%, 15% and 30%.

On 28 June 2019, the Company, Jidong Development Group and Jidong Cement entered into the "Capital Contribution Agreement of BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd.", under which, the Company, Jidong Development Group and Jidong Cement will contribute capital to BBMG Concrete Group in the same proportion, where the Company contributes the equity of 7 subsidiaries including Beijing BBMG Concrete in the amount of RMB1.114 billion, Jidong Group contributes RMB303,876,386.25 through debt-to-capital swap, and Jidong Cement contributes RMB607,752,772.49 through debt-to-capital swap. The restructuring and capital contribution (hereinafter referred to as the "**Transaction**") were completed in June 2019. The difference between the interests of the Company in BBMG Concrete Group and related subsidiaries before and after the completion of the Transaction as a result of the Transaction was RMB75,398,509.86, adjusted against the capital reserve for 2019.

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

3. Interests in joint ventures and associates

	Place of registration/ principal business	Business nature	Registered capital RMB'000	Percentage of shareholding (%) Direct	Indirect
Joint ventures					
STAR-USG Building Materials Co., Ltd.	Dachang County	Production of mineral wool acoustic board, etc.	USD54,520	50.00	–
BBMG Landao Commercial Operation Management Co., Ltd.	Beijing	Commodities retail	6,000	–	50.00
BBMG TUS Technology Incubator Co., Ltd.	Beijing	Incubating technology business, enterprise management, etc.	8,000	–	50.00
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Baoji	Manufacture and sales of cement and clinker, etc.	489,875	–	48.11
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Xianyang	Manufacture and sales of cement and clinker, etc.	458,960	–	50.00
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Tangshan	Manufacture and sales of slag fine powder and by-product	200,000	–	50.00
Anshan Jidong Cement	Anshan	Manufacture and sales of cement and clinker, etc.	300,000	–	50.00
Cross Point Trading 274 (Pty) Ltd (RF)	South Africa	Investment in building materials industry	ZAR300,000	–	56.10
Associates					
Beijing Gaoqiang Concrete Co., Ltd.	Beijing	Production of concrete, pumping, etc.	55,000	25.00	–
Zehnder (China) Indoor Climate Co., Ltd.	Beijing	Production of radiators, etc.	USD27,500	26.70	–
OCV Reinforcements (Beijing) Co., Ltd.	Beijing	Complete non-standard control of concrete and pumping	276,000	20.00	–
Beijing Sinobaide Technology Co., Ltd.	Beijing	Design and production of equipment	10,000	–	23.00
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	Chengde	Technology research and testing for comprehensive utilization of solid waste, etc.	46,000	–	34.78
Tangshan Conch Profiles Co., Ltd.	Tangshan	Manufacture and sales of architectural profiles	160,000	40.00	–
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	Beijing	Education technology promotion services, etc.	10,000	–	30.00
Beijing Chenyu Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	50,000	–	49.00
Toto Machinery (Beijing) Company Limited	Beijing	Production of sanitary ceramics	USD24,000	20.00	
Beijing Toto Co., Ltd.	Beijing	Production of sanitary ceramics	USD15,000	30.00	
SINJI TRADING PTE LTD	Singapore	Wholesale and sales of metal and metallic mineral, etc.	SGD800,000		40.00
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	Tangshan	Property development and operation, etc.	10,000	–	40.00

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

3. Interests in joint ventures and associates *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB'000	Percentage of shareholding (%) Direct	Indirect
Associates (continued)					
Changchun Light Rail Jidong Concrete Co., Ltd.	Changchun	Manufacture and sales of commercial concrete, etc.	10,000	–	49.00
Jidong Cement Fufeng Transportation Co., Ltd.	Baoji	Automobile transportation, etc.	16,000	–	23.75
Jilin Changjitu Investment Co., Ltd.	Jilin	Service industry, etc.	500,000	–	30.00
Jilin Cement (Group) Co., Ltd.	Jilin	Manufacture and sales of clinker, cement, etc.	50,000	–	28.60
Tianjin Gangbei Concrete Industry Co., Ltd.	Tianjin	Manufacture of cement, ready-mixed concrete and concrete products, etc.	20,000	–	30.00
Tianjin Wankeyou Energy Saving Technology Co., Ltd.	Tianjin	Sales of insulation materials and ancillary products of building exterior walls, etc.	9,600	–	35.00
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Tianjin	Undertaking the construction of various types of projects, etc.	100,000	–	30.00
Tianjin Yaopi Glass Co., Ltd	Tianjin	Manufacture and sale of various types of plate glass, etc.	736,166	–	22.75
Tianjin Binhai Jiantai Investment Co., Ltd.	Tianjin	Investments in high-tech industry, etc.	156,250	–	48.00
Tianjin Huanbohai Rock Materials Trading Centre Co., Ltd.	Tianjin	Wholesale and retail of stone, stone conservation, etc.	22,000	–	35.00
Beijing Innovation Industry Investment Co., Ltd.	Beijing	Investment management, asset management, etc.	2,000,000	10.00	–
Liaoning Yunding Cement Group Co., Ltd. (遼寧雲鼎水泥集團股份有限公司)	Shenyang	Production and sales of cement clinker	32,990	–	3.47

The Group adopts the equity method for interests in joint ventures and associates.

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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:

	January to June 2019	2018
Joint ventures		
Total carrying amount of investments	**1,561,894,566.46**	1,671,190,514.35
Total amount calculated based on shareholding		
Net profit	**199,015,615.90**	348,262,284.37
Total comprehensive income	**200,223,251.34**	335,722,057.82
Associates		
Total carrying amount of investments	**1,352,097,551.18**	1,365,566,495.50
Total amount calculated based on shareholding		
Net profit	**2,757,151.57**	23,169,951.53
Total comprehensive income	**2,760,999.95**	23,169,951.53

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 2019

Financial assets	Financial assets held for trading at fair value through profit or loss	Financial assets carried at amortised cost	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	–	21,873,574,501.38	–	21,873,574,501.38
Financial assets held for trading	2,041,527,977.90	–	–	2,041,527,977.90
Bills receivable	–	7,067,100,466.93	–	7,067,100,466.93
Accounts receivable	–	8,903,100,319.39	–	8,903,100,319.39
Other receivables	–	9,191,194,453.46	–	9,191,194,453.46
Other equity instruments investment	–	–	388,994,267.16	388,994,267.16
Long-term receivables	–	949,686,240.34	–	949,686,240.34
Other non-current financial assets	4,000,000.00	–	–	4,000,000.00
	2,045,527,977.90	47,984,655,981.50	388,994,267.16	50,419,178,226.56

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For the six months ended 30 June 2019

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

1. Financial instruments by category *(continued)*

31 December 2018

Financial assets	Financial assets held for trading at fair value through profit or loss	Financial assets carried at amortised cost	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	–	18,774,468,260.66	–	18,774,468,260.66
Financial assets held for trading	1,034,558,112.73	–	–	1,034,558,112.73
Bills receivable	–	11,225,781,814.50	–	11,225,781,814.50
Accounts receivable	–	7,440,085,450.85	–	7,440,085,450.85
Other receivables	–	8,794,539,636.36	–	8,794,539,636.36
Other equity instruments investment	–	–	396,187,115.71	396,187,115.71
Long-term receivables	–	802,351,921.55	–	802,351,921.55
Other non-current financial assets	214,980,000.00	–	–	214,980,000.00
	1,249,538,112.73	47,037,227,083.92	396,187,115.71	48,682,952,312.36

Financial liabilities	**Financial liabilities measured at amortised cost as at 30 June 2019**	Financial liabilities measured at amortised cost as at 31 December 2018
Short-term loans	**35,565,486,367.32**	39,880,392,209.57
Bills payable	**1,922,493,491.12**	2,080,749,336.98
Accounts payable	**17,181,599,679.67**	18,357,615,866.65
Other payables	**8,606,898,391.27**	7,962,849,469.00
Non-current liabilities due within one year	**22,792,306,656.15**	18,543,864,543.14
Long-term loans	**37,553,207,567.33**	30,506,054,265.70
Bonds payable	**23,706,751,716.14**	20,231,089,289.70
Short-term financing bonds	**2,800,520,000.00**	6,500,000,000.00
Long-term payables	**10,262,205.00**	315,856,652.08
Lease liabilities	**886,840,860.81**	–
	151,026,366,934.81	144,378,471,632.82

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For the six months ended 30 June 2019

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

2. Transfers of financial assets

Financial assets transferred but not yet fully derecognised

As at 30 June 2019, the Group endorsed bank acceptance bills and commercial acceptance bills with a carrying amount of RMB1,305,684,479.93 and RMB557,051,196.85 respectively (31 December 2018: RMB4,221,929,275.41 and RMB935,469,202.95) to its suppliers for settlement of accounts payable, and discounted bank acceptance bills with the carrying value of RMB139,359,982.71 (31 December 2018: bank acceptance bills and commercial acceptance bills of RMB129,610,743.19 and RMB261,466.38 respectively) to the banks. 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 loans associated therewith in full. 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 parties. As at 30 June 2019, the carrying amount of accounts payable settled or short- terms loans secured by the Group through these financial assets amounted to RMB1,862,735,676.78 and RMB139,359,982.71 respectively (31 December 2018: RMB5,157,398,478.36 and RMB129,872,209.57).

Transferred financial assets fully derecognised but with continuing involvement

As at 30 June 2019, the carrying amount of bank acceptance bills endorsed to its suppliers for settlement of accounts payable or discounted to the banks by the Group was RMB7,414,927,352.23 (31 December 2018: RMB5,573,035,932.65). As at 31 December 2018, 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 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.

From January to June 2019, 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 period.

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For the six months ended 30 June 2019

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks

The Group is exposed to various types of risks from financial instruments during its ordinary course of business, mainly including credit risk, liquidity risk and market risk with foreign exchange risk and interest rate risk inclusive. Financial instruments of the Group is mainly comprised of cash and bank balances, borrowings and bonds payables, bills receivable and accounts receivable and bills payable and accounts payable, etc. Risks related to these financial instruments and the Group's risk management policies adopted to reduce such risks are described as follows.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who request 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.

As the counterparties of cash and bank balances and bank acceptance bills receivable are reputable banks and other financial institutions, these financial instruments have lower credit risk.

The credit risk of the Group's other financial assets, which comprise other receivables, long-term receivables and other non-current financial assets, 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.

30 June 2019

Criteria for judging significant increase in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Credit risk *(continued)*

Criteria for judging significant increase in credit risk (continued)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

- Quantitative criteria mainly comprises of the circumstance that at the reporting date, the increase in remaining lifetime probability of default is considered significant comparing with the one at initial recognition;

- Qualitative criteria mainly comprises of the circumstances that significant adverse change in debtor's operation or financial status and being listed on the watch-list, etc.

Definition of credit-impaired asset

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- Significant financial difficulty of the issuer or the debtor;

- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;

- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;

- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;

- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;

- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

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

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Credit risk *(continued)*

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types.

As at 30 June 2019, 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 2019, 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.

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 various financing means, such as bank borrowings, perpetual bonds, bonds payable and short-term financing bonds payable.

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 financing requirements, the Group's bank credit facilities granted by various domestic banks amounted to RMB156.4 billion as at 30 June 2019, of which approximately RMB75.9 billion remained unused.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Liquidity risk *(continued)*

The table below summarises the maturity analysis of financial liabilities based on the undiscounted contractual cash flows:

As at 30 June 2019

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Bills payable	1,922,493,491.12	–	–	–	1,922,493,491.12
Accounts payable	17,181,599,679.67	–	–	–	17,181,599,679.67
Other payables	8,606,898,391.27	–	–	–	8,606,898,391.27
Long-term payables	39,567,383.08	–	–	10,262,205.00	49,829,588.08
Short-term loans	36,532,924,634.50	–	–	–	36,532,924,634.50
Long-term loans	14,490,007,160.75	13,050,322,856.55	16,305,620,411.83	16,512,811,628.76	60,358,762,057.89
Short-term financing bonds	2,825,866,666.67	–	–	–	2,825,866,666.67
Bonds payable	14,001,530,608.97	5,234,115,000.00	14,714,477,916.67	1,591,575,000.00	35,541,698,525.64
Lease liabilities	195,906,887.64	159,438,090.79	295,061,031.86	571,186,603.09	1,221,592,613.38
	95,796,794,903.67	18,443,875,947.34	31,315,159,360.36	18,685,835,436.85	164,241,665,648.22

As at 31 December 2018

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Bills payable	2,080,749,336.98	–	–	–	2,080,749,336.98
Accounts payable	18,357,615,866.65	–	–	–	18,357,615,866.65
Other payables	7,962,849,469.00	–	–	–	7,962,849,469.00
Long-term payables	668,559,822.26	300,731,943.18	5,196,550.88	10,262,205.00	984,750,521.32
Short-term loans	40,847,830,476.75	–	–	–	40,847,830,476.75
Long-term loans	10,891,926,310.16	13,419,735,285.17	12,109,540,943.26	12,020,116,017.97	48,441,318,556.56
Short-term financing bonds	6,580,791,944.44	–	–	–	6,580,791,944.44
Bonds payable	11,715,060,000.00	7,179,370,000.00	8,217,800,000.00	6,838,500,000.00	33,950,730,000.00
	99,105,383,226.24	20,899,837,228.35	20,332,537,494.14	18,868,878,222.97	159,206,636,171.70

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

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 by maintaining an appropriate 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.

January to June 2019

	Increase in basis point	Decrease in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/(decrease) in total shareholders' equity
RMB	**100**	**(12,775,053.68)**	**–**	**(12,775,053.68)**

January to June 2018

	Increase in basis point	Decrease in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/(decrease) in total shareholders' equity
RMB	100	(21,270,328.86)	–	(21,270,328.86)

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flow 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 financial liabilities held by the Group that are principally denominated in USD, HKD, EUR, ZAR and MNT.

The table below demonstrates the sensitivity analysis of foreign exchange risk to a possible change in exchange rates of RMB against USD and HKD, with all other variables held constant, with respect to the impact on net profit or loss and net other comprehensive income after tax.

2019

	Increase/(decrease) in exchange rate	Increase/(decrease) in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/(decrease) in total shareholders' equity
USD appreciation against RMB	**1%**	**17,384,481.54**	**–**	**17,384,481.54**
HKD appreciation against RMB	**1%**	**7,954.44**	**36,324,152.39**	**36,332,106.83**

2018

	Increase/(decrease) in exchange rate	Increase/(decrease) in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/(decrease) in total shareholders' equity
USD appreciation against RMB	1%	1,857,317.48	–	1,857,317.48
HKD appreciation against RMB	1%	(5,809.12)	35,731,467.41	35,725,658.29

Notes to Unaudited Interim Financial Statements

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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 January to June 2019 and the year 2018, there was no change in the capital management objectives, policies or procedures.

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

	30 June 2019	31 December 2018
Total liabilities	**195,703,616,983.56**	189,061,589,151.91
Total assets	**277,322,884,123.77**	268,276,091,699.13
Debt ratio	**70.57%**	70.47%

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IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

Hierarchies of fair value

	Input used for the measurement of fair value as at 30 June 2019			
	Quoted price in active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Financial assets held for trading	**15,483,600.00**	**2,026,044,377.90**	**–**	**2,041,527,977.90**
Other non-current financial assets	**–**	**4,000,000.00**	**–**	**4,000,000.00**
Other equity instruments investment	**352,567,696.00**	**–**	**36,426,571.16**	**388,994,267.16**
Investment properties	**–**	**975,986,310.00**	**20,215,870,453.17**	**21,191,856,763.17**
	368,051,296.00	**3,006,030,687.90**	**20,252,297,024.33**	**23,626,379,008.23**

	Input used for the measurement of fair value as at 31 December 2018			
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets held for trading	33,849,556.74	1,000,708,555.99	–	1,034,558,112.73
Other non-current financial assets	–	214,980,000.00	–	214,980,000.00
Other equity instruments investment	359,076,638.08	–	37,110,477.63	396,187,115.71
Investment properties	–	984,694,410.00	19,596,765,933.02	20,581,460,343.02
	392,926,194.82	2,200,382,965.99	19,633,876,410.65	22,227,185,571.46

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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IX. DISCLOSURE OF FAIR VALUE *(continued)*

2. Assets and Liabilities disclosed at fair value

Management has assessed that the fair values of the short-term financial assets and financial liabilities, such as cash and bank balances, bills receivable, accounts receivable, other receivables, short-term loans, short-term financing bonds payable, bills payable, accounts 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 Group's finance team is led by the manager of the finance and capital department, 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 values 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 receivables, long-term borrowings, bonds payable, lease liabilities 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 2019, the Group's exposure to non-performance risk associated with the long-term receivables, long-term borrowings, bonds payable, lease liabilities and long-term payables is assessed as insignificant.

The fair values of listed equity instruments are determined on the basis of market prices. The fair values of unlisted available-for-sale equity investments have been estimated using an asset based approach based on assumptions that are not supported by observable market prices or rates. The Group believes that the estimated fair values and the changes therein resulting from the valuation technique are reasonable, and are the most appropriate values as at the balance sheet date.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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IX. DISCLOSURE OF FAIR VALUE *(continued)*

3. 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 2019:

	Commercial properties
Value as at 1 January 2019	19,596,765,933.02
Transfer from intangible assets	4,795,009.53
Transfer from construction in progress	401,419,249.25
Disposable during the period	(67,118,220.00)
Transfer out during the period	(167,400,000.00)
Changes in fair value	447,408,481.37
Value as at 30 June 2019	20,215,870,453.17

Details of transfer of investment properties are set out in Note V. 15.

During the six months ended 30 June 2019, there was no change between different fair value levels of investment properties of the Group.

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 2019:

Valuation method	Significant unobservable inputs	Range of variation
Income approach	Unit rental (RMB/sq.m./day)	0.52-11.05
	Return on investment within the lease term	5.00%-8.00%
	Return on investment outside the lease term	5.50%-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.

Notes to Unaudited Interim Financial Statements

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent company

	Place of registration	Business nature	Registered capital RMB'000	Over the Company: Percentage of shareholding (%)	Over the Company: Proportion of votes (%)
BSCOMC	Beijing	Investment and investment management, assets management, as well as the organization of the restructuring or merger of assets of enterprises	35,000,000	44.93	44.93

BSCOMC is the parent company of the Company, and the State-Owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality is the ultimate controlling party of the Company.

2. Subsidiaries

For details on the subsidiaries, please refer to Note VII. 1. Interests in the subsidiaries.

3. Joint ventures and associates

For details on the subsidiaries, please refer to Note V. 12.

4. Other related parties

Names of other related parties	Relationship with related parties
Tangshan Hangdao Marine Heavy Industry Co., Ltd.	Associates
Beijing Xinyuan Concrete Co., Ltd.	Associates
Xianyang Jidong High-New Concrete Co., Ltd.	Associates
Tangshan Fengrun First Transportation Company	Associates
Fuxin Jidong Xianghe Concrete Co., Ltd.	Associates
Tianjin Shengxiang Plastic Business Management Co., Ltd.	Associates
Zhangjiakou STAR-USG Building Materials Co., Ltd.	Associates
Tianjin Shubulok Cement Block Co., Ltd. (天津舒布洛克水泥砌塊有限公司)	Associates
Beijing BBMG Assets Management Co., Ltd	Other related parties
Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee ("**Party School**")	Other related parties
Beijing Xisha Assets Management Co., Ltd.	Other related parties
Handan Hanni Building Materials Co., Ltd.	Other related parties
Beijing Dacheng Real Estate Development Co., Ltd.	Other related parties
Beijing Longfengshan Enterprise Management Co., Ltd.	Other related parties
Beijing Jinyu Scien-tech School	Other related parties
Beijing Guanghua Woodworking Factory Co., Ltd.	Other related parties
BBMG Properties Limited	Other related parties
Beijing Jianmao Property Management Co., Ltd.	Other related parties
Beijing Yiliste Environmental Protection Technology Co., Ltd.	Other related parties
Beijing Longfengshan Sands and Stone Factory	Other related parties
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Joint venture
Mamba Cement Company (Pty) Ltd (RF)	Subsidiary of a joint venture
Tianjin Binhai New Area Daxin Investment Co., Ltd. (天津濱海新區達信投資有限公司)	Subsidiary of an associate

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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 or services	**January to June 2019**	January to June 2018
Purchase of goods and receipt of services from related parties			
Transactions with joint ventures and associates			
Anshan Jidong Cement Co., Ltd.	Purchase of goods	**12,521,105.99**	34,085,120.13
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Purchase of goods	**763,217.24**	6,392,178.29
Baogang Jidong Cement Co., Ltd.	Purchase of goods	**–**	5,052,600.60
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Purchase of goods	**429,704.26**	785,210.39
Jidong Cement Fufeng Transportation Co., Ltd.	Receipt of services	**1,544,608.00**	685,563.92
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Purchase of goods	**4,817,197.26**	660,697.77
Zehnder (China) Indoor Climate Co., Ltd.	Purchase of goods	**56,248.26**	254,686.77
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	Purchase of goods	**–**	59,101.00
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	Purchase of goods	**631,224.40**	–
Tianjin Yaopi Glass Co., Ltd	Purchase of goods	**114,705.32**	–
		20,878,010.73	47,975,158.87
Transactions with other related parties			
Beijing Jinyu Scien-tech School	Receipt of training services	**–**	172,763.11
Beijing Jianmao Property Management Co., Ltd.	Receipt of services	**1,044,000.00**	–
		1,044,000.00	172,763.11

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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 or services	January to June 2019	January to June 2018
Purchase of goods and receipt of services from related parties *(continued)*			
Transactions with joint ventures and associates			
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Sale of goods	**99,057,257.01**	54,653,379.36
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Sale of goods/rendering of services	**90,889,068.54**	37,037,500.95
Changchun Light Rail Jidong Concrete Co., Ltd.	Sale of goods	**2,677,044.97**	23,060,237.20
Tangshan Caofeidian Dunshi New Building Materials Co., Ltd.	Sale of goods	**18,339,824.43**	13,414,072.20
Anshan Jidong Cement Co., Ltd.	Sale of goods	**28,365,569.33**	27,120,592.91
Mamba Cement Company (Pty) Ltd (RF)	Sale of goods	**212,487.39**	7,489,716.51
Jidong Cement Fufeng Transportation Co., Ltd	Rendering of services	**4,839,898.28**	7,766,774.57
Baogang Jidong Cement Co., Ltd.	Sale of goods	**–**	879,904.10
STAR-USG Building Materials Co., Ltd.	Rendering of services	**445,114.09**	677,316.37
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Rendering of services	**1,862,579.46**	237,738.32
Jidong Pacific (Beijing) Environmental Protection Engineering Technology Co., Ltd.	Sale of goods	**–**	2,627.36
OCV Reinforcements (Beijing) Co., Ltd.	Sale of goods	**7,656,314.09**	–
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	Rendering of services	**75,000.00**	–
Beijing Xinyuan Concrete Co., Ltd.	Sale of goods	**266,400.00**	–
Jilin Cement (Group) Co., Ltd.	Rendering of services	**208,810,943.42**	–
Tangshan Conch Profiles Co., Ltd.	Sale of goods	**31,598.25**	–
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Sale of goods	**4,233,380.00**	–
		467,762,479.26	172,339,859.85

Purchase/sale of goods and receipt/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 2019

RMB

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	**January to June 2019 Leasing income**	January to June 2018 Leasing income
Beijing Dacheng Real Estate Development Co., Ltd.	Building	**2,645,558.58**	2,519,579.60
STAR-USG Building Materials Co., Ltd.	Building	**4,503,234.53**	–
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Plant	**95,238.10**	–
Zhangjiakou STAR-USG Building Materials Co., Ltd.	Building	**583,765.15**	–
		7,827,796.36	2,519,579.60

As lessee

Name of the lessor	Category of leased assets	**January to June 2019 Leasing expenses**	January to June 2018 Leasing expenses
Tianjin Binhai New Area Daxin Investment Co., Ltd.	Building	**28,571,428.57**	22,857,142.80
Beijing Xisha Assets Management Co., Ltd.	Building	**461,732.00**	–
Beijing Doors and Windows Co., Ltd.	Building	**–**	373,415.00
Beijing Dacheng Real Estate Development Co., Ltd.	Building	**–**	164,000.00
		29,033,160.57	23,394,557.80

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 2019

RMB

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

January to June 2019

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
Beijing BBMG Assets Management Co., Ltd.	BBMG GEM	**600,000,000.00**	**20 April 2017**	**19 April 2022**	**No**
Beijing BBMG Assets Management Co., Ltd.	BBMG GEM	**200,000,000.00**	**27 May 2017**	**26 May 2022**	**No**
		800,000,000.00			

January to June 2018

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
Beijing BBMG Assets Management Co., Ltd.	BBMG GEM	600,000,000.00	20 April 2017	19 April 2022	No
Beijing BBMG Assets Management Co., Ltd.	BBMG GEM	200,000,000.00	27 May 2017	26 May 2022	No
		800,000,000.00			

The above-mentioned related parties provide guarantees in respect of borrowings for the Group at nil consideration.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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)

Guarantees provided to related parties

January to June 2019

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
Jidong Cement	Anshan Jidong Cement Co., Ltd.	**18,000,000.00**	**17 December 2018**	**16 December 2019**	**No**
Jidong Cement	Anshan Jidong Cement Co., Ltd.	**14,000,000.00**	**17 December 2018**	**16 December 2019**	**No**
Jidong Cement	Anshan Jidong Cement Co., Ltd.	**20,000,000.00**	**30 October 2018**	**29 October 2019**	**No**
		52,000,000.00			

January to June 2018

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
Jidong Cement	Anshan Jidong Cement Co., Ltd.	18,000,000.00	16 November 2017	16 November 2018	No
Jidong Cement	Anshan Jidong Cement Co., Ltd.	14,000,000.00	30 November 2017	30 November 2018	No
Jidong Cement	Anshan Jidong Cement Co., Ltd.	20,000,000.00	18 July 2017	17 July 2018	No
		52,000,000.00			

As at 30 June 2019, Jidong Cement provided joint obligation guarantees in respect of borrowings for Anshan Jidong Cement Co., Ltd. at nil consideration, with total amount of RMB52,000,000.00. The guarantees will expire on 29 October 2019 (RMB20,000,000.00) and 16 December 2019 (RMB32,000,000.00), respectively.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(4) Lending to/borrowing from related parties

Borrowings

January to June 2019

	Amount of lending/borrowing	Commencement date	Maturity date
Beijing BBMG Assets Management Co., Ltd.	**81,000,000.00**	**30 January 2019**	**25 January 2020**

January to June 2018

	Amount of lending/borrowing	Commencement date	Maturity date
Beijing BBMG Assets Management Co., Ltd.	81,000,000.00	13 February 2018	25 January 2019
BSCOMC	60,000,000.00	29 May 2018	29 May 2019
	141,000,000.00		

Lending

During the six months ended 30 June 2019, the Group had accumulated lending to Beijing Chenyu Real Estate Development Co., Ltd. (北京宸宇房地產開發有限公司) of RMB3,562,192,578.59 at interest rate of 6.50% per annum (There was no accumulated lending to Beijing Chenyu Real Estate Development Co., Ltd. as at 30 June 2018).

During the six months ended 30 June 2019, the Group had no lending to STAR-USG Building Materials Co., Ltd. (30 June 2018: RMB104,188,940.00).

During the six months ended 30 June 2019, the Group had accumulated lending to Cross Point Trading 274 (Pty) Ltd (RF) of RMB197,594,531.69 at interest rate of 10% per annum, among which the amount of principal was RMB123,016,642.05 and the amount of interest was RMB78,197,001.05 (for the six months ended 30 June 2018: RMB188,416,172.20 at interest rate of 10% per annum).

During the six months ended 30 June 2019, the Group had accumulated lending to Mamba Cement Company (PTY) Ltd (RF) of RMB92,238,826.11 at interest rate of 10-10.50% per annum, among which the amount of principal was RMB73,345,711.90 and the amount of interest was RMB15,274,002.79 (There was no accumulated lending to Mamba Cement Company (PTY) Ltd (RF) as at 30 June 2018).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

	January to June 2019	January to June 2018
STAR-USG Building Materials Co., Ltd.	**698,541.31**	2,278,698.95
Baogang Jidong Cement Co., Ltd.	**–**	1,432,916.80
Beijing Chenyu Real Estate Development Co., Ltd.	**314,568,491.60**	–
Cross Point Trading 274 (Pty) Ltd (RF)	**8,993,133.64**	16,276,526.26
Mamba Cement Company (Pty) Ltd (RF)	**3,999,819.91**	–
	328,259,986.46	19,988,142.01

Interest expenses from borrowing

	January to June 2019	January to June 2018
Beijing BBMG Assets Management Co., Ltd.	**2,489,408.33**	2,444,216.67
Beijing Dacheng Real Estate Development Co., Ltd.	**5,497,916.67**	–
BSCOMC	**2,641,194.33**	550,956.50
	10,628,519.33	2,995,173.17

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties

Accounts receivable	30 June 2019	31 December 2018
Due from associates		
Baogang Jidong Cement Co., Ltd.	–	55,745,362.63
Tianjin Gangbei Concrete Industry Co., Ltd.	**10,706,551.29**	10,706,551.29
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	**12,304,338.21**	10,319,608.88
Beijing Gaoqiang Concrete Co., Ltd.	**6,422,413.91**	6,422,413.91
Tianjin Shubulok Cement Block Co., Ltd. (天津舒布洛克水泥砌塊有限公司)	**290,001.25**	–
Changchun Light Rail Jidong Concrete Co., Ltd.	**5,616,584.32**	6,013,704.82
Tangshan Hangdao Marine Heavy Industry Co., Ltd.	**4,230,282.84**	4,230,282.84
Beijing Xinyuan Concrete Co., Ltd.	**2,251,516.73**	1,355,848.06
Jidong Cement Fufeng Transportation Co., Ltd.	**989,412.58**	750,462.39
OCV Reinforcements (Beijing) Co., Ltd.	**34,450.00**	286,355.25
Xianyang Jidong High-New Concrete Co., Ltd.	–	10,000.00
Fuxin Jidong Xianghe Concrete Co., Ltd.	–	2,000.00
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	–	–
Zehnder (China) Indoor Climate Co., Ltd.	**199,995.00**	–
	43,045,546.13	95,842,590.07
Due from joint ventures		
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	**23,655,823.15**	15,947,810.75
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	**15,183,318.39**	14,910,537.56
Anshan Jidong Cement Co., Ltd.	**6,707,589.40**	6,376,605.60
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	**5,870,193.75**	2,717,914.44
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	**449,029.81**	285,142.59
Mamba Cement Company (Pty) Ltd (RF)	**4,107,346.29**	1,897,429.89
STAR-USG Building Materials Co., Ltd.	**1,948,396.24**	–
	57,921,697.03	42,135,440.83
Due from other related parties		
Beijing Dacheng Real Estate Development Co., Ltd.	**5,594,878.14**	1,955,350.56
Beijing Longfengshan Enterprise Management Co., Ltd.	–	149,098.29
BBMG Properties Limited	**720,400.00**	–
Beijing Longfengshan Sands and Stone Factory	**149,098.29**	–
	6,464,376.43	2,104,448.85
	107,431,619.59	140,082,479.75

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties *(continued)*

Prepayments	30 June 2019	31 December 2018
Prepayments to an associate		
Zehnder (China) Indoor Climate Co., Ltd.	**2,845,242.19**	1,265,495.52
Tianjin Yaopi Glass Co., Ltd	**195,869.35**	386,711.84
Baogang Jidong Cement Co., Ltd.	**–**	143.10
	3,041,111.54	1,652,350.46
Prepayments to joint ventures		
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	**–**	890,730.40
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	**77,326.37**	839,824.87
Anshan Jidong Cement Co., Ltd.	**172,613.24**	10,170.00
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	**–**	22,379.40
	249,939.61	1,763,104.67
Prepayments to other related parties		
Beijing Yiliste Environmental Protection Technology Co., Ltd.	**800,000.00**	800,000.00
Beijing Dacheng Real Estate Development Co., Ltd.	**3,385.72**	3,385.72
Beijing Xisha Assets Management Co., Ltd.	**–**	346,303.00
	803,385.72	1,149,688.72
	4,094,436.87	4,565,143.85

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties *(continued)*

Other receivables	30 June 2019	31 December 2018
Due from associates		
Beijing Chenyu Real Estate Development Co., Ltd.	**3,698,443,779.37**	3,272,090,726.80
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	**449,987,626.43**	446,399,977.65
Tianjin Shengxiang Plastic Business Management Co., Ltd.	**5,000.00**	–
Tianjin Gangbei Concrete Industry Co., Ltd.	**2,736,628.85**	–
Tianjin Shubulok Cement Block Co., Ltd. (天津舒布洛克水泥砌塊有限公司)	**2,175,880.01**	–
Beijing Xinyuan Concrete Co., Ltd.	**97,974,202.46**	97,974,202.46
Jilin Cement (Group) Co., Ltd.	**2,627.43**	–
Fuxin Jidong Xianghe Concrete Co., Ltd.	**84,298,723.45**	84,298,723.45
Baogang Jidong Cement Co., Ltd.	**–**	60,077,262.64
Jidong Cement Fufeng Transportation Co., Ltd.	**–**	–
Changchun Light Rail Jidong Concrete Co., Ltd.	**6,093,986.52**	7,228,483.45
Beijing Gaoqiang Concrete Co., Ltd.	**3,224,600.00**	3,071,700.00
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	**14,583,150.29**	5,292,720.49
Tianjin Xinling Environmental Protection Co., Ltd.	**1,145,807.26**	–
Beijing Sinobaide Technology Co., Ltd.	**690,000.00**	–
Tangshan Conch Profiles Co., Ltd.	**2,400,000.00**	–
Zehnder (China) Indoor Climate Co., Ltd.	**9,500.00**	9,500.00
OCV Reinforcements (Beijing) Co., Ltd.	**–**	1,255.00
	4,363,771,512.07	3,976,444,551.94

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties *(continued)*

Other receivables	30 June 2019	31 December 2018
Due from joint ventures		
STAR-USG Building Materials Co., Ltd.	**81,315,040.36**	83,039,545.80
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	**50,000.00**	50,000.00
Anshan Jidong Cement Co., Ltd.	**484,075.00**	–
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	**80,519.09**	82,288.83
	81,929,634.45	83,171,834.63
Due from other related parties		
Beijing BBMG Assets Management Co., Ltd.	**134,844,098.47**	134,656,540.31
Beijing Guanghua Woodworking Factory Co., Ltd.	**68,990,957.90**	68,990,957.90
Beijing Longfengshan Sands and Stone Factory	**4,607,123.33**	4,607,123.33
Beijing Xisha Assets Management Co., Ltd.	**100,000.00**	100,000.00
BBMG Jianmao Property Management Center	**62,936.72**	80,610.62
Beijing Dacheng Real Estate Development Co., Ltd.	**1,445,372.56**	–
Handan Hanni Building Materials Co., Ltd.	**22,464.01**	22,464.01
	210,072,952.99	208,457,696.17

Long-term receivables	30 June 2019	31 December 2018
Due from joint ventures		
Cross Point Trading 274 (Pty) Ltd (RF)	**197,594,531.69**	190,821,671.38
Mamba Cement Company (Pty) Ltd (RF)	**92,238,826.11**	86,018,732.87
	289,833,357.80	276,840,404.25

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties *(continued)*

Accounts payable	30 June 2019	31 December 2018
Due to associates		
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	**150,000.00**	31,190,081.36
Jidong Cement Fufeng Transportation Co., Ltd	**–**	214,628.83
Baogang Jidong Cement Co., Ltd.	**–**	3,155,525.50
Zehnder (China) Indoor Climate Co., Ltd.	**96,000.00**	2,979,582.97
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	**1,599,732.87**	1,821,352.54
Beijing Sinobaide Technology Co., Ltd.	**307,067.88**	432,067.88
Beijing Xinyuan Concrete Co., Ltd.	**133,200.00**	–
Tianjin Shengxiang Plastic Business Management Co., Ltd.	**–**	185,326.14
OCV Reinforcements (Beijing) Co., Ltd.	**3,800.00**	3,800.00
	2,289,800.75	39,982,365.22
Due to joint ventures		
Anshan Jidong Cement Co., Ltd.	**–**	8,595,981.56
STAR-USG Building Materials Co., Ltd.	**1,365,228.70**	2,110,244.02
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	**402,910.02**	418,849.37
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	**76,106.69**	–
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	**949,078.96**	–
	2,793,324.37	11,125,074.95
Due to other related parties		
Beijing Dacheng Real Estate Development Co., Ltd.	**276,291.00**	276,291.00
Beijing Jianmao Property Management Co., Ltd.	**127,000.00**	–
	403,291.00	276,291.00
	5,486,416.12	51,383,731.17

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties *(continued)*

Contract liabilities	30 June 2019	30 June 2018
Associates		
Beijing Gaoqiang Concrete Co., Ltd.	**8,112,934.71**	8,112,934.71
OCV Reinforcements (Beijing) Co., Ltd.	**5,400.00**	5,400.00
Jidong Cement Fufeng Transportation Co., Ltd	**3,000.00**	–
Baogang Jidong Cement Co., Ltd.	**–**	36,761.24
	8,121,334.71	8,155,095.95
Joint ventures		
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	**209,763.10**	642,763.10
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	**–**	327,480.00
Anshan Jidong Cement Co., Ltd.	**2,754,483.67**	14,650.00
Mamba Cement Company (Pty) Ltd (RF)	**–**	2,520,496.48
STAR-USG Building Materials Co., Ltd.	**3,000.00**	–
	2,967,246.77	3,505,389.58
Other related parties		
Beijing Dacheng Real Estate Development Co., Ltd.	**3,000.00**	–
Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee	**1,500.00**	–
	4,500.00	–
	11,093,081.48	11,660,485.53

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties *(continued)*

Other payables	30 June 2019	31 December 2018
Due to associates		
Tianjin Gangbei Concrete Co., Ltd.	**1,400,000.00**	1,400,000.00
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	**527,000.00**	–
OCV Reinforcements (Beijing) Co., Ltd.	**129,200.00**	159,200.00
Jidong Cement Fufeng Transportation Co., Ltd	**50,000.00**	–
Beijing Gaoqiang Concrete Co., Ltd.	**50,000.00**	–
Beijing Sinobaide Technology Co., Ltd.	**20,000.00**	12,738.42
Beijing Xinyuan Concrete Co., Ltd.	**2,200.25**	2,200.25
Xianyang Jidong High-New Concrete Co., Ltd.	**282.12**	282.12
Tianjin Xingye Longxiang Engineering Co., Ltd.	–	88,834,066.82
Tianjin Shengxiang Plastic Business Management Co., Ltd.	–	6,328,467.95
Tianjin Xinling Environmental Protection Co., Ltd.	–	1,754,192.74
Baogang Jidong Cement Co., Ltd.	–	630,000.00
Tianjin Yaopi Glass Co., Ltd	–	25,007.52
Tangshan Conch Profiles Co., Ltd.	–	2,967.00
	2,178,682.37	99,149,122.82
Due to joint ventures		
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	**221,001.53**	22,456.58
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	**50,000.00**	–
STAR-USG Building Materials Co., Ltd.	–	19,436.46
	271,001.53	41,893.04
Due to other related parties		
Handan Hanni Building Materials Co., Ltd.	–	11,560,300.00
Beijing Xisha Assets Management Co., Ltd.	**2,338,901.00**	2,346,303.00
Beijing Dacheng Real Estate Development Co., Ltd.	**2,526,635.21**	1,200,000.00
Beijing BBMG Assets Management Co., Ltd	**38,978.96**	252,794.56
Beijing Jinyu Scien-tech School	–	6,510.00
	4,904,515.17	15,365,907.56
	7,354,199.07	114,556,923.42

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties *(continued)*

Non-current liabilities due within one year	**30 June 2019**	31 December 2018
Tianjin Binhai New Area Daxin Investment Co., Ltd.	**34,145,262.04**	–

Lease liabilities	**30 June 2019**	31 December 2018
Tianjin Binhai New Area Daxin Investment Co., Ltd.	**428,783,755.63**	–

Short-term loans	**30 June 2019**	31 December 2018
Beijing BBMG Assets Management Co., Ltd	**131,000,000.00**	81,000,000.00
Beijing Dacheng Real Estate Development Co., Ltd.	**250,000,000.00**	250,000,000.00
BSCOMC	**120,850,000.00**	230,850,000.00
	501,850,000.00	561,850,000.00

Except for the balances of short-term loans and of due from STAR-USG Building Materials Co., Ltd. in other receivables, and of due from Cross Point Trading 274 (Pty) Ltd (RF), Mamba Cement Company (Pty) Ltd (RF) and Beijing Chenyu Real Estate Development Co., Ltd. in long-term receivables, other amounts due from and due to related parties are interest- free, unsecured and have no fixed terms of repayment.

7. Remuneration for key management personnel

	January to June 2019	January to June 2018
Remuneration for key management personnel	**2,183,555.92**	3,205,837.91

Notes to Unaudited Interim Financial Statements

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XI. CONTINGENCIES

	Note	30 June 2019	31 December 2018
Provision of guarantee on housing mortgage to third parties	Note 1	**9,061,602,296.36**	6,447,501,029.54
Provision of guarantee on loans and others to third parties	Note 2	**2,430,000,000.00**	2,630,000,000.00
		11,491,602,296.36	9,077,501,029.54

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 guarantee obligations 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 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: In 2019, Tianjin Building Materials Group (Holding) Co., Ltd. (天津市建築材料集團(控股)有限公司), a subsidiary of the Group, provided guarantees on the borrowings of RMB230,000,000.00 for Tianjin Yishang Group Co., Ltd. (天津一商集團有限公司) and the borrowings of RMB1,200,000,000.00 for Datong Coal Mine Group Co., Ltd. (大同煤礦集團有限責任公司). These guarantees will expire in October 2019 and on 13 December 2019, respectively. Jidong Group, a subsidiary of the Group, provided joint obligation guarantee on the borrowings of RMB1,000,000,000.00 for Tangshan Culture & Tourism Investment Group Co., Ltd.(唐山市文化旅遊投資集團有限公司). The Guarantee will expire on 21 May 2029.

Please refer to Note X. 5 for details of the guarantees provided to related parties by the Group.

Note 3: On 13 November 2014, Datong Coal Mine Tianjian Iron & Steel Co., Ltd. (大同煤礦天建鋼鐵有限公司) (hereinafter referred to as "**Tongmei Tianjian**", originally a subsidiary of Tianjin Building Materials Group (Holdings) Co., Ltd. (hereinafter referred to as "**Tianjin Building Materials**")) entered into a working capital loan contract with China Foreign Economic and Trade Trust Co., Ltd. (中國對外經濟貿易信託有限公司), with an amount of RMB1 billion and a term of two years, guaranteed by the other party's shareholder, Datong Coal Mining Group Co., Ltd. (大同煤礦集團有限責任公司) (hereinafter referred to as "**Tongmei Group**") with Tianjin Building Materials providing RMB510 million of counter-guarantee to Tongmei Group for a period of two years from the date of expiration of the performance period of the main debt. Tongmei Group entered into a Loan Contract with Tongmei Tianjian in 2016 and provided loans of RMB1.02 billion. Tongmei Tianjian repaid the loan due from China Foreign Economic and Trade Trust Co., Ltd. in 2016.

Tongmei Group filed a lawsuit with the High People's Court of Shanxi Province requesting Tianjin Building Materials to perform its counter-guarantee liability on the grounds that Tongmei Group had fulfilled the above-mentioned RMB1 billion loan guarantee liability.According to the judgment of the High People's Court of Shanxi Province in the Civil Judgment (2018) Jin Min Chu No. 541 dated 23 May 2019, Tianjin Building Materials shall pay Tongmei Group RMB533,440,850.42 and interest (accrued from 6 December 2016 to the date of repayment, calculated based on interest rate of the People's Bank of China for the same kind loans during the same period). Tianjin Building Materials claim the compensation to Tongmei Tianjian upon assumption of the repayment liability.

On 20 June 2019, Tianjin Building Materials appealed to the Supreme People's Court on the ground that in view of the fact that Tongmei Group did not assume the guarantee responsibility and therefore did not have the right of recourse against the counter-guarantor, Tianjin Building Materials accordingly requested that above judgment be revoked and reverted to the judgment that all litigation requests from Tongmei Group against Tianjin Building Materials be denied. As of the date of issuance of this financial statement, this lawsuit is still in progress.

Notes to Unaudited Interim Financial Statements

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XI. CONTINGENCIES *(continued)*

Note 4: On 30 June 2015, the warehouses leased by the Beijing Timber Factory Co., Ltd. (北京市木材廠有限責任公司) (hereinafter referred to as "**Beijing Timber Company**") caught fire due to a short circuit in the power line, leading to a loss of approximately RMB158 million for shop owners. After the fire, the shop owners made claims to their respective insurance companies, and the insurance companies compensated shop owners approximately RMB75 million. In December 2015, Beijing Timber Company initiated a property damage compensation dispute against Juanmei Xinwei (Beijing) International Techonology and Trade Co., Ltd. (雋美信威(北京)國際科貿有限公司) (intermediate lessee). On 27 June 2016, the court of first instance issued a judgment, which did not support Beijing Timber Company's the request for Juanmei Xinwei (Beijing) International Technology and Trade Co., Ltd. to compensation for the loss of the warehouse. Beijing Timber Company appealed against the first instance judgment to the Second Intermediate People's Court of Beijing. On 30 November 2016, the Second Intermediate People's Court of Beijing issued Civil Judgment (2016) Jing 02 Min Zhong No. 9253, which divided the responsibility of the fire as to Beijing Timber Company assuming 30% responsibility and Juanmei Xinwei (Beijing) International Technology and Trade Co., Ltd. assuming 70% of the responsibility.

Since February 2016, Beijing Timber Company received a total of 28 cases of subrogation right disputes from Huatai Insurance and Life Insurance and 31 cases of property damage and tort liability disputes from sub-leasees of the warehouse. On 30 June 2019, High People's Court of Beijing made a judgment on 12 cases of property damage compensation and tort liability disputes of the sub-leasees of the warehouse, ruling that Beijing Timber Company shall take full responsibility and pay RMB17.18 million. As of the date of issuance of this financial statement, the remaining cases are still in progress.

XII. COMMITMENTS

	30 June 2019	31 December 2018
Asset acquisition contracts entered into but not completed	**161,917,110.32**	128,498,574.97
Property development contracts entered into and being executed or will be executed	**10,589,592,615.32**	16,240,929,685.55
	10,751,509,725.64	16,369,428,260.52

XIII. EVENTS AFTER BALANCE SHEET DATE

On 8 August 2019, the Group established a wholly-owned subsidiary, Beijing Yu Cheng Property Limited (北京鈺珵置業有限公司). On 20 August 2019, Beijing Yu Cheng Property Limited participated in the open auction and won the bid for the property at Building 5, No. 27 Courtyard, North Fourth Ring Road, Chaoyang District, Beijing with RMB5,187,364,186.00.

Notes to Unaudited Interim Financial Statements

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XIV. OTHER SIGNIFICANT MATTERS

1. Lease

As lessor

Operating leases: according to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable leases are as follows:

	30 June 2019
Within 1 year (inclusive of 1 year)	**197,801,649.70**
1 to 2 years (inclusive of 2 years)	**198,102,006.46**
2 to 3 years (inclusive of 3 years)	**198,362,882.94**
3 to 4 years (inclusive of 4 years)	**190,735,267.64**
4 to 5 years (inclusive of 5 years)	**154,749,582.14**
Over 5 years	**872,160,512.52**
	1,811,911,901.40

Please refer to Note V. 16 for details of fixed assets leased under operating leases.

As lessee

Supplementary information on lease expenses

The Group adopted simplified treatment on short-term leases and leases of low-value assets, and did not recognize the right-of-use assets and lease liabilities. The short-term leases, low-value assets and variable lease payments not included in the measurement of lease liabilities are included in the expenses in the current period as follows:

	January to June 2019
Short-term lease expenses	**34,623,246.03**
Low-value lease expenses (other than short-term leases)	**1,539,851.40**
	36,163,097.43

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

1. Lease *(continued)*

As lessee *(continued)*

Renewal option and termination option

From January to June 2019, the Group's recognized increase in lease liabilities of RMB126,196,830.41 due to changes in lease term resulting from changes in the evaluation results or actual exercise of the renewal option or termination option.

Significant operating leases (applicable for 2018 only): according to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable leases are as follows:

	31 December 2018
Within 1 year (inclusive of 1 year)	142,099,074.33
1 to 2 years (inclusive of 2 years)	106,630,562.28
2 to 3 years (inclusive of 3 years)	82,101,637.90
Over 3 years	452,057,815.00
	782,889,089.51

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 property development and sales;

(4) the property investment and management segment invests in properties for their potential rental income and/or for capital appreciation, and provides management and security services to residential and commercial properties.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

2. Segment reporting *(continued)*

***Operating segments** (continued)*

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.

For the six months ended 30 June 2019

	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
Revenues from external transactions	18,997,858,835.69	12,442,920,304.16	11,152,958,419.74	2,017,351,071.07	-	-	44,611,088,630.66
Revenues from inter-segment transactions	887,913,475.01	436,849,335.70	2,458,962.27	658,539,239.27	-	(1,985,761,012.25)	-
	19,885,772,310.70	12,879,769,639.86	11,155,417,382.01	2,675,890,310.34	-	(1,985,761,012.25)	44,611,088,630.66
Gains/(losses) on investment in joint ventures and associates	184,518,471.19	13,124,835.24	(1,847,327.52)	5,976,788.56	-	-	201,772,767.47
Assets impairment losses	44,510,797.92	150,575.80	-	22,329,987.91	-	-	66,991,361.63
Credit impairment losses	121,610,078.32	74,097,103.77	1,256,082.31	(35,393,983.36)	-	(13,133,514.63)	148,435,766.41
Depreciation and amortisation	1,910,038,804.61	133,866,049.86	23,987,469.19	226,346,165.18	42,578,496.18	-	2,336,816,985.02
Total profit/(loss)	2,747,214,507.28	(56,412,817.40)	1,986,156,437.36	1,039,914,636.36	(447,128,449.54)	(5,106,285.57)	5,264,638,028.49
Income tax expense	533,887,118.85	60,689,289.73	520,425,533.85	297,722,047.46	(111,782,112.39)	(1,276,571.39)	1,299,665,306.11
Total assets	80,370,763,301.29	15,711,955,903.94	130,153,417,814.60	86,867,998,011.22	568,778,943.77	(36,350,029,851.05)	277,322,884,123.77
Total liabilities	47,434,922,506.16	10,595,288,621.44	108,119,496,339.09	40,274,212,095.16	27,613,707,213.72	(38,334,009,792.01)	195,703,616,983.56
Other disclosure							
Long-term equity investment in joint ventures and associates	1,421,543,202.53	34,054,755.09	26,027,097.33	1,432,367,062.69	-	-	2,913,992,117.64
ncrease in other non-current assets (excluding long-term equity investments)	1,646,262,544.03	628,394,590.62	19,556,546.58	119,414,498.62	-	-	2,413,628,179.85

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

2. Segment reporting *(continued)*

For the six months ended 30 June 2018

	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
Revenues from external transactions	14,578,159,711.49	8,896,428,439.01	9,974,060,860.17	1,916,744,245.31	-	-	35,365,393,255.98
Revenues from inter-segment transactions	1,300,566,673.17	185,810,428.94	3,402,021.89	132,703,635.32	-	(1,622,482,759.32)	-
	15,878,726,384.66	9,082,238,867.95	9,977,462,882.06	2,049,447,880.63	-	(1,622,482,759.32)	35,365,393,255.98
Gains/(losses) on investment in joint ventures and associates	121,078,335.58	19,534,118.87	1,292.10	(1,605,609.81)	-	-	139,008,136.74
Assets impairment losses	(55,219,996.86)	(5,801,610.83)	864,114.05	(24,465,204.92)	-	98,756,281.77	14,133,583.21
Credit impairment losses	48,160,858.31	12,756,662.75	5,018,016.80	(10,655,671.94)	-	(98,756,281.77)	(43,476,415.85)
Depreciation and amortisation	1,853,886,670.19	99,403,303.76	15,195,701.13	118,228,511.12	13,119,734.00	-	2,099,833,920.20
Total profits/(losses)	1,446,778,327.58	35,105,458.82	1,981,748,903.27	104,632,014.61	(483,694,863.83)	838,830,177.92	3,923,400,018.37
Income tax expense	369,278,953.02	21,326,812.91	469,668,241.66	46,598,951.65	(120,923,715.96)	209,707,544.48	995,656,787.76
Total assets	85,333,130,737.39	16,545,709,517.00	120,110,967,639.35	75,706,215,046.93	2,395,295,478.55	(45,937,454,975.72)	254,153,863,443.50
Total liabilities	54,749,841,576.78	13,363,415,017.28	104,233,790,491.75	30,697,322,327.93	24,595,681,181.26	(49,825,560,025.28)	177,814,490,569.72
Other disclosure							
Long-term equity investment in joint ventures and associates	1,694,376,222.13	415,900,952.58	4,992,899.49	386,511,858.68	-	-	2,501,781,932.88
Increase in other non-current assets (excluding long-term equity investments)	2,596,158,690.12	987,733,794.73	30,192,519.62	6,108,918,157.65	-	-	9,723,003,162.12

Notes to Unaudited Interim Financial Statements

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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

2. Segment reporting *(continued)*

Other information

Information on products and labour services

Operating revenue by product/service is set out in Note V. 51.

Geographical information

Operating revenue

	January to June 2019	January to June 2018
Asia	**44,430,840,416.36**	35,203,023,380.87
Europe	**165,101,030.79**	25,257,792.99
Africa	**13,777,248.41**	24,342,180.85
North America	**–**	111,805,033.99
Others	**1,369,935.10**	964,867.28
	44,611,088,630.66	35,365,393,255.98

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

In 2018 and for the six months ended 30 June 2019, none of the sales income arising from any single customer of the Group exceeds 10% of the Group's revenues.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

3. Remuneration for key management personnel

Directors' and supervisors' remuneration for the period, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, was as follows:

	January to June 2019	January to June 2018
Fees	**300,000.00**	325,000.00
Other emoluments:		
Salaries, allowances and benefits in kind	**750,090.00**	772,306.80
Performance related bonuses	**1,043,690.00**	2,330,358.99
Pension scheme contributions	**89,775.92**	143,053.20
	2,183,555.92	3,570,718.99

(1) Independent non-executive directors

The fees paid to independent non-executive directors are as follows:

	January to June 2019	January to June 2018
Mr. Wang Guangjin	**75,000.00**	75,000.00
Mr. Tian Lihui	**75,000.00**	75,000.00
Mr. Tang Jun	**75,000.00**	75,000.00
Mr. Ngai Wai Fung	**75,000.00**	75,000.00
	300,000.00	300,000.00

No other remuneration was payable to independent non-executive directors for the period (2018: Nil).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

3. Remuneration for key management personnel *(continued)*

(2) Executive directors, non-executive directors and supervisors

January to June 2019

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
Executive directors					
Mr. Jiang Deyi	–	128,204.00	128,204.00	12,192.48	268,600.48
Mr. Wu Dong	–	102,562.00	102,562.00	12,192.48	217,316.48
Mr. Zheng Baojin	–	102,562.00	102,562.00	12,192.48	217,316.48
	–	333,328.00	333,328.00	36,577.44	703,233.44
Non-executive directors					
Mr. Guo Yanming	–	102,562.00	102,562.00	12,192.48	217,316.48
Mr. Xue Chunlei	–	–	–	–	–
	–	102,562.00	102,562.00	12,192.48	217,316.48
Supervisors					
Mr. Pei Ying	–	–	–	–	–
Mr. Wang Zhicheng*	–	–	–	–	–
Mr. Yu Kaijun	–	–	–	–	–
Mr. Zhang Guoliang	–	96,500.00	209,760.00	11,506.08	317,766.08
Mr. Zhuang Zhenguo	–	96,500.00	219,760.00	12,192.48	328,452.48
Ms. Jiang Yu	–	66,200.00	93,920.00	9,289.44	169,409.44
Ms. Song Lifeng	–	55,000.00	84,360.00	8,018.00	147,378.00
	–	314,200.00	607,800.00	41,006.00	963,006.00
	–	750,090.00	1,043,690.00	89,775.92	1,883,555.92

* Mr. Wang Zhicheng resigned in May 2019.

Notes to Unaudited Interim Financial Statements

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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

3. Remuneration for key management personnel *(continued)*

(2) Executive directors, non-executive directors and supervisors (continued)

January to June 2018

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
Executive directors					
Mr. Jiang Deyi	–	77,959.20	91,830.00	13,870.80	183,660.00
Mr. Zeng Jin	–	108,951.04	419,330.00	16,644.96	544,926.00
Mr. Wu Dong	–	83,833.04	465,398.00	16,644.96	565,876.00
Mr. Zheng Baojin	–	83,033.04	120,558.00	16,644.96	220,236.00
	–	353,776.32	1,097,116.00	63,805.68	1,514,698.00
Non-executive directors					
Mr. Guo Yanming	–	83,833.04	433,108.40	16,644.96	533,586.40
Mr. Yu Zhongfu	–	–	–	–	–
	–	83,833.04	433,108.40	16,644.96	533,586.40
Supervisors					
Ms. Xu Feng	–	–	–	–	–
Mr. Wang Zhicheng	–	–	–	–	–
Mr. Yu Kaijun	25,000.00	–	–	–	25,000.00
Ms. Hu Juan	–	88,355.04	246,174.59	16,644.96	351,174.59
Mr. Zhuang Zhenguo	–	79,855.04	179,760.00	16,644.96	276,260.00
Mr. Zhang Guoliang	–	83,732.32	189,760.00	12,667.68	286,160.00
Mr. Zhang Qicheng	–	82,755.04	184,440.00	16,644.96	283,840.00
	25,000.00	334,697.44	800,134.59	62,602.56	1,222,434.59
	25,000.00	772,306.80	2,330,358.99	143,053.20	3,270,718.99

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

RMB

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

1. Other receivables

	30 June 2019	31 December 2018
Interests receivable	**2,941,358,169.96**	2,685,808,925.09
Dividends receivable	**187,729,291.98**	255,727,024.99
Amounts due from subsidiaries	**58,878,607,507.03**	63,681,254,885.75
Due from associates and joint ventures	**3,643,507,618.59**	81,315,040.00
Other current account	**232,537,212.20**	218,741,348.52
	65,883,739,799.76	66,922,847,224.35
Less: Provision for bad debts of other receivables	**23,550,336.03**	21,049,616.08
	65,860,189,463.73	66,901,797,608.27

An aging analysis of other receivables is as follows:

	30 June 2019	31 December 2018
Within 1 year (inclusive of 1 year)	**33,753,556,323.96**	23,787,735,640.48
1 to 2 years (inclusive of 2 years)	**31,681,997,675.64**	42,779,882,258.98
2 to 3 years (inclusive of 3 years)	**255,624,760.43**	262,559,741.32
3 to 4 years (inclusive of 4 years)	**11,676,295.36**	50,998,001.96
4 to 5 years (inclusive of 5 years)	**50,998,001.96**	256,734.52
Over 5 years	**129,886,742.41**	41,414,847.09
	65,883,739,799.76	66,922,847,224.35
Less: Provision for bad debts of other receivables	**23,550,336.03**	21,049,616.08
	65,860,189,463.73	66,901,797,608.27

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

1. Other receivables *(continued)*

The movements in provision for bad debts of other receivables measured based on the lifetime expected credit loss are as follows:

	30 June 2019	31 December 2018
Closing balance for the prior period/year	**21,049,616.08**	18,111,381.45
Change in accounting policy	**–**	8,733,796.64
Balance at the beginning of the period/year	**21,049,616.08**	26,845,178.09
Reversal during the period/year	**–**	5,795,562.01
Transferred in from absorption of subsidiaries for the period/year	**2,500,719.95**	–
Balance at the end of the period/year	**23,550,336.03**	21,049,616.08

As at 30 June 2019, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Book balance	**Provision for bad debts**	**Percentage of provision (%)**	**Reasons**
First	**33,656,640.00**	**9,113,985.00**	**27.08**	**Partly uncollectible**

As at 31 December 2018, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Book balance	Provision for bad debts	Percentage of provision (%)	Reasons
First	33,656,640.00	9,113,985.00	27.08	Partly uncollectible

Notes to Unaudited Interim Financial Statements

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XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

1. Other receivables *(continued)*

As at 30 June 2019, the top five of other receivables were as follows:

	Closing balance	Percentage of proportion	Nature	Age	Balance of provision for bad debts as at the end of the period
Beijing BBMG Chengyuan Property Development Co., Ltd.	4,789,500,800.00	7.27	Amounts due from subsidiaries	Within 1 year	–
BBMG Jindian (Tianjin) Property Co., Ltd.	4,375,000,000.00	6.64	Amounts due from subsidiaries	1-2 years	–
Beijing BBMG Xingda Real Estate Development Co., Ltd.	4,014,650,000.00	6.09	Amounts due from subsidiaries	Within 1 year 1-2 years	
BBMG Jingyuan (Ningbo) Real Estate Development Co., Ltd.	3,907,100,000.00	5.93	Amounts due from subsidiaries	1-2 years	–
BBMG Jinghua Property Development Hefei Co., Ltd.	3,905,000,000.00	5.93	Amounts due from subsidiaries	Within 1 year 1-2 years	
	20,991,250,800.00	31.86			

As at 31 December 2018, the top five of other receivables were as follows:

	Closing balance	Percentage of proportion	Nature	Age	Balance of provision for bad debts as at the end of the period
BBMG Jindian (Tianjin) Property Co., Ltd.	5,075,000,000.00	7.58	Amounts due from subsidiaries	1-2 years	–
Beijing BBMG Property Development Group Co., Ltd.	4,335,290,000.00	6.48	Amounts due from subsidiaries	Within 1 year 1-2 years	–
BBMG Jingyuan (Ningbo) Real Estate Development Co., Ltd.	3,907,100,000.00	5.84	Amounts due from subsidiaries	1-2 years	–
BBMG China Railway Nuode (Hangzhou) Property Development Co., Ltd.	3,749,973,000.00	5.60	Amounts due from subsidiaries	1-2 years	–
Chongqing BBMG Dacheng New Metropolis Co., Ltd.	3,700,000,000.00	5.53	Amounts due from subsidiaries	1-2 years	–
	20,767,363,000.00	31.03			

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

1. Other receivables *(continued)*

Other receivables included the amounts due from subsidiaries, joint ventures and associates, which are as follows:

	30 June 2019	31 December 2018
Amounts due from subsidiaries	**58,878,607,507.03**	63,681,254,885.75
Amounts due from associates and joint ventures	**3,643,507,618.59**	81,315,040.00
	62,522,115,125.62	63,762,569,925.75

Other receivables due from related companies are unsecured, and have no fixed terms of repayment other than amounts due from joint ventures.

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. Long-term equity investments

30 June 2019

	Investment cost	Opening balance	Increase/decrease for the period	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the period
Cost method:							
Beijing Liushui Environmental 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 Technology Co., Ltd. (Note 1)	1,753,806,765.40	1,753,806,765.40	-	1,753,806,765.40	79.36	79.36	73,500,000.00
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 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	-
Zanhuang BBMG Cement Co., Ltd.	700,000,000.00	700,000,000.00	(700,000,000.00)	-	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 BBMG Zhenxing Environment Protection Technology Co., Ltd.	422,950,236.38	422,950,236.38	(422,950,236.38)	-	62.00	62.00	-
Tianjin BBMG Concrete Co., Ltd.	447,454,707.80	447,454,707.80	-	447,454,707.80	91.00	100.00	-
Shijiazhuang BBMG Xucheng Concrete Co., Ltd.	202,047,000.00	202,047,000.00	-	202,047,000.00	97.00	97.00	-
Laoxian 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. (Note 2)	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	-
Beijing BBMG Shunfa Cement Co., Ltd. (Note 2)	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	-
BBMG Mortar Co., Ltd. (Note 2)	95,000,000.00	95,000,000.00	(95,000,000.00)	-	100.00	100.00	-
Handan BBMG Taihang Cement 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	-

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. Long-term equity investments *(continued)*

30 June 2019 (continued)

	Investment cost	Opening balance	Increase/decrease for the period	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the period
Handan Jinyu Chenxiang 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. (Note 2)	649,305,960.36	649,305,960.36	(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	-
BBMG New Building materials industrialization Group Co., Ltd.	1,273,482,880.22	402,450,576.31	871,032,303.91	1,273,482,880.22	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. (Note 2)	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. (Note 2)	64,098,826.55	64,098,826.55	(64,098,826.55)	-	100.00	100.00	-
Beijing Jiandu Design and Research Institute Co., Ltd. (Note 2)	59,864,057.89	59,864,057.89	(59,864,057.89)	-	100.00	100.00	-
BBMG (Dachang) Modern Industrial Park Management Co., Ltd. (Note 2)	500,000,000.00	500,000,000.00	(500,000,000.00)	-	100.00	100.00	-
Beijing BBMG Business and Trading Co., Ltd. (Note 2)	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.	6,165,138,411.45	6,165,138,411.45	-	6,165,138,411.45	100.00	100.00	-
Beijing Xisanqi High Tech New Building Material City 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. (Note 2)	99,264,530.92	99,264,530.92	(99,264,530.92)	-	100.00	100.00	-
BBMG Fengshan Hot Spring Resort Co., Ltd. (Note 2)	370,680,361.57	370,680,361.57	(370,680,361.57)	-	100.00	100.00	-
Beijing Jianji Assets Management Co., Ltd. (Note 2)	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. (Note 2)	14,333,292.75	14,333,292.75	(14,333,292.75)	-	100.00	100.00	-
BBMG Property Management Co., Ltd.	580,000,000.00	99,000,000.00	481,000,000.00	580,000,000.00	100.00	100.00	-
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 Property Development Group Co., Ltd.	5,923,235,641.87	2,994,735,641.87	2,928,500,000.00	5,923,235,641.87	100.00	100.00	-

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. Long-term equity investments *(continued)*

30 June 2019 (continued)

	Investment cost	Opening balance	Increase/decrease for the period	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the period
Beijing Building Decoration and Design Engineering Co., Ltd. (Note 2)	82,429,882.34	82,429,882.34	(82,429,882.34)	-	100.00	100.00	-
Beijing BBMG Doudian Technology Corporate 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. (Note 2)	16,198,711.92	16,198,711.92	(16,198,711.92)	-	100.00	100.00	-
BBMG Hongye Ecological Science and Technology Co., Ltd. (Note 2)	815,331,413.51	815,331,413.51	(815,331,413.51)	-	100.00	100.00	-
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	-
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	287,445,693.34	-	287,445,693.34	100.00	100.00	-
Jidong Development Group Co., Ltd.	5,225,000,000.00	5,225,000,000.00	-	5,225,000,000.00	55.00	55.00	-
Beijing Doors and Windows Co., Ltd.	430,370,700.00	430,370,700.00	-	430,370,700.00	100.00	100.00	-
BBMG Sports Culture Co., Ltd.	25,359,900.00	25,359,900.00	-	25,359,900.00	66.67	66.67	-
Tangshan Jidong Cement Co., Ltd.	1,091,264,397.21	1,091,264,397.21	-	1,091,264,397.21	23.50	23.50	37,730,600.40
Tianjin Building Materials (Holding) Co., Ltd.	5,118,176,371.21	5,118,176,371.21	-	5,118,176,371.21	55.00	55.00	-
BBMG Jidong Cement (Tangshan) Co., Ltd.	8,171,903,569.59	5,163,578,287.95	3,008,325,281.64	8,171,903,569.59	59.52	59.52	894,710,000.00
Dachang BBMG Jinhaiyan Glass Wool Co., Ltd.	80,000,000.00	-	80,000,000.00	80,000,000.00	100.00	100.00	-
Total under cost method	53,221,784,894.72	45,852,927,309.17	(1,819,368,042.19)	44,033,559,266.98			1,005,940,600.40

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. Long-term equity investments *(continued)*

30 June 2019 *(continued)*

Equity method:

		Movements during the period					
	Opening balance	Increase in Investment	Investment income or loss under equity method	Other changes in equity	Cash dividend declared	Provision for impairment	Carrying amount at the end of the period
Joint ventures							
STAR-USG Building Materials Co., Ltd.	31,019,331.59	–	5,055,737.46	–	–	–	36,075,069.05
Associates							
Zehnder (China) Indoor Climate Co., Ltd.	101,170,647.34	–	(4,931.88)	–	–	–	101,165,715.46
OCV Reinforcements (Beijing) Co., Ltd.	64,425,972.15	–	5,151,130.26	–	–	–	69,577,102.41
Beijing Gaoqiang Concrete Co., Ltd.	22,942,777.09	–	1,388,601.79	–	(152,900.00)	–	24,178,478.88
Tangshan Conch Profiles Co., Ltd.	189,365,448.97	–	(1,476,463.90)	–	(2,400,000.00)	–	185,488,985.07
Toto Machinery (Beijing) Company Limited	161,293,228.09	–	3,116,267.48	–	(6,400,000.00)	–	158,009,495.57
Beijing Toto Co., Ltd.	146,590,536.67	–	4,035,906.77	–	–	–	150,626,443.44
Beijing Innovation Industry Investment Co., Ltd.	–	100,000,000.00	249,361.10	–	–	–	100,249,361.10
Subtotal for associates	685,788,610.31	100,000,000.00	12,459,871.62	–	(8,952,900.00)	–	789,295,581.93
Total under equity method	716,807,941.90	100,000,000.00	17,515,609.08	–	(8,952,900.00)	–	825,370,650.98

Note 1: During the period, the Company directly holds 49% and indirectly holds through BBMG Jidong Cement (Tangshan) Co., Ltd. 30.36% equity interests in Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd.

Note 2: During the period, the Company transferred the equity interests of 7 subsidiaries, including Beijing Jiandu Design and Research Institute Co., Ltd., to BBMG New Building materials industrialization Group Co., Ltd. at nil consideration, and transferred the equity interests of 9 subsidiaries, including Beijing Jianji Assets Management Co., Ltd., to BBMG Property Management Co., Ltd. at nil consideration. The Company reduced the book value of the long-term equity investments in the 16 subsidiaries by RMB4,571,306,727.21 and adjusted the capital reserve accordingly.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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

(continued)

3. Investment properties

Measured subsequently through fair value model:

30 June 2019

	Buildings
Balance at the beginning of the period	**10,487,725,592.87**
Changes in fair value	**50,872,789.63**
Absorption and merge of subsidiaries	**1,243,680,000.00**
Balance at the end of the period	**11,782,278,382.50**

31 December 2018

	Buildings
Balance at the beginning of the year	10,164,795,183.02
Changes in fair value	322,930,409.85
Balance at the end of the year	10,487,725,592.87

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 2019 and 31 December 2018, 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 2019

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

(continued)

4. Operating revenue and costs

Information by products is as follows:

	January to June 2019		January to June 2018	
	Revenue	**Costs**	Revenue	Costs
Rental income	**514,624,607.18**	**40,420,413.18**	509,734,752.86	36,491,918.32
Others	**5,847,371.44**	**358,192.52**	2,056,671.90	–
	520,471,978.62	**40,778,605.70**	511,791,424.76	36,491,918.32

5. Investment gains

	January to June 2019	January to June 2018
Gains from long-term equity investments under cost method	**2,231,938,609.91**	1,324,651,337.17
Gains from long-term equity investments under equity method	**17,515,609.08**	24,124,522.78
Investment gains from disposal of subsidiaries	**51,144,500.00**	–
	2,300,598,718.99	1,348,775,859.95

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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

(continued)

6. Notes to items of statement of cash flows

	January to June 2019	January to June 2018
Cash received from other operating activities		
Cash received from superior units	**13,283,442,015.71**	18,085,528,188.24
Cash received from internal borrowings among subsidiaries	**11,893,286,317.56**	8,001,376,000.00
Interest income from bank deposits	**73,922,600.41**	50,865,749.83
	25,250,650,933.68	26,137,769,938.07
Cash paid for other operating activities		
Cash paid to subordinate units	**12,425,783,005.25**	18,094,756,175.88
Current accounts of subsidiaries	**10,052,158,658.80**	13,483,547,408.28
Expenses of the headquarters	**154,453,205.97**	190,283,982.97
	22,632,394,870.02	31,768,587,567.13

7 Supplemental information to statement of cash flows

(1) Reconciliation of net profit to cash flows from operating activities:

	January to June 2019	January to June 2018
Net profit	**2,296,223,194.75**	1,428,100,874.66
Add: Depreciation of fixed assets	**35,433,800.61**	35,363,976.02
Amortisation of intangible assets	**7,144,695.57**	6,990,689.16
Gains from changes in fair value	**(50,872,789.63)**	(184,600,983.44)
Finance costs	**2,166,974,284.54**	419,951,339.88
Investment gains	**(2,300,598,718.99)**	(1,348,775,859.95)
Decrease/(increase) in deferred tax assets	**14,551,866.30**	(18,753,447.09)
Increase in deferred tax liabilities	**1,473,197.41**	46,150,245.86
Decrease/(increase) in operating receivables	**1,159,924,402.61**	(8,624,886,907.45)
(Decrease)/increase in operating payables	**(308,841,752.90)**	3,037,687,486.37
Net cash flows used in operating activities	**3,021,412,180.27**	(5,202,772,585.98)

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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

(continued)

7 Supplemental information to statement of cash flows *(continued)*

(2) Cash and cash equivalents

	30 June 2019	30 June 2018
Cash	**12,446,526,056.37**	3,869,587,679.53
Including: Bank deposits on demand	***12,446,526,056.37***	*3,869,587,679.53*
Closing balance of cash and cash equivalents	**12,446,526,056.37**	3,869,587,679.53

Supplementary Information to Unaudited Interim Financial Statements

For the six months ended 30 June 2019

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1. BREAKDOWN OF NON-RECURRING PROFIT AND LOSS

	January to June 2019
Net loss from disposal of non-current assets	**(11,688,595.27)**
Investment gains from disposal of subsidiaries, associates and joint ventures	**8,528,961.57**
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)	**18,671,877.68**
Capital occupancy fee from non-financial enterprises recognized through profit or loss for the current period	**328,259,986.46**
Gains arising from investment costs for acquisition of subsidiaries, associates and joint ventures being less than the fair value of the share of the identifiable net assets of the investee entitled at the time of acquisition	**9,248,144.36**
Profit and loss from debt restructuring	**11,101,831.74**
Profit or loss from change in fair value of held-for-trading financial assets and held for- trading financial liabilities, and investment gains from disposal of held-for trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than effective hedging business relating to the ordinary business operations of the Company	**16,030,677.85**
Reversal of provisions for impairment of receivables that are individually tested for impairment	**87,623,789.11**
Profit and loss from fair value change of investment properties measured subsequently through fair value model and profit and loss from changes in fair value of financial assets held for trading	**438,700,381.37**
Other non-operating income and expenses other than the above items	**14,629,278.95**
Total non-recurring profit and loss	**921,106,333.82**
Less: Impact of income tax	**185,403,716.31**
Less: Impact of minority interests	**110,242,251.81**
	625,460,365.70

Supplementary Information to Unaudited Interim Financial Statements (continued)

For the six months ended 30 June 2019

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2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

January to June 2019

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Including other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	**5.13**	**0.29**	**0.29**
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	**3.97**	**0.22**	**0.22**
Excluding other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	**5.96**	**0.25**	**0.25**
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	**4.40**	**0.18**	**0.18**

January to June 2018

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Including other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	4.59	0.23	0.23
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	4.07	0.20	0.20
Excluding other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	5.71	0.23	0.23
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	5.07	0.20	0.20

The Company did not have potentially dilutive ordinary shares.

In calculating the weighted average return on net assets and earnings per share excluding other equity instruments, the Company has excluded declared and undeclared dividends of perpetual bonds.

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