



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



*INTERIM REPORT*



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# CORPORATE INFORMATION

<b>Chinese name of the Company</b>	北京金隅集團股份有限公司
<b>English name of the Company</b>	BBMG Corporation*
<b>Headquarters of the Company</b>	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
<b>Registered address and principal place of business in the PRC</b>	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
<b>Principal place of business in Hong Kong</b>	Room 405, Kai Wong Commercial Building 222 Queen's Road Central, Hong Kong
<b>Website of the Company</b>	<a href="http://www.bbm.com.cn/listco">www.bbm.com.cn/listco</a>
<b>Officer-in-charge of the Company</b>	Mr. Jiang Yingwu
<b>The Board</b>	
<i>Executive Directors</i>	Jiang Yingwu ( <i>General Manager</i> ) Wu Dong Zheng Baojin
<i>Non-executive Directors</i>	Wang Zhaojia Gu Tiemin
<i>Independent non-executive Directors</i>	Yu Fei Liu Taigang Li Xiaohui Hong Yongmiao Tam Kin Fong

\* For identification purposes only

## CORPORATE INFORMATION

**The Supervisory Board***Supervisors*

Yu Kaijun  
Zhang Qicheng  
Gao Junhua  
Wang Guijiang  
Gao Jinliang  
Qiu Peng

**Committees***Audit Committee*

Li Xiaohui (*Chairman*)  
Wang Zhaojia  
Gu Tiemin  
Yu Fei  
Liu Taigang  
Hong Yongmiao  
Tam Kin Fong

*Remuneration and Nomination  
Committee*

Hong Yongmiao (*Chairman*)  
Wu Dong  
Yu Fei  
Liu Taigang  
Li Xiaohui  
Tam Kin Fong

*Strategic Committee*

Jiang Yingwu  
Zheng Baojin  
Yu Fei  
Liu Taigang  
Li Xiaohui  
Hong Yongmiao  
Tam Kin Fong

**Authorised Representatives**

Jiang Yingwu  
Lau Fai Lawrence

**Board Secretary**

Zhang Jianfeng

**Company Secretary**

Lau Fai Lawrence

## CORPORATE INFORMATION

**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, Wan Chai, Hong Kong
Place of listing	The Stock Exchange of Hong Kong Limited (the " <b>Hong Kong Stock Exchange</b> ")
Stock name	BBMG
Board lot	1,000 shares
Stock code	02009.HK

**Principal bankers**

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

**Independent auditor**

Ernst & Young Hua Ming LLP  
Certified Public Accountants

**Legal advisers**

Withers  
*As to Hong Kong law*

Guantao Law Firm  
*As to PRC law*

# MESSAGE FROM THE GENERAL MANAGER

## Dear Shareholders,

The year of 2022 is an important year in the 14th Five-Year Plan. In the first half of the year, the Company adhered to the general work tone of steady progress, efficiently coordinated the prevention and control of the COVID-19 pandemic, production, operation and safe development, thoroughly implemented the strategic concept of “four developments”, effectively overcome the adverse effects and severe challenges brought by repeated COVID-19 pandemic and economic downturn, and achieved operating results better than those expected.

## REVIEW

### Results Performance

During the six months ended 30 June 2022 (the “**Reporting Period**”), the Company recorded an operating revenue of approximately RMB55,033.1 million, representing a year-on-year decrease of 4.6%; net profit attributable to the shareholders of the parent company amounted to approximately RMB1,835.6 million, representing a year-on-year decrease of 4.0%; basic earnings per share attributable to the shareholders of the parent company amounted to approximately RMB0.13, representing a year-on-year decrease of 7.1%.

### Business Performance

**Green building materials segment:** the Company insists on striving for stability through progress, making an overall plan at a high level, strengthening market scheduling, taking multiple measures to strengthen marketing, ensure the market, optimize the layout and promote the control, so as to achieve stable and orderly operations. **For the cement business,** the Company built a big marketing pattern with big market, big resources and big allocation as the core. In the first half of the year, the market price in Northern China was higher than the retail prices in other parts of the country. The Company gave full play to the advantages of the long-term cooperation for procurement, effectively controlled and reduced costs, and accumulated power or energy for the subsequent steady growth. **For the concrete business,** the Company seized the key projects of new infrastructure, and properly increased prices steadily and tapped into potential to increase efficiency. **For the new materials business,** the Company dynamically adjusted the production and operation strategy, strengthened the marketing linkage industry coordination, and built a new pattern of industrialization development. **For the equipment manufacturing business,** the Company benchmarked against the first-class industry, strengthened refined management and further enhanced market competitiveness. **For the trading services business,** the Company adhered to the combination of stability and prevention, innovative service models, optimized product structure and constantly improve the operation benefit.

## MESSAGE FROM THE GENERAL MANAGER

**Property development and operation segment:** the Company adhered to the principles of stabilizing profits while maintaining stability, planning and deploying early and actively integrating marketing resources, effectively completed indicators and tasks, and achieved double promotion of newly launched projects and sale of non-residential products against the trend. **In terms of the property development business,** the Company continued to improve its operating capability, the launching cycle of new projects was greatly shortened, the renewed sales projects led the regional selling price, and the urban renewal projects were made solid progress. **In terms of the property operation business,** the Company overcame the impact of the COVID-19 pandemic, innovated the business strategy, made classified policies, made precise efforts, properly attracted customers for commercial projects, stabilized long-term rental customers of hotel apartments, amplified the industrial agglomeration effect of the park, improved the high-end residential property system. In order to responded to relevant requirements of the State Council on helping enterprises to relieve difficulties and relevant policy of Beijing on the rental reduction and exemption for small and micro enterprise and individual industrial and commercial proprietors in service industry, the Company reduced and exempted the rental for small and micro enterprise of RMB338 million.

In the first half of the year, the Company strengthened the strategic resource reserve. The newly added mine reserve in the Inner Mongolia was nearly 250 million tonnes, and the newly added land reserve in the Beijing market was approximately 86,000 square meters. At the same time, the Company sped up scientific and technological innovation, focused on the technical problems of “sticking neck” such as carbon neutrality and carbon emission peaking, digital intelligence and new materials, identified 16 key scientific research projects, and organised 5 projects with open competition mechanism. The Company’s affiliated enterprises won 5 provincial and ministerial science and technology awards and 225 authorized patents, and 15 provincial-level “specialized, sophisticated, special and new” enterprises were newly added.

### PROSPECT

At present, the macro situation brings many challenges. Internationally, the time of unprecedented global changes have been accelerated, the Ukrainian crisis has been unresolved for a long time, the risk of the COVID-19 pandemic has not been eradicated, and the world economy is unstable, uncertain and unbalanced. Domestically, affected by the COVID-19 pandemic, the operation of the supply chain has been blocked, the consumer demand has declined, and the market confidence and expectations have dropped significantly. From the perspective of industry, the contradiction of overcapacity in the cement-based basic building materials industry is more prominent due to the superposition of factors such as weakening demand, rising prices of raw materials, and local unsmooth supply chain of industrial chain, and both sale and investment in the real estate industry are under pressure.

However, challenges breed opportunities. On the one hand, the Company has confidence in the PRC Government’s solid efforts to promote the implementation of various policies to stabilize the economy, and clearly sees that the building materials and real estate industries have the strong anti-risk ability and the basic conditions for stable operation, and the Company proactively seize the four opportunities, namely, effective investment drive, green building materials to the countryside, stable real estate and consumption promotion, and continuous assistance to enterprises, and opens up a new bureau in the changing situation. On the other hand, through the implementation of a series of



## MESSAGE FROM THE GENERAL MANAGER

major strategies recently, the Company's efficiency scale and operating quality have been continuously improved, its reform and innovation have been deepened, and its management foundation has been continuously consolidated, which are the basis for the Company to cope with risk challenges and achieve high-quality development.

In the second half of the year, the Company will implement the general requirements of "prevention and control of the pandemic, stable growth of economy and safety development", uphold the strategic principle of "Four Developments", and take the initiative to take measures, overcome difficulties and focus on the digital transformation, and pushes the achievement of all the goals with high quality.

**Green building materials segment:** the Company will take multiple measures to stabilize the basic operation. **For the cement business,** the Company will focus on "stabilizing the price, increasing the quantity and guaranteeing the quality" and take the lead in maintaining the market order of the industry. The Company will strengthen marketing, enhance the market control power in the core areas, and create more value highlands and important profit contribution regions. The Company will strengthen the strategic resource reserve in the core regions, accelerate the market integration in the northeast and northwest regions, and improve the competitiveness of sustainable development. **For the concrete business,** the Company further optimized the regional production capacity layout of Beijing-Tianjin-Hebei and enhanced the right to speak. **For the new materials business,** the Company will adhere to the positioning of "management + industrialization", highlight the systematic cost control and cost reduction, accelerate the development of prefabricated industries, and accelerate the implementation of industrialization. **For the equipment manufacturing business,** internally, the Company will serve the main cement business and build hardcore products; externally, the Company will expand the market and build core products and service items with leading competitiveness in terms of energy saving, environmental protection and intelligence. **For the trading services business,** the Company will improve the operating efficiency level on the premise of risk prevention and control.

**Property development and operation segment:** the Company will control risks and carry out internal growth. **In terms of the property development business,** the Company will improve the adaptability, steadily participate in land auction and grasp the rhythm of land acquisition. The Company will improve the products, brand strength and profitability in an all-rounded way, adhere to the principle of "quick launch, quick sale and quick payment collection", and accelerate the sale of existing products. **In terms of the property operation business,** the Company will proactively adapt to the new normal of the prevention and control of the COVID-19 pandemic, properly carry out multi-format operations, fully revitalize and utilize idle land and housing assets, sell scattered assets, and maximize benefits.

**Jiang Yingwu**

*Executive Director & General Manager*

Beijing, the PRC

29 August 2022



***MANAGEMENT***  
*DISCUSSION AND*  
*ANALYSIS*



## MANAGEMENT DISCUSSION AND ANALYSIS

**I. PARTICULARS OF THE INDUSTRY IN WHICH THE COMPANY OPERATED AND PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD****(I) Principal business and business model of the Company**

1. Green building materials segment: The Company is the leader in building materials industry in China, the third largest cement industrial group in China, one of the largest suppliers of green, environmentally-friendly, and energy-saving building materials in Beijing-Tianjin-Hebei region. The Company also is the leader of low-carbon, green, and environmentally-friendly development, energy saving and emission reduction, and circular economy in the domestic cement industry with strong scale advantage and market dominance within the region.

Modern green and environmentally-friendly building materials manufacturing business: With cement as its core product, the Company has formed a complete industrial chain of building materials that is compatible with upstream and downstream businesses, which covers concrete, wall body and insulation materials, prefabricated building system and parts and furniture and woods, as well as an interactive mechanism that includes products and services such as decoration, architectural design and prefabricated construction contract, creating a coordinated development pattern of the whole industrial chain. Currently, the production capacity of clinker amounted to approximately 110 million tonnes; the production capacity of cement amounted to approximately 180 million tonnes; the production capacity of ready-mixed concrete amounted to approximately 54.0 million cubic meters while the production capacity of aggregates amounted to approximately 59.0 million tonnes (including production lines in progress) and the production capacity of grinding aids and admixtures approximately 0.24 million tonnes, respectively. Its annual capacity for disposal of hazardous wastes and solid wastes was nearly 5.0 million tonnes (including construction waste). The Company will insist on promoting market expansion and strategic resources consolidation simultaneously and has had a total of about 4,900 million tonnes of limestone reserve. The Company's building materials products and construction and installation services were widely used in the construction of key hotspot projects, such as the Beijing's urban sub-center, Xiong'an New District, the Winter Olympic Stadium, Universal Studios Beijing and COVID-19

## MANAGEMENT DISCUSSION AND ANALYSIS

epidemic-combating hospitals, which fully demonstrated the advantages of BBMG's modern building materials business in brand, quality and industrial chain and enhancing systematic application and coordinated marketing of its products.

Equipment manufacturing and trading services business: The Company is capable to provide construction and service for the whole industrial chain services covering from process design, equipment design and manufacturing, building installation, production commissioning to spare parts supply, maintenance, and production and operation in terms of cement production lines with a daily output of 2,000 tonnes to 12,000 tonnes. The products developed by the Company, such as high-efficiency vertical cement mill, co-disposal technology of hazardous wastes and solid wastes via cement kiln, high-efficiency energy-saving fans, permanent magnet direct drive motor and medium voltage and low voltage intelligent power distribution cabinet, have reached the advanced level in the industry. Under the premise of controllable risks, the Company will improve the supply chain network configuration and asset layout, and continue to improve and strengthen the international trade and building materials and commerce and logistics business.

2. Property development and operation segment: The Company has committed to property development and construction for over 30 years with a comprehensive development strength covering property projects of multiple categories. It ranked in the forefront of the industry in terms of comprehensive strength. The Company is also one of the largest investors and managers of investment properties in Beijing with the most diversified businesses. The Company received various honors such as Top 100 China Real Estate Enterprises for consecutive years. It has obtained AAA credit rating for its quality credit and has great influence and brand awareness across the industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

Property development business: The Company developed approximately 170 property projects with a total gross floor area over 30.0 million sq.m. and a total asset amount exceeding RMB150 billion. The overall strength with an area under construction reached over 8 million sq.m. during the year. The annual sales revenue was more than RMB40 billion. At present, the Company has made its presence in 16 cities including Beijing, Shanghai, Tianjin, Chongqing, Hangzhou, Nanjing, Chengdu, Hefei, Qingdao, Tangshan, Haikou and Changzhou, developing a nationwide business presence “from Beijing to three major economic rims, namely Beijing-Tianjin-Hebei region, Yangtze River Delta and Chengdu-Chongqing region”.

Property operation business: At present, the Company holds approximately 2,160,100 sq.m. of investment properties such as high-end office buildings, commercial and industrial parks, of which approximately 1,199,000 sq.m. are high-end investment properties in core areas in Beijing and managing approximately 17.64 million sq.m. of properties inside and outside Beijing. Its professional capabilities, brand awareness, occupancy rate and revenue have led the industry in Beijing even the country for years.

### (II) Description of major industries

#### 1. Cement Industry

In the first half of 2022, the national cement market in general showed the operating characteristics of “contraction in demand, increase in inventory, dip in price, rising cost and declining benefit”. The market demand decreased significantly compared with that of the same period, and there was severe imbalance between supply and demand, which caused a significant drop in cement prices of various regions, while the price of raw coal rose sharply compared with a year earlier, increasing the production cost of enterprises and bringing great challenges to the production and operation of enterprises.

According to the data of the National Bureau of Statistics, in the first half of 2022, the national cement production was 977 million tonnes, representing a year-on-year decrease of 15%. The growth in the same period of the previous year was 14.1%. In the first half of this year, the cement production reached a new low over the last 11 years, and the production growth hit the lowest level in this century.

## MANAGEMENT DISCUSSION AND ANALYSIS

**2. *Property Development Industry***

In the first half of 2022, the real estate control policies and credit environment were continuously optimized, but the homebuyer sentiment was not obviously recovered. The market as a whole was still in a period of profound adjustment, and the housing price in general had stabilized and showed a sideways trend together with the influence of repeated resurgence of COVID-19 epidemic in many places. The policies have been optimized and the impact of the COVID-19 epidemic has been gradually weakened with marginal recovery of market activity since May. As a result, the house transaction area in key cities showed a month-to-month growth, with year-on-year decrease decelerated, and the real estate market in hot cities showed a trend of steady recovery.

According to the data of the National Bureau of Statistics, in the first half of 2022, the investment in real estate development in China was RMB6,831.4 billion, representing a year-on-year decrease of 5.4%. The construction sites for corporate use of real estate developers were 8,488.12 million sq.m., representing a year-on-year decrease of 2.8%, among which, 5,994.29 million sq.m. was area of construction sites for residential properties, representing a decrease of 2.9%. The area of newly started construction of real estates was 664.23 million sq.m., representing a decrease of 34.4%. Of which, the newly started construction of residential area was 488 million sq.m., representing a decrease of 35.4%. The area of completed real estate was 286.36 million sq.m., representing a decrease of 21.5%. Of this, area of completed residential properties was 208.58 million sq.m., representing a decrease of 20.6%. The land area acquired by real estate developers was 36.28 million sq.m., representing a year-on-year decrease of 48.3%. The land transaction volume was RMB204.3 billion, representing a year-on-year decrease of 46.3%. Area of sold commodity housing was 689.23 million sq.m., representing a year-on-year decrease of 22.2%. Specifically, area of sold residential properties decreased by 26.6%, sales of commodity housing amounted to RMB6,607.2 billion, representing a decrease of 28.9%. Of this, sales of residential properties decreased by 31.8%. As at the end of June 2022, area of commodity housing for sales was 547.84 million sq.m., representing a year-on-year increase of 7.3%. In particular, area of residential properties for sales increased by 13.5%.

## MANAGEMENT DISCUSSION AND ANALYSIS

## SUMMARY OF FINANCIAL INFORMATION

Unit: RMB'000

	For the six months ended 30 June		Change
	2022 <i>(Unaudited)</i>	2021 (Unaudited)	
Operating revenue	<b>55,033,122</b>	57,713,657	-4.6%
Operating revenue from principal business	<b>54,557,415</b>	57,065,980	-4.4%
Gross profit from principal business	<b>8,149,616</b>	9,233,557	-11.7%
Gross profit margin from principal business (%)	<b>14.9</b>	16.2	a decrease of 1.3 percentage point
Total profit	<b>3,374,481</b>	4,414,726	-23.6%
Net profit	<b>2,419,498</b>	3,219,511	-24.8%
Net profit attributable to the shareholders of the parent company	<b>1,835,550</b>	1,911,845	-4.0%
Basic earnings per share attributable to the shareholders of the parent company (RMB)	<b>0.13</b>	0.14	-7.1%



## MANAGEMENT DISCUSSION AND ANALYSIS

	<b>As at 30 June 2022 (Unaudited)</b>	As at 31 December 2021 (Audited)	Change
Cash and bank balances	<b>19,421,041</b>	21,921,969	-11.4%
Current assets	<b>161,583,383</b>	169,958,731	-4.9%
Current liabilities	<b>115,136,748</b>	119,733,796	-3.8%
Net current assets	<b>46,446,635</b>	50,224,935	-7.5%
Non-current assets	<b>122,348,836</b>	116,398,079	5.1%
Non-current liabilities	<b>70,671,542</b>	71,089,208	-0.6%
Total assets	<b>283,932,219</b>	286,356,810	-0.8%
Equity attributable to the shareholders of the parent company	<b>67,001,690</b>	63,717,492	5.2%
Debt ratio (total liabilities to total assets) (%)	<b>65.4</b>	66.6	a decrease of 1.2 percentage point

## MANAGEMENT DISCUSSION AND ANALYSIS

## SUMMARY OF BUSINESS INFORMATION

	For the six months ended		
	2022	2021	Change
<b>Green building materials segment</b>			
Sales volume of cement (in million tonnes)	<b>38.43</b>	48.00	-19.9%
Sales volume of ready-mixed concrete (in million cubic metres)	<b>5.13</b>	7.20	-28.8%
Stone wool boards (in thousand tonnes)	<b>43.4</b>	48.2	-10.0%
<b>Property development and operation segment</b>			
Booked GFA (in thousand sq.m.)	<b>774.2</b>	763.7	1.4%
Contracted sales GFA (in thousand sq.m.)	<b>368.5</b>	885.9	-58.4%
Gross GFA of investment properties (in million sq.m.)	<b>2.16</b>	2.14 <sup>(1)</sup>	0.9%

(1) As at 31 December 2021

## DISCUSSION AND ANALYSIS ON OPERATIONS

In the first half of 2022, with a focus on major economic indicators and key tasks, the Group fully implemented the strategies for “Four Developments”, promoted the culture of performing actual deeds, efficiently coordinated the COVID-19 epidemic prevention and control as well as production and operation, and made every effort to overcome the negative influence and severe challenges resulting from repeated resurgence of COVID-19 epidemic and economic downturn, thereby achieving a better-than-expected business performance.

During the Reporting Period, the Group recorded an operating revenue of approximately RMB55,033.1 million, of which operating revenue from its principal business amounted to approximately RMB54,557.4 million, representing a year-on-year decrease of approximately 4.4%; total profit amounted to approximately RMB3,374.5 million, representing a year-on-year decrease of approximately 23.6%; net profit amounted to approximately RMB2,419.5 million, representing a year-on-year decrease of approximately 24.8%; and net profit attributable to the parent company amounted to approximately RMB1,835.6 million, representing a year-on-year decrease of approximately 4.0%.

## MANAGEMENT DISCUSSION AND ANALYSIS

**(I) Green building materials segment**

The Company adhered to the principle of making steady progress and making overall plans at high level, strengthened market scheduling, and took various measures to reinforce the marketing, protect the market, improve the layout and promote management and control, so as to achieve stable and orderly operation.

In the first half of 2022, the revenue from principal business amounted to approximately RMB39,045.3 million, representing a year-on-year decrease of approximately 0.3%; gross profits from principal business amounted to approximately RMB5,460.7 million, representing a year-on-year decrease of approximately 13.1%. In the first half of 2022, sales volume of cement and clinker was approximately 38.43 million tonnes (exclusive of joint ventures, associates and the Company), representing a year-on-year decrease of approximately 19.9%, among which sales volume of cement amounted to approximately 34.82 million tonnes and sales volume of clinker amounted to approximately 3.61 million tonnes; the aggregated gross profit margin for cement and clinker was approximately 23.0%, representing a year-on-year decrease of approximately 4.9 percentage points. The sales volume of concrete business amounted to approximately 5.13 million cubic meters, representing a year-on-year decrease of approximately 28.8%; and the gross profit margin of concrete was approximately 7.0%, representing a year-on-year decrease of approximately 5.5 percentage points. For hazardous and solid waste treatment business, the collected hazardous and solid waste in the first half of 2022 reached approximately 1,159,000 cubic metres, representing a year-on-year increase of approximately 34.2%, and the treatment capacity amounted to approximately 951,000 cubic metres, representing a year-on-year increase of approximately 5.4%. The revenue from modern materials amounted to RMB5,196 million, representing a year-on-year decrease of 12.5%; gross profit margin from principal business amounted to 13.6%, representing a year-on-year increase of 2.2 percentage points.

**(II) Property development and operation segment**

In the first half of 2022, the Company recorded revenue from its principal business of approximately RMB16,437.9 million, representing a year-on-year decrease of approximately 13.5%, and the gross profit from its principal business was approximately RMB3,001.5 million, representing a year-on-year decrease of approximately 5.4%. The booked GFA was 774,215.9 sq.m., representing a year-on-year increase of approximately 1.4%, among which booked GFA of commodity housing amounted to 774,215.9 sq.m., representing a year-on-year increase of approximately 11.7%. There was no policy-related housing in the first half of 2022. The aggregated contracted sales GFA of the Company was 368,515.0 sq.m., representing a year-on-year decrease of approximately 58.4%, among which contracted sales GFA of commodity housing was 370,045.9 sq.m., representing a year-on-year decrease of approximately 56.4%.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company further improved its capacity of property development and operation and property operation and management, made innovation in its operating strategy, adopted classified management policies and precisely focused on specific targets. During the Reporting Period, the property development business recorded contracted sales of approximately RMB11,852.0 million, representing a year-on-year decrease of approximately 48%, and the cash payment of approximately RMB15,212.0 million, representing a year-on-year decrease of approximately 37%.

In the first half of 2022, the Company won the bid for the right to use state-owned construction land, namely R2 class 2 residential land, land parcel 1303-685, 694 of a primary land development project at Chaoyang Port Phase 1, Shibalidian, Chaoyang District, Beijing, and the details are as follows. As of 30 June 2022, the Company had a land reserve of approximately 6,920,000 sq.m..

No.	Name of projects (parcel of land)	Location	Use of land	Land area of the project (m <sup>2</sup> )	Planned plot ratio area (m <sup>2</sup> )	Land price (RMB million)	Method of acquisition	Date of acquisition (yymmdd)	Percentage of rate
1	R2 class 2 residential land, land parcel 1303-685,694 of a primary land development project at Chaoyang Port Phase 1, Shibalidian, Chaoyang District, Beijing	Shibalidian, Chaoyang District	class 2 residential land	34,502	86,256	3,880.0	Listing	2022.5.31	49%
		Total		34,502	86,256	3,880.0			

The consolidated average rental rate of property operation business was 81%. The Company held approximately 2,160,100 sq.m. of investment properties such as high-end office buildings, commercial and industrial parks, with a consolidated average rental rate of approximately 81% (excluding construction in progress and decoration and renovation projects). The high-end investment properties held in core areas in Beijing totaled approximately 1,199,000 sq.m., with a consolidated average rental rate of 78% and a consolidated average rental unit price of RMB7.1/sq.m./day.

## MANAGEMENT DISCUSSION AND ANALYSIS

## RENTAL OPERATIONS OF THE MAJOR INVESTMENT PROPERTIES OF THE GROUP AS AT 30 JUNE 2022

Property Name	Location	Use	Gross area (thousand sq.m.)	Fair value (RMB million)	Rental unit price (RMB/sq.m./day)	Average occupancy rate (Note 1)	Unit fair value (RMB/sq.m.)	Expiration of the land use right (Year)	
Phase 1 of Global Trade Center	North Third Ring Road, Beijing	No. 36, North Third Ring East Road, Dongcheng District, Beijing	Commercial	108.0	3,732.0	11.7	92%	34,556	2054
Phase 2 of Global Trade Center	North Third Ring Road, Beijing	No. 36, North Third Ring East Road, Dongcheng District, Beijing	Commercial	141.0	4,095.3	9.7	96%	29,045	2058
Phase 3 of Global Trade Center	North Third Ring Road, Beijing	No. 36, North Third Ring East Road, Dongcheng District, Beijing	Commercial	57.0	1,377.6	8.2	88%	24,168	2058
Tengda Plaza	West Second Ring Road, Beijing	No. 169, Xizhimenwai Street, Haidian District, Beijing	Commercial	68.0	1,977.0	10.0	91%	29,074	2045
Jin Yu Building	West Second Ring Road, Beijing	No. 129, Xuanwumen West Street, Xicheng District, Beijing	Commercial	41.0	1,334.9	12.4	95%	32,559	2058
Building Materials Trading Tower, Jianda Building	East Second Ring Road, Beijing	No. 14, Dongtucheng Road, Chaoyang District, Beijing	Commercial	43.0	1,155.6	5.5	75%	26,874	Note 2, 3
Dacheng Building	East Second Ring Road, Beijing	No. 127, Xuanwumen West Street, Xicheng District, Beijing	Commercial	41.0	1,294.0	9.5	5%	31,560	2052
Huan Bohai Golden Shore Shopping Mall	Hexi District, Tianjin	No. 473, Jiefang South Road, Hexi District, Tianjin	Commercial	302.0	2,430.0	2.0	94%	8,046	2060
Pangu Plaza Building 5	North Fourth Ring Road, Beijing	No. 27 Courtyard, North Fourth Ring Middle Road, Chaoyang District, Beijing	Commercial	137.0	5,775.0	11.3	21%	42,153	Note 2
Phase 1 of Logistics Park Project	South Sixth Ring Road, Beijing	No. 3 Courtyard, Qingxiang North Road, Daxing District, Beijing	Commercial	122.0	983.0	2.3	100%	8,057	2058
Phase 1 of Intelligent Manufacturing Plant	North Fifth Ring Road, Beijing	No. 27, Jiancaicheng Middle Road, Haidian District, Beijing	Commercial	75.0	663.6	5.9	100%	8,848	2046
Phase 2 of Intelligent Manufacturing Plant	North Fifth Ring Road, Beijing	No. 27, Jiancaicheng Middle Road, Haidian District, Beijing	Commercial	45.0	342	6.4	88%	7,600	2046
Subtotal				1,180.0	25,160.0				
Other properties	Beijing Municipality			980.1	12,025.7				
Total				2,160.1	37,185.7	5.4	81%	17,215	

**Note 1:** The Group leased its investment properties under operating lease arrangements, with most of the leases which were negotiated for terms ranging from 1 to 19 years.

**Note 2:** The land use certificate of relevant investment properties did not specify the term for the use of the land.

**Note 3:** The terms for the use of the land for the commercial and catering portion and the underground parking lot of Jianda Building shall expire in 2033 and 2043 respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

**ANALYSIS ON INCOME STATEMENT, CASH FLOWS AND ITEMS OF ASSETS AND LIABILITIES****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
Green building materials segment	39,045.3	33,584.6	14.0	-0.3	2.2	Decrease of approximately 2.1 percentage points
Property development and operation segment	16,437.9	13,436.4	18.3	-13.5	-15.1	Increase of approximately 1.6 percentage point
Eliminations	-925.8	-613.2				Decrease of approximately 1.3 percentage point
<b>Total</b>	<b>54,557.4</b>	<b>46,407.8</b>	<b>14.9</b>	<b>-4.4</b>	<b>-3.0</b>	

## MANAGEMENT DISCUSSION AND ANALYSIS

**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 recorded a year-on-year increase of approximately RMB56.1 million or 24.0% to approximately RMB289.8 million, accounting for 8.6% of the profits before tax.

## MANAGEMENT DISCUSSION AND ANALYSIS

**3. Changes on items in the income statement and expenses during the Reporting Period**

- (1) Selling expenses were approximately RMB1,130.4 million, representing a year-on-year decrease of approximately RMB31.9 million or 2.7%. Such decrease was mainly due to a decrease in the profit recognised from the property business, resulting in a decrease in agency intermediary fee.
- (2) Administrative expenses were approximately RMB3,224.9 million, representing a year-on-year increase of approximately RMB216.1 million or 7.2%. Such increase was mainly due to the year-on-year increase in employee remunerations and losses due to suspended production.
- (3) Finance costs were approximately RMB1,515.2 million, representing a year-on-year increase of approximately RMB151.5 million or 11.1%. Such increase was mainly due to the year-on-year decrease in the capitalised interest of property projects.
- (4) Other gains were approximately RMB244.2 million, representing a year-on-year decrease of approximately RMB125.7 million or 34.0%. Such decrease was mainly due to the year-on-year decrease in refunds of VAT as a result of the change in scope of refunds of VAT during the Reporting Period.
- (5) Investment gains were approximately RMB187.7 million, representing a year-on-year decrease of approximately RMB165.5 million or 46.9%. Such decrease was mainly due to the year-on-year decrease in gains from investment in joint ventures and associates of the Company during the Reporting Period.
- (6) Credit impairment losses were approximately RMB80.3 million, representing a year-on-year decrease of approximately RMB47.8 million or 37.3%. Such decrease was mainly due to the year-on-year decrease in impairment loss made by the Company during the Reporting Period.
- (7) Asset impairment losses were approximately RMB31.9 million, representing a year-on-year decrease of approximately RMB19.1 million or 37.5%. Such decrease was mainly due to impairment of goodwill made by the Company during the corresponding period of last year.



## MANAGEMENT DISCUSSION AND ANALYSIS

- (8) Non-operating revenue was approximately RMB1,261.0 million, representing a year-on-year increase of approximately RMB749.3 million or 146.4%. Such increase was mainly due to the year-on-year increase in compensation received by the Company during the Reporting Period.
- (9) Non-operating expenses were approximately RMB65.0 million, representing a year-on-year decrease of approximately RMB73.6 million or 53.1%. Such decrease was mainly due to disposal of assets of the Company during the corresponding period of last year.

### 4. Cash flows

In the first half of 2022, a net decrease of approximately RMB1,784.4 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 approximately RMB3,751.7 million, representing a year-on-year decrease of approximately RMB6,823.4 million in inflow, mainly attributable to the year-on-year decrease in collection of sales payment affected by the pandemic during the Reporting Period; net cash outflow from investing activities was approximately RMB2,751.7 million, representing a year-on-year increase of approximately RMB2,539.5 million in outflow, mainly attributable to the year-on-year increase in investment amount of the Company during the Reporting Period; net cash outflow generated from financing activities was approximately RMB2,767.6 million, representing a year-on-year decrease in cash outflows of approximately RMB16,035.0 million. Such change was mainly due to the fact that the Company made coordinated arrangements for funds to increase the funding size during the Reporting Period; and the effect of changes in exchange rate on cash and cash equivalents was approximately RMB16.8 million.

### 5. Analysis on items of assets and liabilities

*Unit: RMB*

1. Bills receivable increased by 44.6% from the beginning of the Reporting Period. Such increase was mainly due to slow payment collection of downstream customers affected by pandemic during the Reporting Period.
2. Contract assets increased by 54.7% from the beginning of the Reporting Period. Such increase was mainly due to the increase in the construction projects completed but not yet recognized during the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

3. Debt investments increased by 134.7% from the beginning of the Reporting Period. Such increase was mainly due to the acquisition of policy and bank related finance bonds of the Company during the Reporting Period.
4. Long-term receivables increased by 260.8% from the beginning of the Reporting Period. Such increase was mainly due to the fact that during the Reporting Period, the Company cooperated with other property developers to develop certain property projects and the shareholders for such property projects provided shareholder loans in proportion to their respective shareholdings.
5. Investment in other equity instruments increased by 65.1% from the beginning of the Reporting Period. Such increase was mainly due to subscription of non-public issuance of shares by the Company during the Reporting Period.
6. Construction in progress increased by 39.5% from the beginning of the Reporting Period. Such increase was mainly due to continued investment in projects in progress of the Company during the Reporting Period.
7. Wages payable decreased by 44.9% from the beginning of the Reporting Period. Such decrease was mainly due to the payment of performance related bonuses of the previous year by the Company during the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **CORE COMPETITIVENESS ANALYSIS**

The Company is a leading building material enterprise of environmental protection, energy-saving and emission reduction and recycling development in Beijing-Tianjin-Hebei region, and contributes to the ecological civilization. During the Reporting Period, the Company demonstrated the responsibilities of state-owned enterprises in the capital by comprehensively promoting the implementation of the development planning under the 14th Five-Year Plan, serving the construction of “four centers” of Beijing, and improving the level of “four services” to build a world-class harmonious and livable city.

The Company practiced the strategic concept of “four developments” and adhered to the two core businesses of “green and environmentally-friendly building materials manufacturing, trading and services, and real estate”. The Company also implemented plans to build an ecology-based company, combined connotative development with outward expansion, managed effective integration of internal and external resources centering on industrial chain coordination, strengthened the safety of industrial chain and supply chain and promoted comprehensive and synergistic industrial development. Based on serving strategic positioning of the capital city, the Company took an active part in the urban renewal action of the capital. Focused on “carbon neutrality and carbon emission peaking” and digital transformation, the Company developed a plan for the transformation of digital intelligence, initiated ten demonstration projects for an annual event themed “digitization” and promoted the transformation and upgrading of manufacturing industry with the focus on the green low-carbon wisdom.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company continues to deepen the results of major reforms such as strategic restructuring and internal integration, continues to optimize the strategic layout of Beijing-Tianjin-Hebei region, focuses on improving the connotation and effectiveness of restructuring, deeply explores the value of restructuring, highlights the value creation ability and corporate profitability, creates a model park for collaborative industrial development, consolidates the regional value highland, and transforms the advantages of resource aggregation formed by restructuring into market competitive advantages and sustainable development benefits. The Company commenced the construction of Panshi Green Building Materials Industrial Park of Jidong Cement, consolidated the development foundation in Northeast China and created a benchmark for green development of the park. The historical problem of “exploration to mining” of Jujinshan Mine in Inner Mongolia has been resolved, adding 249 million tonnes of mine reserves. The Company innovated the investment pattern of concrete business, participated in Xiong’an Intelligent Construction Center project, and continued to develop the market of Xiong’an. As for the modern building materials business, which is led by the Tiantan decoration platform, sanitaryware and furniture were integrated into the supply chain system of household supplies.

The Company’s science and technology innovation complex and ecosystem accelerated the gathering of innovation elements and resources to release a new driving force. The Phase I project of Smart Park of BBMG Intelligent Manufacturing Workshop was put into operation, forming a new ecological environment for the park development. The core area of Yanqi Lake Beijing Institute of Mathematical Sciences and Applications of Xingfa Science and Technology Park was basically completed, which would become an important carrier and platform for science and technology innovation and fundamental research in Beijing. The Company guaranteed the construction of key projects such as the Beijing Sub-Center and Xiong’an New District through providing high-quality green building materials products and services, and successfully completed the task of service assurance for the Winter Olympics. The brand influence and industry influence of BBMG, which is characterized by new intelligence, new quality and new ecology, has been significantly improved. As a result, the Company enjoys continuous enhancement of development momentum and continuous strengthening of development basis. It further solidifies its leading position in Beijing-Tianjin-Hebei building material industry and further enhances its industrial influence, so as to bring the “14th five-year plan” off to a good start.

## MANAGEMENT DISCUSSION AND ANALYSIS

The core competitiveness of the Company is detailed as follows:

### **1. Competitive edge in coordinated development of industrial chain:**

The Company has the advantage of a vertical and fully integrated industrial chain: Each industry continues to form its own industrial chain with core competitiveness and industrial resilience to adapt to the new stage and new consumer needs. The Company accelerated horizontal integration of similar businesses, vertical integration of upstream and downstream of the industrial chain and slant integration of key points of the industrial chain, promoted coordinated development and diversification of synergy among industries with internal integration, and optimized the stock. The Company enhanced ecological leading power of the industrial chain, continuously strengthened the overall synergistic development capability and level of the industrial chain through the domestic sales, chain-type, intensive and group coordinated development, and comprehensively enhanced the synergistic competitive advantage of the industrial chain. The Company promoted outward expansion with the integration of external market resources. The Company built a BBMG industrial ecology based on the core industrial chain, realized the supply chain services of the whole industrial chain, and built a modern industrial system. BBMG was empowered with digital intelligence, took industrial internet as an effective means to promote industrial digitalization process, accelerate the transformation of manufacturing industry to service-oriented manufacturing. The Company developed towards new green park cluster, continuously built the leading position in the regional industry, further formed the layout of the whole industrial chain of design, manufacturing, trade, construction, operation and maintenance, and service, and manifested the unique value advantage of the whole industrial chain and the advantage of all-round core competitiveness.

## MANAGEMENT DISCUSSION AND ANALYSIS

The “property development and operation segment” drove the application of modern green and environmentally-friendly building materials, mainly cement, and the development of related industries such as design, decoration, property management, community services and asset operation in a market-oriented manner. The “green building materials segment” constructed high-quality products and service features of BBMG by giving full play to the advantages of brand, management and technology with systemization, industrialization, specialization and integration, led construction product innovation with green and low-carbon buildings, and enhanced the product, service and value enhancement capabilities of property development projects with advanced technologies such as green ultra-low energy consumption and assembly-type components. Leveraging on various resources accumulated by the “green building materials segment” in the implementation of the “going out” strategy, the “property development and operation segment” strengthened regional advantages, deepened cultivation, expanded the development pipeline, strengthened land resource reserves in core cities, dug deeper into high-quality regional markets and optimized the core layout. The industry revitalized land resources, explored new models and refined BBMG’s solutions in the fields of old community renovation, technology and cultural innovation parks, non-traditional cultural skills inheritance, and leisure and tourism resorts.

Each main business supported and promoted each other, and the scale, synergy, integration and complementary advantages with the industrial chain as the core continued to be enhanced, continuously promoting the leading power of industrial ecology. Each business segment and upstream and downstream enterprises shared information, complemented each other’s resources and coordinated, highlighting the integration advantages, coupling the advantages and enhanced the market competitiveness. The Company shaped the development strength with integrated development, created the development trend with the appropriate development, strengthened the development advantage with innovative development, and achieved success with high-quality development.

## MANAGEMENT DISCUSSION AND ANALYSIS

**2. Competitive edge in science and technology innovation engine:**

The Company highlighted the core engine of innovation, continued to strengthen the leading role of innovation, took science and technology innovation as an important strategic focus, carried out the special plan for science and technology innovation and implemented the Three-Year Action Plan for Scientific and Technological Innovation (2021-2023) to stimulate the driving force of development in the new era. The Company created a scientific and technological innovation complex and ecosystem, and built an open and circular science and technology innovation ecology with BBMG Corporation as the core and each innovation subject in concerted development, thus forming a sound situation of upstream and downstream, production, supply and marketing, and large, medium and small enterprises developing a coordinated way. Sticking to the objective of “carbon neutrality and carbon emission peaking” and the new demand for building a “waste-free city”, the Company broke through the bottleneck technologies in the fields of energy conservation and environmental protection, green and low carbon, digital-intelligent transformation and intelligent manufacturing, and strove to develop key and core technologies. The Company built a new innovation model of “BBMG as the leader + small and medium-sized enterprises in concerted development” and promoted the open sharing and benign interaction of “government, industry, academia, research, finance, and service”. The Company promoted BBMG industrial investment and science and technology venture capital business and focused on the cultivation of “technologically advanced” enterprises and invisible champions. Revenues from high-tech industries such as energy conservation and environmental protection, intelligent equipment, new materials, scientific and technological services and industrial incubation have steadily increased. The research and development of new technologies, new products, new processes and new equipment and the completion of the results constantly injected new vitality into the transformation and upgrading of the Company. Four major science and technology projects, including Carbon Emission Reduction and Carbon Packaged Technology Special Project (2022) and nine key technology research projects of “Four-Greens and One-New”, including Research and Application of Key Technologies for High-quality Optimization of Green Colour Glazed Earthenware, were selected and refined as key research projects of the Group in 2022, and there were 21 projects in total (five of which were projects selected after open competition), and all of them have been launched. Jidong Rizhang Energy-Conserving Fan Manufacturing Co., Ltd., an indirect wholly-owned subsidiary of the Company, was awarded the title of “National Small and Medium-sized High-tech Enterprise”. The relevant enterprises of the Company won 5 provincial and ministerial level science and technology awards; the Group was granted 225 patents, including 39 invention patents and 3 software copyrights. The Group had 216 provincial science and technology platforms, and 15 provincial specialized and sophisticated enterprises that produce new and unique products were added in the first half of the year, the total number of which amounted to 24. The total number of national high-tech enterprises reached 72.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company continued to improve the management system of science and technology innovation, optimized the allocation of scientific and technological resources, optimized and adjusted the control mode of scientific research institutions in the Group. The Company published the construction program of science and technology innovation complex, completed the construction of the first batch of "1+N+X" science and technology innovation complexes, issued the guidelines on ecological circle construction and the first atlas list, and formulated and revised mechanisms such as science and technology innovation management mechanism and the open competition mechanism to select the best candidates to undertake key research projects, thereby further consolidating the transformation of multiple scientific and technological achievements of the science and technology innovation system. The high-efficiency and energy-saving vertical mill system of Tangshan Jidong Equipment & Engineering Co., Ltd., an indirect non-wholly owned subsidiary of the Company, was successfully applied in Jidong Cement Tongchuan Co., Ltd., and hit the market with achievement transformation completed step by step. The cement silo clearance robots were successfully applied in No.2 Cement Plant of Jidong Cement Tangshan Branch. BBMG Mortar Co., Ltd. completed the development of new products such as industrial low-temperature repair mortar and anti-crack repair adhesive.

### **3. Leading competitive edge in green development:**

The Company practised the development concept that "Lucid waters and lush mountains are invaluable assets", continued to consolidate the state-owned enterprise base of green development and promoted sustainable development. The Company insisted on being the pioneer and leader of "green, recycling and low-carbon" development, promoted the use of clean energy, developed alternative fuels and promoted the green development of the whole process and life cycle of products. The Company built a green industry chain supply chain, led green transformation of production and consumption mode, achieved pollution reduction and carbon reduction, promoted green technology innovation and carried out green design. The Company created green factories and green parks, promoted ecological restoration and green mine construction. Leveraging on our industrial advantages and the positioning of serving the capital, the Company transforming cement enterprises in Beijing into urban environmental infrastructure, developed and improved cement kiln waste co-disposal technology with independent intellectual property rights, continuously enhanced the social value of "city purifier and government helper", and continuously strengthened the pace of green and sustainable development. and other key regions were significantly lower than the emission limits specified by the state. In the first half of 2022, the Company implemented 26 large-scale energy-saving technological transformation projects, involving an investment of nearly RMB160 million.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Company has vigorously promoted clean production as a new pollution prevention measure and environmental protection concept, and strictly implemented the clean production principle of “energy saving, consumption reduction, pollution reduction and efficiency enhancement”, achieving the alignment of economic, social and environmental benefits of industrial production.

#### **4. Competitive edge in industry-finance integration:**

The industry-finance integration supports and promotes the development of various main businesses of the Company. The Company has been increasing cooperation with key financial institutions, innovating financing management, expanding financing channels and reducing financing costs. The Company promoted the construction of smart tax platform, treasurer platform and financial sharing center to improve the efficiency of fund management. Beijing BBMG Finance and BBMG Finance Lease built a capital platform for the Company to improve the overall capital operation efficiency, widen financing pipelines and prevent capital risks, realized the organic integration of industrial capital and financial capital, played the role of a platform for listed companies, improved the overall financing efficiency and continuously consolidated the financial foundation for the healthy and sustainable development of the Company. The Company steadily improved financing support capacity and made good overall control of the Group’s financing. The Company strengthened the rigid constraint of capital plan and properly optimized the debt structure, and the asset-liability ratio fell year-on-year. The Company publicly issued RMB3 billion of renewable corporate bonds and properly optimized the financing structure. As a result, the weighted financing cost at the end of the period was 3.89%, 44 basis points lower than the previous year, and the saved finance costs amounted to approximately RMB225 million. Furthermore, the Company actively communicated with banks for interest concessions, reduced the interest rate of existing loans, and saved interest expenses of approximately RMB115 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

**5. Competitive edge in culture and branding:**

The Company highlights leading corporate culture and enhances the brand value of the Company. The Company vigorously promotes 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 with the BBMG spirit of “three emphasis and one endeavor” as the core to carry forward culture and brand value. The Company carries forward the spirit of model workers, labor spirit, craftsmanship and entrepreneurship, and cultivates the culture of innovation. The Company will not forget its original intention and will forge ahead, work hard, face up to difficulties, seize the first opportunity, lay a new situation, lay the foundation for a good start of the 14th Five-Year Plan with excellent performance and strive to create a new situation of high-quality development of BBMG Group.

BBMG culture is the summation of the experience of several generations of BBMG people who worked hard, and it is highly compatible with the common pursuit of career and humanistic ideals of the cadres and workers in the system, which is the spiritual support and powerful driving force for the sustainable development of BBMG. The brand “BBMG” has been continuously awarded as a famous trademark in Beijing and ranked 64th in the list of “China’s 500 Most Valuable Brands” in 2022 (the 19th edition) with the value exceeding RMB100 billion for the first time and reaching RMB103.219 billion. BBMG Intelligent Manufacturing Workshop was selected as the project of “Best Practice of Beijing Urban Renewal”. Three institutions, including LongshunCheng Jingzuo Intangible Heritage Museum, were awarded the title of “National Worker Pioneer”. Wang Jin, an employee of Datong Jidong Cement Co., Ltd., won the National May 1st Labor Medal. The good brand awareness and reputation have shaped a good cultural atmosphere and intellectual support for creating a new situation of high-quality development of BBMG.

## MANAGEMENT DISCUSSION AND ANALYSIS

**POSSIBLE RISKS FACED BY THE COMPANY****1. External environment risk**

The current external environment for development remains complex. Great changes unseen in a century are accelerating, and the world, times and history are undergoing more evident changes. China is still faced with many challenges to keep the economy running at a reasonable pace. Internationally, the world economy is slowing down, inflation in major economies such as Europe and America is higher than expected, the negative effects of the Ukrainian crisis spread, emerging-market currencies depreciate sharply, and the debt problem is getting worse. The prospects for the world economy to restore and grow are not clear and uncertainties are on the rise. Domestically, the triple pressures on China's economic development have not been fundamentally alleviated. In the first half of the year, China suffered from an unexpected COVID-19 pandemic in many places, and the supply chain was under poor operation, and small and medium-sized enterprises faced with difficulties in operation. Uncertain and unstable factors in economic operation cannot be ignored, but China's economy is still highly resilient and has great potential, and the economic fundamentals that will sustain long-term growth remain unchanged. With the implementation of package policies and measures to maintain stable growth, the economic performance is forecasted to gradually improve.

Countermeasures: The Company will seize market opportunities. By making full use of its own industrial synergy advantages, and implementation of effective investment policies by the state to comprehensively strengthen infrastructure construction, promote high-quality development of county economy, realize rural revitalization and advance the commencement of major projects, the Company will grab the favorable opportunities and follow the tendency to win the market, promote the green building materials products such as cement to achieve growth, and explore new patterns and paths for new trading services. Meanwhile, the Company will strengthen industrial synergy, focus on strategic customers and partners, and promote the creation of more tangible outcomes. The Company will strengthen the driving role of scientific and technological innovation, speed up the pace of tackling technological problems, transforming achievements and cultivating talents, carry out digital and intelligent transformation, give impetus to industrial iteration and upgrading, and build a high-quality development engine. Adhering to the bottom-line thinking, the Company will deal with changes, breed new opportunities and create a new situation with correct strategies, and prevent and resolve various risks and challenges.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Policy risk

The development of cement and real estate industry is directly affected by macroeconomic development and national macro-control policies. Keeping the tone of stabilizing the real estate market, the real estate industry adheres to the policy of “houses are for living in, not for speculative investment” and continues the policy of “city-specific measures”, support the rigid demand and improvement demand for housing to guarantee the delivery of house and stabilize people’s livelihood. Measures have been taken to guarantee that the key functions that affect economic and social development are under smooth operation, but the problem of serious overcapacity in the cement industry is still not fundamentally solved. Stricter policies on energy efficiency and environmental protection will be implemented for the industry. Especially before the 20th National Congress of the Communist Party of China, safety, environmental protection policy constraints in Beijing-Tianjin-Hebei and surrounding areas will become more stringent. Shutdown and production restrictions will bring a greater impact on the core regional industries. Carbon emission peaking, carbon neutrality and related policy measures and action requirements, coal and electricity reduction, transport structure adjustment and other industrial policies will continue to strengthen the constraints on the cement industry.

Countermeasures: The Company will strengthen the analysis and judgment of national macroeconomic policies as well as risk awareness and crisis awareness, and make every effort to increase revenues and exploit markets, increase income and reduce expenditure, and improve quality and guarantee profits. In terms of real estate business, the Company will take preventive measures, improve the ability to identify and tackle changes, acquire the lands for projects in a steady manner, improve the quality of project operation, and actively develop the new media platform marketing channels and the compound real estate business model. With the supply-side structural reform as the main line, the cement enterprises should adhere to the strategic thinking, continue to play a leading role in maintaining the standardized development of the industry, and enhance the market control power in the core areas. In addition, the Company will strengthen the cooperation between upstream and downstream enterprises, promote the integrative development of industrial chain, supply chain and value chain in cement industry, accelerate the construction of key digital intelligence demonstration projects, strictly implement the tasks assigned for carbon emission peaking and carbon neutrality plan, and focus on new infrastructure and new urbanization initiatives and major projects and infrastructure construction in water conservancy, railway and energy fields to enhance market profitability.

## MANAGEMENT DISCUSSION AND ANALYSIS

**3. Risk of capital operation**

In the first half of 2022, with flexible, accurate, reasonable and moderate prudent monetary policies, policy banks increased the credit scale and set up infrastructure construction investment funds. Policy-based monetary policy tools were introduced to support clean and efficient utilization of coal, science and technology innovation, transport logistics, small and micro enterprises and other key areas, and the support for the real economy was continuously strengthened, creating a monetary and financial environment suitable for high-quality economic development. However, the macro leverage ratio of China remained in a high level, and the risk of local debt and corporate debt was increasing. Due to a combination of factors such as that policies overseas were constantly tightening, that the yield on 10-year Treasury bonds of China was higher than that of US and that RMB was depreciated, the manufacturing industry and real estate industry would be under greater pressure. In particular, strain on the cash flow of real estate enterprises continued to increase, the refinancing risk increased, and the liquidity decreased, which brought great challenges to financing and liquidity management of the Company.

Countermeasures: The Company will strengthen cooperation between banks and enterprises, expand financing channels, and raise funds at low cost to ensure the safety and stability of the Company's capital chain. Moreover, the Company will strengthen the management concept of "cash is king", reduce unnecessary expenditures, and prevent major business risks; persist in implementing the special action of "three lowering, one reduction and one improvement", strengthen the control of "debt scale and asset-liability ratio", improve the efficiency and quality of asset operation, and expand the profit margin of enterprises. In addition, the Company will accelerate the destocking of various business commodities, reduce and control the stock of accounts receivable. By making full use of the science and technology innovation fund, the Company will actively promote the BBMG Industrial Park pilot to issue public offerings to push forward REITs projects, and promote the asset securitization of the Company. The Company will give full play to the advantageous role of the finance company and financial leasing company, optimize the debt, financing and guarantee structure of the Company, and escort the overall capital operation of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. Market competition risk

In the first half of 2022, the cement industry faced with unprecedented difficulties. Since middle and late March, the normal construction pace has been seriously disrupted due to the unexpected impact of COVID-19 pandemic, turning the traditional busiest season to the off-season; the real estate business was on a downward trend with a sharp decline in cement demand. At the same time, due to a combination of factors such as inadequate supply management, imbalance between supply and demand, and high cement inventory, as well as disorderly price competition in some areas, the drop in prices and production of cement industry intensified, and the industry profits shrunk sharply. The gap between the northern areas (weak) and the southern areas (strong) still existed. Under the influence of multiple regulatory policies and unexpected impact of the pandemic, both sales and investment in the real estate industry were mired in negative growth, and the pressure of destocking continued to increase. The industry entered into the stage of deep adjustment and steady development, the real estate industry became more competitive with higher requirements for the product and service quality, and the trend of polarisation between strong and weak enterprises became apparent. The nationwide urban renewal focusing on 178 key blocks would develop a new blue ocean for the real estate industry.

Countermeasures: In terms of "green building materials segment", the Company will take the initiative to address the market environment changes, take affirmative measures, strengthen the synergy between upstream and downstream enterprises to improve efficiency by marketing-dominated strategy, appropriately handle the relationship of "quantity, cost, price and profit", and increase market share and improve the profitability. The Company will increase the reserves of strategic resources, improve the capacity of advanced production, optimize the structure of production capacity, and consolidate the market control power in the core areas. In addition, as a leader in the industry, the Company will play its guiding and demonstration role, strengthen industry self-regulation, promote off-peak production, maintain sound industry ecology, and promote the accelerated recovery and overall high-quality development of the industry. In terms of the property industry, the Company will seize the opportunity window of market rebound, speed up the selling of products, improve the turnover of inventories, adhere to the principle of "quick opening, quick selling and quick payment", thereby comprehensively improving product competitiveness, brand power and profitability and enhancing the ability to withstand risks. Dedicated to key cities such as Beijing and Shanghai, the Company will cooperate with industry partners to acquire land in a steady and prudent manner, speed up the utilization of "urban mineral resources" such as self-owned land in the Beijing-Tianjin-Hebei region, follow the tendency to seize the opportunity of urban renewal and interact with other industrial sectors to accelerate the high-quality development of the whole industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

**LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2022, the Group's total assets amounted to approximately RMB283,932.2 million, representing a decrease of approximately 0.8% from the beginning of the Reporting Period, which comprised total liabilities of approximately RMB185,808.3 million, minority interests of approximately RMB31,122.2 million and total equity attributable to the shareholders of the parent company of approximately RMB67,001.7 million. As at 30 June 2022, total shareholders' equity amounted to approximately RMB98,123.9 million, representing an increase of approximately 2.7% from the beginning of the Reporting Period. As at 30 June 2022, the Group's net current assets were approximately RMB46,446.6 million, representing a decrease of approximately RMB3,778.3 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 65.4%, representing a decrease of approximately 1.2 percentage point from the beginning of the Reporting Period.

As at 30 June 2022, the Group's cash and bank balances amounted to approximately RMB19,421.0 million, representing a decrease of approximately RMB2,500.9 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, short-term financing bonds, perpetual bonds, corporate bonds, medium-term notes, private bonds and banking facilities provided by its principal bankers in the PRC. As at 30 June 2022, the Group's interest-bearing bank borrowings amounted to approximately RMB67,912.7 million (as at 31 December 2021: RMB63,656.6 million) which bore fixed interest rates and were all denominated in Renminbi. Among these borrowings, approximately RMB35,220.8 million interest-bearing bank borrowings were due for repayment within one year, representing an increase of approximately RMB565.9 million from the beginning of the Reporting Period. Approximately RMB32,691.9 million interest-bearing bank borrowings were due for repayment after one year, representing an increase of approximately RMB3,690.2 million from the beginning of the Reporting Period. The Group's interest-bearing bank borrowings were all denominated in RMB.

As at the date of this 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 2022, the Group had no future plans for material investments or capital assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

**ENVIRONMENTAL PROTECTION****1. Construction and running of pollution prevention and control facilities**

The construction of the Company's pollution prevention and control facilities meet the requirements of environmental protection and such facilities run well. In terms of NO<sub>x</sub> emission control of cement enterprises, all running clinker production lines were equipped with SNCR (selective non-catalytic reduction) denitration facilities, and some production lines were upgraded by staged combustion, and refined management was strengthened to further reduce the NO<sub>x</sub> emission concentration at the cement kiln tail. In the first half of 2022, the Company completed the SCR denitration project construction of 8 production lines. In terms of particulate matter emission control, the Company adopted high-efficiency bag-type dust collectors to control the particulate matter emission concentration at the emission ports. In terms of sulfur dioxide emission control, when the organic sulfur content of raw materials was low, no purification measures were needed. The Company adopted the kiln-mill integrated running or desulfurization transformation for some production lines with high volatile sulfur content in raw materials. In the first half of the year, BBMG Tiantan (Tangshan) Wood Technology Co., Ltd. completed the closure of the cold-turning frames of fiberboard and particleboard, and introduced the waste gas from the cold-turning frame of fiberboard into the heat energy center for combustion, and introduced the waste gas from the cold-turning frame of particleboard into the drying tail gas system for disposal, thus reducing the unorganized emission of volatile organic compounds. In order to improve the performance level, Dachang BBMG Tiantan Furniture Co., Ltd. deeply treated and reformed the unorganized waste gas in the edge sealing and sizing processes, and collected the waste gas for catalytic combustion, which greatly reduced the unorganized waste gas emission. Through stable running control, the Company's pollutant emission level was better than the national and local emission control requirements, and the pollutant emission concentration of enterprises in key areas such as Beijing-Tianjin-Hebei and Fenwei Plain was obviously lower than the industry special emission limit.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **2. Environmental impact assessment of construction projects and other environmental protection administrative licenses**

The Company conducted environmental management of construction projects according to law, strictly implemented environmental protection access from early stage access, industrial policy, site selection, etc. The design of new, expanded and rebuilt projects was submitted for environmental impact assessment in accordance with the classified management list of environmental impact assessment of construction projects, and public participation and information disclosure were carried out. The Company strictly implemented the “Three Simultaneities of Environmental Protection” in the project construction stage. The Company applied for pollutant discharge permits or registered for pollutant discharge permits as required before the actual discharge of pollutants, carried out self-acceptance, and performed public disclosure and related filing matters. For all projects put into running, pollutants were discharged according to laws and regulations, and environmental taxes were paid on time.

### **3. Emergency plan for environmental emergencies**

According to the environmental impact assessment documents and approval requirements, the Measures for the Administration of Emergency Plans for Environmental Emergencies in Enterprises and Public Institutions (for Trial Implementation), the Directory of Industries for Filing Emergency Plans for Local Environmental emergencies (Guiding Opinions) and the Measures for the Administration of Emergency Plans for Environmental Emergencies in Local Enterprises and Public Institutions, the Company formulated emergency plans for environmental emergencies. Enterprises reported to the competent environmental protection authorities for record as required. Enterprises regularly conducted emergency exercises, and organized the revision of emergency plans according to the actual situations, so as to ensure that when environmental pollution incidents (accidents) occurred suddenly, enterprises could respond quickly, act in an orderly manner, and deal with the environmental pollution incidents (accidents) efficiently, so as to minimize the harm and achieve the purpose of protecting the public and the environment. Enterprises that were not included in the scope of management were encouraged to formulate separate environmental emergency plans, or to formulate environmental emergency plan projects in the emergency plans for emergencies, and put them on record.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **4. Environmental self-monitoring plans**

The Company formulated and implemented self-monitoring plans in accordance with the priority of the self-monitoring technical guidelines and the general rules of the industry, and technical specifications for pollutant discharge permit application and approval. The emission units of particulate matter, nitrogen oxides and sulfur dioxide in the exhaust pipe of cement kiln tail and particulate matter and volatile organic compounds in the exhaust pipe of cement kiln head adopted automatic monitoring and continuous monitoring throughout the day. Qualified third parties were entrusted to maintain and manage the automatic monitoring facilities to ensure stable running. Qualified third parties were entrusted to manually monitor all kinds of pollutants from other non-major pollutant discharge outlets, particulate matter, ammonia and other pollutants unorganized by the factory boundary, environmental noise at the factory boundary, groundwater and soil, etc. in accordance with the technical guidelines for self-monitoring of pollutant discharge units and relevant local requirements and according to different monitoring points and monitoring indicators on a quarterly, semi-annual or annual basis, and the monitoring reports were obtained in time. Self-monitoring was made public through the enterprise monitoring information release platforms of national or local competent environmental protection authorities.

## MANAGEMENT DISCUSSION AND ANALYSIS

## 5. Administrative punishments for environmental problems during the Reporting Period

Company or Subsidiary Name	Reason for Punishment	Violation of Regulations	Punishment Result	Impact on the Company's Production and Operation	The Company's Rectification Measures
Beijing BBMG Liushui Environmental Protection Technology Co., Ltd.	During the yellow warning period of heavy air pollution from 16:00 on 26 February to 24: 00 on 28 February 2021, 2 heavy-duty diesel vehicles with national IV emission standard transported materials in the factory	Failing to implement the government's decision to stop production and limit production	A fine of RMB25,000	No major impact	Lushui Environmental Protection will strengthen the management of incoming-factory transport vehicles to ensure that such situation will not occur again
Beijing BBMG Liushui Environmental Protection Technology Co., Ltd.	During the yellow warning period of heavy air pollution from 00: 00 on 10 March to 08: 00 on 15 March 2021, 6 heavy-duty diesel vehicles with national IV emission standard transported materials in the factory	Failing to implement the government's decision to stop production and limit production	A fine of RMB50,000	No major impact	Lushui Environmental Protection will strengthen the management of incoming-factory transport vehicles to ensure that such situation will not occur again
Beijing BBMG Beishui Environmental Protection Technology Co., Ltd.	During the yellow warning period of heavy air pollution from 00: 00 on 10 March to 08: 00 on 15 March 2021, 6 heavy-duty diesel vehicles with national IV emission standard transported materials in the factory	Failing to implement the government's decision to stop production and limit production	A fine of RMB50,000	No major impact	Beishui Environmental Protection will strengthen the management of incoming-factory transport vehicles to ensure that such situation will not occur again

## MANAGEMENT DISCUSSION AND ANALYSIS

**6. Relevant information that is conducive to protecting ecology, preventing and controlling pollution and fulfilling environmental responsibilities**

During the Reporting Period, all the enterprises affiliated to the Company continued to strengthen the construction of ecological environment protection, accelerated the prevention and control of waste gas, waste water, noise and solid waste pollution and the improvement of the factory appearance, and implemented a total of more than 380 environmental treatment and protection projects, with an investment of about RMB420 million in environmental governance and protection. All the enterprises affiliated to the Company calculated the discharge of taxable pollutants and paid environmental protection taxes according to the relevant national and local regulations. Some enterprises implemented the local ultra-low emission limit or the Company's internal control requirements for cultivating excellent enterprises, and the emission concentration of nitrogen oxides was low, so they could enjoy the environmental protection tax reduction and exemption policy in some periods. The second line SCR denitration ultra-low emission technical transformation project of two subsidiaries of Hebei BBMG Dingxin Cement Co., Ltd. received subsidy fund of RMB7.944 million. BBMG Mortar Co., Ltd. was approved by Beijing Municipal Commission of Development and Reform as the first pilot unit of Beijing-Tianjin-Hebei cleaner production partner. Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd. were awarded the title of "Advanced Enterprise for Green Development" by the Department of Ecology and Environment of Henan Province. Tangshan Jinyu Aerated Concrete Co., Ltd., was awarded the title of "Eco-environmental Benchmark Enterprise" by Fengrun Town Government. Zhao Junhui, the manager of Jidong Cement Tongchuan Co., Ltd., was awarded the title of "Tongchuan Eco-environmental Guardian" by the Office Tongchuan Municipal Eco-environmental Protection Committee.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company continued to focus on the efforts for blue sky, clear water and pure land, strictly implemented the action plan for comprehensive air pollution control, and fought the tough battle of pollution prevention and control in a solid and in-depth manner. The Company strictly implemented the responsibility of enterprise subject, carried out the investigation and rectification of the hidden environmental risks of enterprises, took the construction of ecological environment standardization as the starting point to benchmark the ecological standardization evaluation indicators, carried out self-examination and self-correction, took synthesized measures, and treated both the symptoms and root causes. By taking theme publicity activities such as the Environment Day on June 5th, the National Energy Conservation Publicity Week and the National Low-carbon Day as opportunities, the Company launched the annual green and low-carbon environmental education activities. Employees of the Company participated in such activities extensively, with more than 37,800 participants making online low-carbon environmental commitments, more than 180,000 participants making knowledge answers and nearly 6,000 participants accepting trainings. The Company publicized the achievements of environmental protection and low-carbon development of enterprises through CCTV1, China Environment News, public open day and other forms.

## MANAGEMENT DISCUSSION AND ANALYSIS

**7. Measures taken during the Reporting Period to reduce the carbon emissions and their effects**

During the Reporting Period, the Company seized the strategic opportunity of carbon neutrality in peak carbon dioxide emissions to coordinate the implementation of the carbon neutrality and carbon emission peaking plan, formulated the Working Ideas of Carbon Capture, Utilization and Storage of BBMG, and the Task Breakdown List of the 14th Five-Year Plan of Carbon Neutralization in Peak Carbon Dioxide Emissions, and comprehensively promoted the related projects of carbon emission reduction in the Three-Year Action Plan for Tackling Key Problems in Scientific and Technological Innovation and the 2022 Group Key Scientific Research Projects. The Company accelerated the planning and construction of urban vein industrial park, promoted the construction of “highway to railway” green supply in Beijing-Tianjin-Hebei, and innovated the whole zero-emission green transportation mode of “highway to railway” trunk transportation + new energy heavy truck distribution. The Company actively arranged zero-carbon buildings, built a pilot demonstration of zero-carbon buildings in Xingfa Science and Technology Park, and built a carbon-neutral park by relying on Liuli Wenchuang Park. The Company implemented the construction of carbon capture demonstration project, the 1,500-tonne/year pressure swing adsorption carbon capture and utilization project of Beijing BBMG Liushui Environmental Protection Technology Co., Ltd. was put into operation, and the 100,000-tonne/year CO<sub>2</sub> capture technology demonstration project of Beijing BBMG Beishui Environmental Protection Technology Co., Ltd. was put into practice. The leading advantage brought by green transformation continuously enhanced the core competitiveness of the Company. The Company played a vanguard and exemplary role in the green Beijing “carbon neutrality and carbon emission peaking” action. The Company carried out research on key technologies of carbon emission reduction, peak carbon dioxide emissions road map and carbon neutral countermeasures, and determined the overall thinking and advancing direction for the carbon neutral work in peak carbon dioxide emissions for the “14th Five-Year Plan” and even a longer period.

## MANAGEMENT DISCUSSION AND ANALYSIS

Jidong Cement thoroughly implemented the Three-year Action Plan of Jidong Cement for Carbon Neutralization in Peak Carbon Dioxide Emissions, and actively promoted production capacity replacement, increased the proportion of advanced production capacity in the cement industry, improved the comprehensive energy efficiency, and reduced the energy consumption per unit clinker and carbon emission intensity in combination with key measures such as the three-year action for state-owned enterprise reform, the promotion action of benchmarking world-class management and the cultivation of excellent enterprises. The Company accelerated the popularization and application of mature energy-saving equipment technology, actively applied low-carbon raw materials such as carbide slag, and promoted fuel substitution technologies such as biomass waste and solid waste with calorific value in an orderly manner. The substitution rate of raw fuel has been continuously improved, and the carbon dioxide emission intensity per ton of clinker realized a year-on-year decrease of about 2%.

Property business: The Company continuously improved the green energy-saving level of architectural design, actively applied more efficient and energy-saving lighting, ventilation, air conditioning and other equipment, carried out survey and cooperation on the utilization of renewable energy, promoted the upgrading and transformation of intelligent regulation, and improved the informatization and intellectualization level of buildings. Both the energy consumption per unit area and the carbon emission intensity per unit area decreased in different degrees year on year.

### **DISCLOSEABLE TRANSACTIONS DURING THE REPORTING PERIOD**

During the Reporting Period, the Group had not conducted any transaction that was required to be disclosed.

### **CONNECTED TRANSACTION**

During the Reporting Period, the Group had not conducted any connected transaction that was required to be disclosed.



## MANAGEMENT DISCUSSION AND ANALYSIS

**COMMITMENTS**

	<b>As at</b>	<i>Unit: RMB</i>
	<b>30 June 2022</b>	As at
	<b>(Unaudited)</b>	31 December 2021
		(Audited)
Contracted but not provided for:		
Capital commitments	<b>1,339,305,532.24</b>	268,713,794.64
Property development contracts	<b>8,342,869,294.04</b>	9,126,628,410.92
	<b>9,682,174,826.28</b>	9,395,342,205.56

**CONTINGENCIES**

		<b>As at</b>	<i>Unit: RMB</i>
		<b>30 June 2022</b>	As at
		<b>(Unaudited)</b>	31 December 2021
			(Audited)
Provision of guarantee on mortgage to third parties	<i>Note 1</i>	<b>11,898,881,810.40</b>	9,453,598,185.99
Provision of guarantee on loans and others to third parties	<i>Note 2</i>	<b>870,000,000.00</b>	890,000,000.00
Provision of guarantee on loans and others to related parties	<i>Note 3</i>	<b>52,000,000.00</b>	52,000,000.00
		<b>12,820,881,810.40</b>	10,395,598,185.99

## MANAGEMENT DISCUSSION AND ANALYSIS

- 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:* Jidong Group, a subsidiary of the Group, provided guarantees with joint obligations on the borrowings of RMB870,000,000.00 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:* Tangshan Jidong Cement Co., Ltd., a subsidiary of the Group, provided guarantees with joint obligations on two borrowings of RMB32,000,000.00 and RMB20,000,000.00 for Anshan Jidong Cement Co., Ltd. The guarantees will expire on 28 July 2022 and 21 December 2022, respectively.

### PLEDGE OF ASSETS

As at 30 June 2022, certain of the Group's inventories, fixed assets, investment properties, land use rights, construction in progress and equity interest totaling approximately RMB51,870.5 million (as at 31 December 2021: RMB34,974.7 million) were pledged or mortgaged to secure the short-term and long-term loans of the Group, which accounted for approximately 18.3% of the total assets of the Group (as at 31 December 2021: 12.2%).

### EMPLOYEES

As at 30 June 2022, the Group had 46,126 employees in total (as at 31 December 2021: 46,447). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB3,367.1 million (for the six months ended 30 June 2021: RMB3,263.8 million), representing an increase of approximately 3.2%. 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **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 receivable, 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**

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

### **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 2022, 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	Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司) (Note)	Direct beneficial owner	4,797,357,572	57.53	44.93
	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (Note)	Held by controlled corporation	4,797,357,572	57.53	44.93

Note: Beijing State-owned Capital Operation and Management Company Limited 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.

Save as disclosed above, as at 30 June 2022, 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.

## OTHER INFORMATION

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

As at 30 June 2022, the interests or short positions of the Company's Directors, supervisors or chief executive in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register of interests maintained by the Company, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Name	Position	Capacity and nature of interest	Number of shares held	Type of shareholding	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
Wu Dong	Director	Beneficial owner	60,000 Shares	A Shares	0.00%	0.00%
Wang Zhaojia	Director	Beneficial owner	37,500 Shares	A Shares	0.00%	0.00%
Li Xiaohui	Director	Beneficial owner	140,000 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 2022, 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 2022. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

## OTHER INFORMATION

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

The Group did not sell, repurchase or redeem any of the securities of the Company during the six months ended 30 June 2022.

### **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 three executive Directors, two non-executive Directors and five independent non-executive Directors. It has a strong independence element in its composition.

During the Reporting Period, Mr. Zeng Jin tendered the resignation from the chairman of the Board, the executive Director of the Company and chairman of the Strategic Committee of the Company on 27 April 2022 because of his work re-designation. Based on the resolution of the 14th meeting of the Company's sixth session of the Board, Mr. Jiang Yingwu, the executive Director and general manager of the Company, will take up the responsibilities of the chairman and legal representative of the Company. For details of the above change of Director, please refer to the announcement dated 27 April 2022.

### **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, Zhang Jianfeng, 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 2022, the Group actively participated in various investor relations activities and provided real-time information to investors through its company website.

## OTHER INFORMATION

**1. Investor Forums and Conferences**

During the six months ended 30 June 2022, the Group held a number of investors' online briefing on the results and telephone presentations, 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 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' online briefing on the results and telephone presentations were also held to provide updates in relation to the market environment, financial performance, operating strategies and future prospects to the public in an accurate and effective manner, so as to maintain the Group's transparent investor relations strategy and strengthen the communications with the public.

**4. Maintaining Interactive Communications with Media**

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

**5. Timely Dissemination of Latest Corporate Updates**

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

## OTHER INFORMATION

**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 2022 and 29 August 2022)
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 2022 and 29 August 2022)
Stock code	601992.SH

**2. Financial Calendar**

2021 annual results announcement	published on 24 March 2022
2022 first quarterly results announcement	published on 27 April 2022
2022 interim results announcement	published on 29 August 2022
2021 Annual General Meeting	held on 10 May 2022
Closure of register of H shares members to determine the eligibility of shareholders to attend the 2021 Annual General Meeting	4 May 2022 – 10 May 2022
Financial year end	31 December

**3. Dividends**

2021 final dividends	RMB0.104 per share (inclusive of applicable tax) (or equivalent to HK\$0.1234 per H share)
Closure of register of H shares members to determine the entitlement of shareholders to the 2021 final dividends	21 May 2022 – 26 May 2022
Payment of 2021 final dividends of H shares	8 July 2022



## OTHER INFORMATION

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Company website: [www.bbmg.com.cn/listco](http://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 procedures. The Audit Committee is composed of two non-executive Directors and five independent non-executive Directors. At the meeting convened on 29 August 2022, the Audit Committee had reviewed the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2022. The Audit Committee has considered the Group's internal audit report for the first half of 2022, reviewed the accounting principles and practices adopted by the Group, considered the Group's financial statements for the first half of 2022 and recommended their adoption by the Board.

## OTHER INFORMATION

As at the date of this report, members of the Audit Committee are Mr. Wang Zhaojia (non-executive Director), Mr. Gu Tiemin (non-executive Director), Mr. Yu Fei (independent non-executive Director), Mr. Liu Taigang (independent non-executive Director), Ms. Li Xiaohui (independent non-executive Director), Mr. Hong Yongmiao (independent non-executive Director) and Mr. Tan Kin Fong (independent non-executive Director). Ms. Li Xiaohui 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 (2022) Zhuan Zi No. 60667053\_A17

### 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 2022, 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 2022 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**

Chinese Certified Public Accountant: **Meng Jia**

Beijing, the PRC

29 August 2022

# Unaudited Interim Consolidated Balance Sheet

As at 30 June 2022

RMB

Assets	Note V	30 June 2022 Unaudited	31 December 2021 Audited
<b>Current assets</b>			
Cash and bank balances	1	<b>19,421,041,451.93</b>	21,921,968,519.94
Financial assets held for trading	2	<b>1,172,408,171.34</b>	1,152,240,648.45
Bills receivable	3	<b>1,020,580,527.10</b>	705,691,610.82
Accounts receivable	4	<b>9,076,535,956.83</b>	7,523,927,513.40
Financing receivables	5	<b>1,866,581,286.89</b>	2,514,575,159.07
Prepayments	6	<b>2,299,914,603.10</b>	1,745,572,087.55
Other receivables	7	<b>7,910,277,742.72</b>	9,432,966,788.14
Inventories	8	<b>110,263,836,083.25</b>	116,928,823,487.74
Contract assets	9	<b>93,344,794.93</b>	60,328,702.31
Non-current assets due within one year	10	<b>895,152,906.13</b>	127,377,276.90
Other current assets	11	<b>7,563,708,999.82</b>	7,845,259,543.05
<b>Total current assets</b>		<b>161,583,382,524.04</b>	169,958,731,337.37
<b>Non-current assets</b>			
Debt investments	12	<b>1,152,134,374.14</b>	490,902,028.26
Long-term receivables	13	<b>3,625,356,925.94</b>	1,004,712,317.80
Long-term equity investments	14	<b>6,820,873,116.51</b>	6,484,148,919.55
Investment in other equity instruments	15	<b>985,073,910.61</b>	596,774,849.44
Other non-current financial assets	16	<b>260,000,000.00</b>	–
Investment properties	17	<b>37,185,706,199.12</b>	36,092,290,068.79
Fixed assets	18	<b>44,105,003,374.93</b>	44,371,375,769.46
Construction in progress	19	<b>2,652,814,530.73</b>	1,901,031,174.31
Right-of-use assets	20	<b>748,749,155.03</b>	710,751,128.78
Intangible assets	21	<b>16,066,581,067.98</b>	16,280,896,981.85
Goodwill	22	<b>2,500,382,680.76</b>	2,438,315,745.82
Long-term deferred expenditures	23	<b>1,738,879,613.97</b>	1,683,402,756.77
Deferred income tax assets	24	<b>3,776,164,448.22</b>	3,711,928,081.48
Other non-current assets	25	<b>731,117,096.91</b>	631,549,281.90
<b>Total non-current assets</b>		<b>122,348,836,494.85</b>	116,398,079,104.21
<b>Total assets</b>		<b>283,932,219,018.89</b>	286,356,810,441.58

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Consolidated Balance Sheet (continued)

As at 30 June 2022

RMB

Liabilities and equity attributable to shareholders	Note V	30 June 2022 Unaudited	31 December 2021 Audited
<b>Current liabilities</b>			
Short-term loans	26	<b>27,609,479,683.32</b>	25,140,608,000.00
Bills payable	27	<b>3,377,574,620.77</b>	3,217,498,008.45
Accounts payable	28	<b>18,346,532,162.41</b>	19,796,622,282.33
Receipts in advance	29	<b>276,622,576.89</b>	328,325,876.17
Contract liabilities	30	<b>22,891,413,417.45</b>	26,822,950,419.07
Wages payable	31	<b>240,350,110.82</b>	436,570,855.28
Tax payable	32	<b>2,274,447,952.95</b>	2,356,197,065.16
Other payables	33	<b>11,089,986,034.33</b>	9,701,552,654.69
Non-current liabilities due within one year	34	<b>12,491,226,384.40</b>	15,125,801,960.37
Short-term financing bonds payable	37	<b>7,500,000,000.00</b>	7,500,000,000.00
Other current liabilities	35	<b>9,039,114,694.11</b>	9,307,669,006.30
<b>Total current liabilities</b>		<b>115,136,747,637.45</b>	119,733,796,127.82
<b>Non-current liabilities</b>			
Long-term loans	36	<b>32,691,949,030.99</b>	29,001,712,449.80
Bonds payable	37	<b>29,237,360,976.29</b>	33,499,674,504.50
Lease liabilities	38	<b>431,718,655.60</b>	395,211,550.60
Long-term payables	39	<b>439,113,720.10</b>	345,169,768.56
Long-term wages payable	40	<b>494,353,722.53</b>	498,937,107.96
Accrued liabilities	41	<b>480,563,252.23</b>	503,461,378.37
Deferred income	42	<b>775,188,555.78</b>	795,357,234.52
Deferred income tax liabilities	24	<b>6,116,543,782.17</b>	6,044,933,885.02
Other non-current liabilities	43	<b>4,750,000.01</b>	4,750,000.01
<b>Total non-current liabilities</b>		<b>70,671,541,695.70</b>	71,089,207,879.34
<b>Total liabilities</b>		<b>185,808,289,333.15</b>	190,823,004,007.16

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Consolidated Balance Sheet (continued)

As at 30 June 2022

RMB

Liabilities and equity attributable to shareholders	Note V	30 June 2022 Unaudited	31 December 2021 Audited
Equity attributable to shareholders			
Share capital	44	10,677,771,134.00	10,677,771,134.00
Other equity instruments	45	18,989,000,000.00	15,989,000,000.00
<i>Including: Perpetual bonds</i>		<b>18,989,000,000.00</b>	<i>15,989,000,000.00</i>
Capital reserve	46	5,260,966,453.99	5,229,289,084.34
Other comprehensive income	47	698,763,929.86	743,211,178.87
Specific reserve	48	56,166,234.73	45,874,273.14
Surplus reserve	49	2,470,978,188.48	2,470,978,188.48
General risk reserve	50	457,650,791.76	457,650,791.76
Retained earnings	51	<u>28,390,393,567.58</u>	<u>28,103,717,810.21</u>
 Total equity attributable to the shareholders of the parent company		 <b>67,001,690,300.40</b>	 63,717,492,460.80
 Minority interests		 <u>31,122,239,385.34</u>	 <u>31,816,313,973.62</u>
 Total equity attributable to shareholders		 <u>98,123,929,685.74</u>	 <u>95,533,806,434.42</u>
 Total liabilities and equity attributable to shareholders		 <u>283,932,219,018.89</u>	 <u>286,356,810,441.58</u>

The financial statements have been signed by:

Officer-in-charge of the Company:  
**Jiang Yingwu**

Chief accountant:  
**Zheng Baojin**

Head of the accounting department:  
**Wang Lanfeng**

The accompanying notes form an integral part of these financial statements

# Unaudited Interim Consolidated Income Statement

For the six months ended 30 June 2022

RMB

	Note V	January to June 2022	January to June 2021
Operating revenue	52	<b>55,033,121,530.89</b>	57,713,656,876.27
Less: Operating costs	52	<b>46,646,807,462.05</b>	47,972,860,648.91
Tax and surcharges	53	<b>814,069,108.33</b>	806,539,225.36
Selling expenses	54	<b>1,130,350,447.37</b>	1,162,216,370.72
Administrative expenses	55	<b>3,224,908,186.31</b>	3,008,828,902.65
Research and development expenses	56	<b>196,413,341.28</b>	179,590,663.30
Finance costs	57	<b>1,515,177,756.22</b>	1,363,664,870.30
Including: Interest expenses		<b>1,518,860,577.73</b>	1,363,388,158.02
Interest income		<b>102,038,167.45</b>	86,343,253.25
Add: Other gains	58	<b>244,215,001.18</b>	369,908,307.33
Investment gains	59	<b>187,695,338.92</b>	353,176,232.00
Including: Gains from investment in associates and joint ventures		<b>148,318,125.69</b>	298,091,900.61
Gains from changes of fair value	60	<b>308,853,821.23</b>	240,771,330.35
Credit impairment losses	61	<b>(80,310,951.02)</b>	(128,142,938.49)
Asset impairment losses	62	<b>(31,906,481.38)</b>	(51,015,607.95)
Gains on disposal of assets	63	<b>44,535,928.04</b>	36,938,729.99
Operating profit		<b>2,178,477,886.30</b>	4,041,592,248.26
Add: Non-operating revenue	64	<b>1,261,016,989.61</b>	511,748,047.45
Less: Non-operating expenses	65	<b>65,014,011.07</b>	138,614,767.25
Total profit		<b>3,374,480,864.84</b>	4,414,725,528.46
Less: Income tax expenses	67	<b>954,983,191.31</b>	1,195,214,796.19
Net profit		<b>2,419,497,673.53</b>	3,219,510,732.27
Classified by continuing of operations			
Net profit from continuing operations		<b>2,419,497,673.53</b>	3,219,510,732.27
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		<b>1,835,550,026.15</b>	1,911,844,630.53
Minority interests		<b>583,947,647.38</b>	1,307,666,101.74
Net other comprehensive income after tax		<b>(82,550,921.12)</b>	105,280,392.27

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Consolidated Income Statement (continued)

For the six months ended 30 June 2022

RMB

	Note V	January to June 2022	January to June 2021
Net other comprehensive income after tax attributable to shareholders of the parent company		<b>(44,447,249.01)</b>	128,437,305.30
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		<b>3,000.00</b>	(8,041,627.00)
Changes in fair value of investment in other equity instruments		<b>(44,694,275.44)</b>	(4,832,426.07)
Other comprehensive income to be reclassified into profit or loss			
Other comprehensive income that may be reclassified into profit or loss under equity method		<b>(4,488,377.41)</b>	–
Cash flow hedging reserves		<b>733,367.25</b>	–
Exchange differences on foreign currency translation		<b>3,999,036.59</b>	(17,402.41)
The difference between the fair value and the carrying value of the inventories/self-occupied properties on the date when it changed to the investment properties measured with the fair value model		–	141,328,760.78
Net other comprehensive income after tax attributable to minority interests	47	<b>(38,103,672.11)</b>	(23,156,913.03)
Total comprehensive income		<b>2,336,946,752.41</b>	3,324,791,124.54
Total comprehensive income attributable to the shareholders of the parent company		<b>1,791,102,777.14</b>	2,040,281,935.83
Total comprehensive income attributable to minority interests		<b>545,843,975.27</b>	1,284,509,188.71
Basic earnings per share	68	<b>0.13</b>	0.14
Diluted earnings per share		<b>0.13</b>	0.14

The accompanying notes form an integral part of these financial statements



# Unaudited Interim Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2022

RMB

For the six months ended 30 June 2022

	Equity attributable to the shareholders of the parent company										Total shareholders' equity	
	Share capital	Other equity instruments		Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained profits	Subtotal		Minority interests
		Perpetual bonds	Including:									
I. Balance at the beginning of the period	10,677,771,134.00	15,989,000,000.00		5,229,289,084.34	743,211,178.87	45,874,273.14	2,470,978,188.48	457,650,791.76	28,103,717,810.21	63,717,492,460.80	31,816,313,973.62	95,533,806,434.42
II. Movements during the period												
(1) Total comprehensive income	-	-	-	(44,447,249.01)	-	-	-	-	1,835,550,026.15	1,791,102,777.14	545,843,975.27	2,336,946,752.41
(2) Capital contribution and reduction from shareholders												
1. Equity transactions that do not affect control	-	-	31,677,369.65	-	-	-	-	-	-	31,677,369.65	(333,799,071.92)	(302,121,702.27)
2. Reduction of minority interests upon disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(182,895,270.76)	(182,895,270.76)
3. Reduction of minority interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	(41,318,848.47)	(41,318,848.47)
4. Capital contributed by minority shareholders of non-wholly owned subsidiary	-	-	-	-	-	-	-	-	-	-	424,812,859.46	424,812,859.46
5. Issuance of perpetual bonds	-	3,000,000,000.00	-	-	-	-	-	-	-	3,000,000,000.00	-	3,000,000,000.00
(3) Profit distribution												
1. Dividend to shareholders	-	-	-	-	-	-	-	-	(1,110,488,197.94)	(1,110,488,197.94)	(1,116,628,627.55)	(2,227,116,825.49)
2. Interest on perpetual bonds	-	-	-	-	-	-	-	-	(438,386,070.84)	(438,386,070.84)	-	(438,386,070.84)
(4) Specific reserve												
1. Appropriated during the period	-	-	-	-	58,731,210.83	-	-	-	-	58,731,210.83	60,826,692.02	119,557,902.85
2. Used during the period	-	-	-	-	(48,439,249.24)	-	-	-	-	(48,439,249.24)	(50,916,296.33)	(99,355,545.57)
III. Balance at the end of the period	10,677,771,134.00	18,989,000,000.00	5,260,966,453.99	698,763,929.86	56,166,234.73	2,470,978,188.48	457,650,791.76	28,390,393,567.58	67,001,690,300.40	67,001,690,300.40	31,122,239,385.34	98,123,929,685.74

The accompanying notes form an integral part of these financial statements

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

For the six months ended 30 June 2022

RMB

For the six months ended 30 June 2021

	Equity attributable to the shareholders of the parent company									Minority interests	Total shareholders' equity
	Share capital	Other equity instruments including Perpetual bonds	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained profits	Subtotal		
I. Balance at the beginning of the period	10,677,771,134.00	16,522,000,000.00	6,169,149,696.05	447,195,933.08	51,385,977.58	2,263,251,151.05	457,650,791.76	26,787,531,577.50	63,375,936,261.02	31,080,250,594.63	94,456,186,855.65
II. Movements during the period											
(1) Total comprehensive income	-	-	-	128,437,305.30	-	-	-	1,911,844,630.53	2,040,281,935.83	1,284,509,188.71	3,324,791,124.54
(2) Capital contribution and reduction from shareholders											
1. Equity transactions that do not affect control	-	-	(98,985,583.29)	-	-	-	-	-	(98,985,583.29)	4,480,877.29	(94,504,706.00)
2. Reduction of minority interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	(2,506,385.94)	(2,506,385.94)
3. Establishment of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	-	45,070,000.00	45,070,000.00
4. Redemption of perpetual bonds	-	(1,996,000,000.00)	-	-	-	-	-	-	(1,996,000,000.00)	-	(1,996,000,000.00)
(3) Profit distribution											
1. Dividend to shareholders	-	-	-	-	-	-	-	(640,666,268.04)	(640,666,268.04)	(917,081,669.49)	(1,557,747,937.53)
2. Interest on perpetual bonds	-	-	-	-	-	-	-	(407,555,863.01)	(407,555,863.01)	(102,000,000.00)	(509,555,863.01)
(4) Specific reserve											
1. Appropriated during the period	-	-	-	-	49,791,837.79	-	-	-	49,791,837.79	63,556,023.52	113,347,861.31
2. Used during the period	-	-	-	-	(36,295,916.78)	-	-	-	(36,295,916.78)	(47,736,228.26)	(84,032,145.04)
(5) Others	-	-	(238,555,502.49)	-	-	-	-	-	(238,555,502.49)	-	(238,555,502.49)
III. Balance at the end of the period	10,677,771,134.00	14,526,000,000.00	5,831,608,610.27	575,633,238.38	64,881,888.59	2,263,251,151.05	457,650,791.76	27,651,154,076.98	62,047,950,901.03	31,408,542,400.46	93,456,493,301.49

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 2022

RMB

	Note V	January to June 2022	January to June 2021
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		<b>53,511,764,498.69</b>	61,033,914,350.41
Refunds of taxes		<b>125,919,992.66</b>	157,884,182.25
Net decrease in deposits placed with the Central Bank		–	371,556,117.87
Cash received from other operating activities	69	<b>180,946,898.92</b>	262,335,676.96
Subtotal of cash inflows from operating activities		<b>53,818,631,390.27</b>	61,825,690,327.49
Cash paid for goods and services		<b>39,504,976,728.24</b>	40,271,597,498.45
Cash paid to and on behalf of employees		<b>3,541,638,179.83</b>	3,417,964,409.54
Cash paid for all types of taxes		<b>4,180,022,203.80</b>	4,913,323,827.54
Net increase in deposits placed with the Central Bank		<b>6,903,985.62</b>	–
Cash paid for other operating activities	69	<b>2,833,397,448.51</b>	2,647,716,155.66
Subtotal of cash outflows from operating activities		<b>50,066,938,546.00</b>	51,250,601,891.19
Net cash flows from operating activities	69	<b>3,751,692,844.27</b>	10,575,088,436.30
II. Cash flows from investing activities:			
Cash received from redemption of investments		<b>409,401,901.00</b>	9,743,313.69
Cash received from return on investments		<b>400,984,303.81</b>	456,180,238.23
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>1,082,782,998.35</b>	938,231,850.52
Cash received from other investing activities	69	<b>2,822,922,228.83</b>	1,588,995,666.03
Subtotal of cash inflows from investing activities		<b>4,716,091,431.99</b>	2,993,151,068.47
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>2,741,228,243.79</b>	1,895,071,555.44
Cash paid for investments		<b>2,877,971,956.55</b>	–
Net cash paid for acquisition of subsidiaries and other operating units	69	<b>124,673,398.49</b>	–
Net cash paid for disposal of subsidiaries and other operating units	69	<b>16,095,835.60</b>	118,697,128.05
Cash paid for other investing activities	69	<b>1,707,816,333.86</b>	1,191,548,799.74
Subtotal of cash outflows from investing activities		<b>7,467,785,768.29</b>	3,205,317,483.23
Net cash flows from investing activities		<b>(2,751,694,336.30)</b>	(212,166,414.76)

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 2022

RMB

	Note V	January to June 2022	January to June 2021
III. Cash flows from financing activities:			
Cash received from investment absorption		<b>424,812,859.46</b>	42,570,000.00
<i>Including: Cash received by subsidiaries from minority interests</i>		<b>424,812,859.46</b>	42,570,000.00
Cash received from issuance of bonds		<b>8,200,000,000.00</b>	5,351,842,452.82
Cash received from issuance of perpetual bonds		<b>3,000,000,000.00</b>	–
Cash received from borrowings		<b>21,838,615,872.80</b>	14,299,133,096.59
Cash received from other financing activities	69	<b>175,196,689.78</b>	754,000,000.00
Subtotal of cash inflows from financing activities		<b><u>33,638,625,422.04</u></b>	<u>20,447,545,549.41</u>
Cash paid for repayment of debts		<b>17,582,520,754.88</b>	24,203,642,083.95
Cash paid for distribution of dividends or profits or for interest expenses		<b>3,337,800,716.56</b>	3,700,755,841.80
<i>Including: Dividends and profits paid by subsidiaries to minority shareholders</i>		<b>1,084,111,005.31</b>	786,961,067.67
Cash paid for repayment of bonds		<b>13,199,009,300.00</b>	8,647,241,000.00
Cash paid for repayment of perpetual bonds		–	1,996,000,000.00
Cash paid for other financing activities	69	<b>2,286,863,242.70</b>	702,443,849.16
Subtotal of cash outflows from financing activities		<b><u>36,406,194,014.14</u></b>	<u>39,250,082,774.91</u>
Net cash flows from financing activities		<b><u>(2,767,568,592.10)</u></b>	<u>(18,802,537,225.50)</u>
IV. Effect of changes in exchange rate on cash and cash equivalents		<b><u>(16,820,984.90)</u></b>	<u>(1,649,310.31)</u>
V. Net decrease in cash and cash equivalents		<b><u>(1,784,391,069.03)</u></b>	<u>(8,441,264,514.27)</u>
Add: Balance of cash and cash equivalents at the beginning of the period		<b><u>15,245,962,910.56</u></b>	<u>22,149,845,547.97</u>
VI. Balance of cash and cash equivalents at the end of the period	69	<b><u>13,461,571,841.53</u></b>	<u>13,708,581,033.70</u>

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Balance Sheet of the Company

As at 30 June 2022

RMB

Assets	Note XIV	30 June 2022 Unaudited	31 December 2021 Audited
<hr/>			
Current assets			
Cash and bank balances		8,105,963,354.10	7,179,017,853.85
Accounts receivable		9,130,327.05	3,487,404.42
Other receivables	1	75,497,771,420.29	75,591,816,315.65
Other current assets	2	<u>602,310,000.00</u>	<u>591,650,000.00</u>
Total current assets		<u>84,215,175,101.44</u>	<u>83,365,971,573.92</u>
Non-current assets			
Long-term equity investments	3	54,517,052,427.66	54,585,516,001.84
Investment in other equity instruments		200,000.00	200,000.00
Other non-current financial assets		260,000,000.00	–
Investment properties	4	13,285,590,730.92	13,068,045,425.39
Fixed assets		891,369,232.29	920,965,319.38
Intangible asset		307,550,337.65	313,440,855.88
Long-term deferred expenditures		10,505,788.31	11,833,130.69
Deferred income tax assets		334,439,754.01	318,439,754.01
Other non-current assets		<u>480,139,387.74</u>	<u>469,593,713.06</u>
Total non-current assets		<u>70,086,847,658.58</u>	<u>69,688,034,200.25</u>
Total assets		<u>154,302,022,760.02</u>	<u>153,054,005,774.17</u>

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Balance Sheet of the Company (continued)

As at 30 June 2022

RMB

Liabilities and shareholders' equity	30 June 2022 Unaudited	31 December 2021 Audited
Current liabilities		
Short-term loans	23,272,310,000.00	20,712,310,000.00
Accounts payable	27,522,458.27	8,950,583.57
Receipts in advance	99,678,937.13	120,788,577.43
Wages payable	85,430.15	15,085,430.15
Tax payable	41,455,053.16	47,064,179.03
Other payables	5,446,841,802.55	4,117,386,653.30
Short-term financing bonds payable	7,500,000,000.00	7,500,000,000.00
Non-current liabilities due within one year	<u>17,303,568,849.80</u>	<u>9,657,162,217.08</u>
Total current liabilities	<u>53,691,462,531.06</u>	<u>42,178,747,640.56</u>
Non-current liabilities		
Long-term loans	19,112,000,000.00	28,569,769,282.44
Bonds payable	23,477,818,939.86	27,270,685,513.08
Long-term wages payable	305,922,646.46	311,661,558.46
Deferred income tax liabilities	<u>2,526,582,839.38</u>	<u>2,472,196,513.00</u>
Total non-current liabilities	<u>45,422,324,425.70</u>	<u>58,624,312,866.98</u>
Total liabilities	<u>99,113,786,956.76</u>	<u>100,803,060,507.54</u>

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Balance Sheet of the Company (continued)

As at 30 June 2022

RMB

Liabilities and shareholders' equity	30 June 2022 Unaudited	31 December 2021 Audited
Shareholders' equity		
Share capital	10,677,771,134.00	10,677,771,134.00
Other equity instruments	18,989,000,000.00	15,989,000,000.00
<i>Including: Perpetual bonds</i>	18,989,000,000.00	15,989,000,000.00
Capital reserve	6,674,854,902.82	6,674,854,902.82
Other comprehensive income	291,932,179.62	291,932,179.62
Surplus reserve	2,470,978,188.48	2,470,978,188.48
Retained profits	<u>16,083,699,398.34</u>	<u>16,146,408,861.71</u>
 Total shareholders' equity	 <u>55,188,235,803.26</u>	 <u>52,250,945,266.63</u>
 Total liabilities and shareholders' equity	 <u>154,302,022,760.02</u>	 <u>153,054,005,774.17</u>

The financial statements have been signed by:

Officer-in-charge of the Company:

**Jiang Yingwu**

Chief accountant:

**Zheng Baojin**

Head of the accounting department:

**Wang Lanfeng**

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Income Statement of the Company

For the six months ended 30 June 2022

RMB

	Note XIV	January to June 2022	January to June 2021
Operating revenue	5	<b>499,765,328.92</b>	475,388,784.85
Less: Operating costs	5	<b>45,745,910.05</b>	35,498,180.76
Tax and surcharges		<b>73,354,739.65</b>	64,051,521.72
Selling expenses		<b>11,433,058.94</b>	3,088,367.40
Administrative expenses		<b>77,344,812.80</b>	70,292,231.92
Research and development expenses		<b>38,409,525.38</b>	34,759,511.39
Finance costs		<b>515,654,650.38</b>	681,712,219.46
Including: Interest expenses		<b>1,886,659,770.46</b>	2,079,804,599.20
Interest income		<b>1,422,946,686.95</b>	1,449,939,408.30
Add: Investment gains	6	<b>1,562,173,933.26</b>	2,146,838,922.98
Including: Gains from investment in associates and joint ventures		<b>1,936,425.82</b>	24,641,572.79
Gains from changes of fair value		<b>217,545,305.53</b>	176,690,507.70
Gains from disposal of assets		<b>105,223.68</b>	–
Operating profit		<b>1,517,647,094.19</b>	1,909,516,182.88
Add: Non-operating revenue		<b>9,204,597.49</b>	4,655,552.85
Less: Non-operating expenses		<b>2,300,559.89</b>	10,632,729.12
Total profit		<b>1,524,551,131.79</b>	1,903,539,006.61
Less: Income tax expenses		<b>38,386,326.38</b>	50,933,477.60
Net profit		<b>1,486,164,805.41</b>	1,852,605,529.01
Classified by continuing operations			
Net profit from continuing operations		<b>1,486,164,805.41</b>	1,852,605,529.01
Net other comprehensive income after tax		–	(7,685,944.00)
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		–	(7,685,944.00)
Total comprehensive income		<b>1,486,164,805.41</b>	1,844,919,585.01

The accompanying notes form an integral part of these financial statements



## Unaudited Interim Statement of Changes in Shareholders' Equity of the Company

For the six months ended 30 June 2022

RMB

For the six months ended 30 June 2022

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Total shareholders' equity
I. Balance at the beginning of the period	<u>10,677,771,134.00</u>	<u>15,989,000,000.00</u>	<u>6,674,854,902.82</u>	<u>291,932,179.62</u>	<u>2,470,978,188.48</u>	<u>16,146,408,861.71</u>	<u>52,250,945,266.63</u>
II. Movements during the period							
(1) Total comprehensive income	-	-	-	-	-	1,486,164,805.41	1,486,164,805.41
(2) Capital contribution and reduction from shareholders							
1. Issuance of perpetual bonds	-	3,000,000,000.00	-	-	-	-	3,000,000,000.00
(3) Profit distribution							
1. Dividend to shareholders	-	-	-	-	-	(1,110,488,197.94)	(1,110,488,197.94)
2. Interest on perpetual bonds	-	-	-	-	-	(438,386,070.84)	(438,386,070.84)
III. Balance at the end of the period	<u>10,677,771,134.00</u>	<u>18,989,000,000.00</u>	<u>6,674,854,902.82</u>	<u>291,932,179.62</u>	<u>2,470,978,188.48</u>	<u>16,083,699,398.34</u>	<u>55,188,235,803.26</u>

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Statement of Changes in Shareholders' Equity of the Company (continued)

For the six months ended 30 June 2022

RMB

For the six months ended 30 June 2021

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Total shareholders' equity
I. Balance at the beginning of the period	10,677,771,134.00	16,972,000,000.00	6,674,854,902.82	296,253,245.62	2,263,251,151.05	15,694,848,196.73	52,578,978,630.22
II. Movements during the period							
(1) Total comprehensive income	-	-	-	(7,685,944.00)	-	1,852,605,529.01	1,844,919,585.01
(2) Capital contribution and reduction from shareholders							
1. Redemption of perpetual bonds	-	(1,996,000,000.00)	-	-	-	-	(1,996,000,000.00)
(3) Profit distribution							
1. Dividend to shareholders	-	-	-	-	-	(640,666,268.04)	(640,666,268.04)
2. Interest on perpetual bonds	-	-	-	-	-	(416,437,260.27)	(416,437,260.27)
III. Balance at the end of the period	10,677,771,134.00	14,976,000,000.00	6,674,854,902.82	288,567,301.62	2,263,251,151.05	16,490,350,197.43	51,370,794,686.92

The accompanying notes form an integral part of these financial statements

# Unaudited Interim Statement of Cash Flows of the Company

For the six months ended 30 June 2022

RMB

	Note XIV	January to June 2022	January to June 2021
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		<b>500,566,457.59</b>	498,285,263.54
Cash received from other operating activities	7	<b>11,870,553,191.59</b>	38,798,245,263.43
Subtotal of cash inflows from operating activities		<b>12,371,119,649.18</b>	39,296,530,526.97
Cash paid for goods and services		<b>8,403,397.29</b>	34,947,957.25
Cash paid to and on behalf of employees		<b>49,983,371.91</b>	46,694,036.03
Cash paid for all types of taxes		<b>94,484,661.29</b>	90,916,710.98
Cash paid for other operating activities	7	<b>10,318,040,782.85</b>	29,425,905,411.46
Subtotal of cash outflows from operating activities		<b>10,470,912,213.34</b>	29,598,464,115.72
Net cash flows from operating activities	8	<b>1,900,207,435.84</b>	9,698,066,411.25
II. Cash flows from investing activities:			
Cash received from return on investments		<b>1,546,668,010.08</b>	1,447,879,084.58
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>156,366.84</b>	–
Subtotal of cash inflows from investing activities		<b>1,546,824,376.92</b>	1,447,879,084.58
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>18,808,928.97</b>	244,217,154.01
Cash paid for investments		<b>261,731,506.85</b>	476,550,000.00
Subtotal of cash outflows from investing activities		<b>280,540,435.82</b>	720,767,154.01
Net cash flows from investing activities		<b>1,266,283,941.10</b>	727,111,930.57

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Statement of Cash Flows of the Company (continued)

For the six months ended 30 June 2022

RMB

	Note XIV	January to June 2022	January to June 2021
III. Cash flows from financing activities:			
Cash received from issuance of bonds		7,500,000,000.00	4,353,300,000.00
Cash received from borrowings		12,900,500,000.00	7,501,000,000.00
Cash received from issuance of perpetual bonds		<u>3,000,000,000.00</u>	—
Subtotal of cash inflows from financing activities		<u>23,400,500,000.00</u>	<u>11,854,300,000.00</u>
Cash paid for repayment of debts		11,474,800,000.00	14,126,635,600.00
Cash paid for distribution of dividends or profits or for interest expenses		2,166,245,876.69	2,511,018,966.39
Cash paid for repayment of bonds		11,999,000,000.00	7,045,001,687.00
Cash paid for repayment of perpetual bonds		—	<u>1,996,000,000.00</u>
Subtotal of cash outflows from financing activities		<u>25,640,045,876.69</u>	<u>25,678,656,253.39</u>
Net cash flows from financing activities		<u>(2,239,545,876.69)</u>	<u>(13,824,356,253.39)</u>
IV. Effect of changes in exchange rate on cash and cash equivalents		—	<u>(83,989.06)</u>
V. Net increase/(decrease) in cash and cash equivalents		926,945,500.25	(3,399,261,900.63)
Add: Balance of cash and cash equivalents at the beginning of the period		<u>7,179,017,853.85</u>	<u>12,663,529,448.63</u>
VI. Balance of cash and cash equivalents at the end of the Period	8	<u>8,105,963,354.10</u>	<u>9,264,267,548.00</u>

The accompanying notes form an integral part of these financial statements

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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 (“Hong Kong Stock Exchange”), 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 Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司) (formerly named as “Beijing State-owned Capital Operation and Management Center” (北京國有資本經營管理中心), hereinafter referred to as “BSCOMC”).

These financial statements were approved by a resolution of the board of directors of the Company on 29 August 2022.

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 Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance as well as specific accounting standards, the implementation guidance, interpretations and other relevant provisions issued and revised subsequently (collectively referred to as “Accounting Standards for Business Enterprises”).

The financial statements are presented on a going concern basis.

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The specific accounting policies and accounting estimation has been prepared by the Group based on actual production and operation characteristics, as mainly embodied in the provision for bad debt of accounts receivable, inventory valuation method, the depreciation of fixed assets, revenue recognition and measurement, the recognition and allocation of development costs on properties under construction.

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

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 30 June 2022 and their financial performance and cash flows for the six months ended 30 June 2022.

#### 2. Accounting period

The accounting year for the Group is from 1 January to 31 December of each Western calendar year. The accounting period for this report is from 1 January to 30 June 2022.

#### 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

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(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.

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, 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 2022

RMB

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

#### 5. Consolidated financial statements

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

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

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

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

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

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

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

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

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



# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

### 7. Cash and cash equivalents

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

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

The Group translates 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. The non-monetary foreign currency items are designated as part of the hedge of the Group's net investment of a foreign operation are recognised in other comprehensive income until the net investment is disposed of, at which the cumulative amount is reclassified to the profit or loss for the current period. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rates prevailing on the transaction dates, while the amounts denominated in the functional currencies do not change. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rates prevailing on the date on which the fair values are determined. The resulting exchange differences are recognised in profit or loss or as other comprehensive income for the current period, depending on the nature of the non-monetary item.

For foreign operations, the Group translates their functional currency amounts into Renminbi in preparing the financial statements as follows: asset and liability items in the balance sheet are translated using the spot exchange rates at the balance sheet date, and equity items other than "retained earnings" are translated using the spot exchange rates on the transaction dates; revenue and expense items in the income statement are translated using the weighted average exchange rate for the period during which the transactions occur (unless it is not appropriate to use such exchange rate to translate as a result of the exchange rate changes, such items will be translated using the spot exchange rate at the transaction date). 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. The component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss on a pro-rata basis

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

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

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 (Unless it is not appropriate to use such exchange rate to translate as a result of the exchange rate changes, such items will be translated at the spot exchange rate prevailing on the date when the cash flows incurred). 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.

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

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

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

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

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

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

Financial assets are measured at fair value on initial recognition. However, if the accounts receivable or 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:

#### *Debt instrument investment measured at amortised cost*

Financial assets are classified as financial assets measured at amortised cost if the financial assets meet the following conditions: the objective of the Group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets requires that the cash flows giving rise on specified dates represent payments of principal and interest on the principal amount outstanding.

#### *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.

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

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

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

###### *Equity instruments investment at fair value through other comprehensive income*

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

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

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

##### ***Classification and measurement of financial liabilities***

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

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

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

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

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

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

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

##### *Financial liabilities carried at amortised cost*

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

#### ***Impairment of financial instruments***

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

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

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

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

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

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

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

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

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

The Group's method for measuring expected credit loss on finance instruments reflects the following factors: unbiased probability weighted average determined by evaluating a series of possible results, time value of money and reasonable and reliable information on past events, current situation and future economic forecast that are available on the balance sheet date without unnecessary extra costs or efforts.

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.

##### ***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.

##### ***Derivative financial instruments***

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

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

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

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

#### ***Convertible bonds***

Upon issuance, the Group determines in accordance with the terms of the convertible bonds whether such bonds consist of both equity and liability components. For convertible bonds that carry both equity and liability components, liability and equity are separately dealt with upon initial recognition. During the segregation, the fair value of the liability is first determined and adopted as the initially recognition. Then the initial recognition of the equity component is determined by deducting the initial liability recognition from the overall issue price of the convertible bonds. Transaction costs are apportioned between liability and equity according to their respective fair values. The liability component is presented as liability and subsequently measured on an amortised cost basis, until it is cancelled, converted or redeemed. The equity component is presented as equity and no subsequent measurement is applicable. The issuance of convertible bonds contain both a liability component and an embedded derivative, that is the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from the convertible bonds and accounted for as a derivative financial instrument. It should be initially measured at fair value. Any excess of proceeds over the amount initially recognized as derivative component is recognised as the liability instrument. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the profit or loss.

#### ***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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 10. Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements are transactions that the Group sells financial assets which will be repurchased at a predetermined price in the future date under repurchase agreements.

Cash paid or received is recognised as amounts held under the resale and repurchase agreements in the balance sheet. Assets sold under repurchase agreements continue to be recognised in the balance sheet.

The difference between the purchase and sale consideration, are amortised over the period of the respective transaction using the effective interest method and are included in interest expense respectively. If there is little difference between the actual interest rate and the contractual interest rate, the interest income and expense shall be calculated according to the contractual interest rate.

#### 11. Inventories

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

Inventories are initially carried at cost. Except for properties under development and completed properties held for sale, cost of inventories comprises all costs of purchase, costs of conversion and other costs. The cost of inventories also includes gains or losses arising from purchase meeting the criteria of cash flow hedging transferred from other comprehensive income. 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.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 11. Inventories *(continued)*

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.

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

## Notes to Unaudited Interim Financial Statements

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### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(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: if acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; if acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; and if acquired by exchange of non-monetary assets, the initial investment cost is determined in accordance with Accounting Standards for Business Enterprises No. 7 – Exchange of Non-Monetary Assets.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

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

For a long-term equity investment where the Group can exercise control over the investee, the long-term equity investment is accounted for using the cost method in the Group'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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

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

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.

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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 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 urban 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.

- (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.

## Notes to Unaudited Interim Financial Statements

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

#### 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%
Office and other equipment	5 years	5%	19%

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.

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

### 16. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. The amounts of other borrowing costs incurred are recognised in profit or loss for the period in which they are incurred. Qualifying assets are assets (fixed assets, investment properties, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

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

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

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

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

- (1) where funds are borrowed for a specific purpose, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any temporary bank interest earned from depositing the borrowed funds 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.

## Notes to Unaudited Interim Financial Statements

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

#### 17. Intangible assets

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

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

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

The useful life of each intangible assets is as follows:

	Useful life
Land use rights	20-60 years
Software use rights	5-10 years
Trademarks rights	Undetermined useful life
Mining rights	Amortised at volume of mining

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

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

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



# Notes to Unaudited Interim Financial Statements

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

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

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 impairment of assets other than inventories, contract assets and assets relating to contract assets, investment properties measured under the fair value model, deferred income tax assets, and financial assets are determined with 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, intangible assets with indefinite useful life and intangible assets that have not been ready for intended use 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.

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.

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

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

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 asset impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

#### 19. Long-term deferred expenditures

Long-term deferred expenditures represent expenditures incurred but should be recognised as expenses over more than one year in the current year and subsequent periods, including costs of leasehold improvements, renovation expenses and stripping cost of mines. A long-term deferred expenditures is amortised using the straight-line method according to the period over which it is estimated to generate economic benefits for the Group.

# Notes to Unaudited Interim Financial Statements

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

### 20. Employee benefits

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

#### ***Short-term benefits***

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

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

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

The Group contributes on a monthly basis to these schemes or annuity based on certain percentages of the salaries of the employees. The Group's employer contributions vest fully with the employees when contributed into the scheme or annuity and there are no forfeited contributions that may be used by the Group.

#### ***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.

## Notes to Unaudited Interim Financial Statements

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

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

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

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 administrative expense and 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.

##### *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.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

### 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.

### 23. Revenue from contracts with customers

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 under the balance sheet.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

### 23. Revenue from contracts with customers *(continued)*

#### ***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 assets 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.

#### ***Contracts for provision of services***

Contracts for provision of services between the Group and its customers generally include performance obligations in relation to disposal of solid and waste, decoration, property management, and hotel operation 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. 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 or output 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 or services, and uses the discount rate of the nominal amount of the contract consideration to the discounted price of the goods sold or services rendered. 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 or services and the customer's payment for goods or services is expected to be less than one year, the Group did not consider the significant financing components existing in the contract.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

### 23. Revenue from contracts with customers *(continued)*

#### ***Warranty obligations***

The Group provides quality assurance for the goods sold or the assets constructed 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.

#### ***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.

#### ***Sales return clause***

For sales with a sales return clause, the Group recognizes revenue based on the amount of consideration expected to be received by the customer for the transfer of the goods to the customer, and recognizes the amount that is expected to be refunded as a result of the sales return as an estimated liability. The remaining amount, subsequent to deduction of expected costs from collecting the goods (including the decrease in value of the returned goods), that is returns cost receivables, is recognized as an asset in accordance with the carrying value during the expected transfer of returned goods after deducting the costs of the above net assets carried forward. On each balance sheet date, the Group re-estimates the future sales return and re-measures the above assets and liabilities.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 23. Revenue from contracts with customers *(continued)*

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

##### ***Contract assets***

Contract asset refers to the right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time.

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

##### ***Contract liabilities***

Contract liabilities present the obligation to transfer goods or services to a customer for consideration received or receivable from the customer, such as the amount received by the enterprise before the promised goods or services are transfer to the customers.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 25. Assets related to contractual cost

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 or services to which the assets relates; less
- (2) the estimated costs to be incurred for the exchange of the related goods or services

#### 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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 26. Government grants *(continued)*

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: 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 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.

#### 27. Deferred income tax

Deferred income 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 income 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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 27. Deferred income tax *(continued)*

A deferred income 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 income 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.

At the balance sheet date, the Group measured the deferred income tax assets and liabilities 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 income tax assets and deferred income 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 income 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 income tax assets to be utilised. Unrecognised deferred income 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 income tax asset to be recovered.

When the following conditions are satisfied, deferred income tax assets and deferred income tax liabilities are shown as net amounts after set-off: there is a legally enforceable right to settle current income tax assets and current income tax liabilities on a net basis; deferred income tax assets and deferred income 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 income tax assets and current income tax liabilities on a net basis or to simultaneously acquire assets and repay debts during each future period in which significant amounts of deferred income tax assets and deferred income tax liabilities are expected to be reversed.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 28. Right-of-use assets

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, which is initially carried at cost. The cost of the right-of-use asset includes: the initial measurement amount of the lease liability; 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; the initial direct expenses incurred by the lessee; and the cost expected to be 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. When the Group re-measures the lease liabilities due to the change in lease payment amount, it shall adjust the carrying amounts of the right-of-use assets accordingly. 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.

#### 29. Lease liabilities

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. The lease payments include fixed payments and in-substance fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option and payments for exercising the option to terminate a lease, if the Group is reasonably certain to exercise that option or the lease term reflects the Group exercising the option to terminate.

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, unless otherwise stipulated to be recognized in related asset costs. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred, unless otherwise stipulated to be recognised in related asset costs.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 29. Lease liabilities *(continued)*

After the commencement date of the lease term, the Group increases the carrying amount to reflect interest on the lease liability and reduce the carrying amount to reflect lease payments made. 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

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.

##### ***As a lessee***

The Group recognises the right-of-use assets and lease liabilities for the lease, please refer to Notes III. 28 and III. 29 for the accounting treatment.

##### *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.

##### ***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. For a contract that contains one or more lease or non-lease components, the Group allocates the consideration in the contract on the basis of the relative stand-alone price of the lease component.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 30. Leases *(continued)*

##### *As a lessor of a finance lease*

As at the commencement date of the lease term, the Group 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, including initial direct expenses.

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.

##### *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. Variable lease payments not included in the measurement of the net investment in the lease are recognized in profit or loss as incurred. The initial direct expenses are capitalised and amortised over the lease term on the same basis as rental income is recognized, recognized in profit or loss in the current period.

##### ***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.

##### *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.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

### 31. Hedge accounting

In respect of the methods of hedge accounting, the Group's hedging is classified as fair value hedge, that is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognized firm commitment (other than foreign exchange risk).

At the inception of a hedge relationship, the Group officially designates the hedge relationship and prepares formal written documentation of the hedge relationship, risk management objectives and hedge strategies. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness. Hedge effectiveness is the extent to which the changes in fair value or cash flows of the hedging instruments offset changes in the fair value or cash flow of hedged items caused by the hedged risk. Such hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that such hedges are highly effective during the accounting period with designated hedging relationships.

If the hedging instrument expires or is sold, contract terminated or exercised (but the rollover or replacement of part of a hedging instrument under the hedging strategy is not treated as an expiration or a contract termination), or due to a change in the risk management objective, the hedging relationship no longer meets the risk management objective, or when the hedging no longer meets other conditions of the hedge accounting method, the Group terminates the use of hedge accounting.

Where the hedging relationship no longer meets the hedging effectiveness requirements due to the hedging ratio, but the risk management objectives for the designated hedging relationship have not changed, the Group rebalances the hedging relationship.

The Group's methodology for assessing the effectiveness of hedging, risk management strategy and how to apply the strategy to manage risks are described in Note V. 72.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

#### ***Fair value hedge***

The gains or losses arising from the hedging instrument are recognised in profit or loss. The gain or loss of the hedged item arising from risk exposure is recognised in profit or loss, and the carrying amount of the hedged item that is not measured at fair value is adjusted accordingly.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with the corresponding gain or loss recognised in profit or loss.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 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 and investment in other equity instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 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 – as a 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 almost all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

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

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

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

The Group considers that it controls Tangshan Jidong Equipment & Engineering Co., Ltd. (hereinafter referred to as "Jidong Equipment") even though it owns less than half of the voting rights. This is because the Group is the single largest shareholder of Jidong Equipment, indirectly holding 30% of the shares with voting rights. Other shares of Jidong Equipment 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.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

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

#### *Judgments (continued)*

##### *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.

##### *Other equity instruments – perpetual bonds*

As described in Note V. 45, the Group issued perpetual bonds of RMB4.99 billion, RMB3.0 billion, RMB7.999 billion and RMB3.0 billion in 2017, 2020, 2021 and January-June 2022, respectively. Pursuant to the relevant prospectuses of the medium-term notes, perpetual bonds investment contract of Jiangsu Trust and prospectuses of renewable corporate bonds, 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.

##### *Business model*

The classification of financial assets at initial recognition is dependent on the Group's business model for managing the assets. Factors considered by the Group in judging the business model include enterprise valuation, the method of reporting the results of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by the management personnel of the businesses concerned. In assessing whether the business model is aimed at receiving contract cash flow, the Group is required to analyse and exercise judgment in respect of the reasons, timing, frequency and values of any disposals prior to maturity.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

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

##### *Judgments (continued)*

###### *Characteristics of contract cash flow*

The classification of financial assets at initial recognition is dependent on the characteristics of the contract cash flow of such type of financial assets. Judgment is required to determine whether the contract cash flow represents interest payment in relation to principal amounts based on outstanding principal amounts only, including judgment of whether it is significantly different from the benchmark cash flow when assessing modifications to the time value of currencies, and judgment of whether the fair value of early repayment features is minimal where the financial assets include such early repayment features.

##### *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.

###### *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 judgment and estimation and takes into account all reasonable and reliable information, including forward-looking information. When making such judgment 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. Differences in estimates may have an impact on the provision for Impairment. A provision for impairment may not be equal to the actual amount of impairment losses in the future.

###### *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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(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.

##### *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.

##### *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.

## Notes to Unaudited Interim Financial Statements

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

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

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

###### *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.

###### *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 current and 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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

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

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

###### *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.

###### *Lessee's incremental borrowing rate*

For a lease with uncertain interest rate, the Group adopts the lessee's incremental borrowing rate as the discount rate to calculate the present value of the lease payment. When determining the incremental borrowing rate, the observable interest rate is used as reference basis according to the economic environment in which it operates. Based on this, the interest rate as reference is adjusted to get applicable incremental borrowing rate, according to its own situation, the underlying asset situation, lease term, the amount of the lease liability and other specific conditions leasing business.

##### **Changes of accounting policies**

The Ministry of Finance promulgated the Q&A of implementation of the revenue standard in December 2021. The Group has adopted relevant requirements of the Q&A for the preparation of the financial statements for January-June 2022. The effect on the Group's comparative financial statements is as follows:

Items	January-June 2021 Before the changes	Effect of changes in accounting policies	January-June 2021 After the changes
Selling expenses	1,516,797,922.84	(354,581,552.12)	1,162,216,370.72
Operating costs from principal business	<u>47,477,841,587.33</u>	<u>354,581,552.12</u>	<u>47,832,423,139.45</u>

Accordingly, certain data from previous years in this financial statement have been adjusted, and certain comparative data have been reclassified and restated.

The changes of accounting policies have no impact on the net profit and shareholders' equity of the Group and the Company.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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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 VAT is calculated based on the difference after deducting the input tax amount deductible for the current period. For the sand, soil and stone materials used in construction and production of construction materials sold by the Group, VAT is levied based on the sales revenue at a simplified tax rate of 3%. For the concrete company, VAT is levied based on the sales revenue at a simplified tax rate of 3%. For other goods sold by the Group, it is subject to output tax rate of 13%. For small-scale taxpayers, VAT is levied based on the sales revenue at a simplified tax rate of 3%. 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%, 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, food and beverage and accommodation service, transportation services and professional technical services is 6%, and that for immovable leasing service is 9%.
City maintenance and construction tax:	It is levied at 7%, 5% and 1% of actual VAT paid.
Education surcharge:	It is levied at 3% of actual 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 and rural 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 urban and rural land use tax levels prescribed by local governments.
Individual income tax:	Individual income tax is withheld and paid under the tax laws based on salaries and other personal incomes paid to employees of the Group.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

## IV. TAXATION *(continued)*

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

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 Concessions

#### **Corporate income tax**

- a. 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 High-tech Enterprises (《國家稅務總局關於高新技術企業所得稅優惠有關問題的通知》).
- b. 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稅優惠政策目錄》), Laishui BBMG Environmental Protection Technology Co., Ltd. (涑水金隅冀東環保科技有限公司) (from 1 January 2018 to 31 December 2023) enjoy the preferential corporate income tax policy of "three-year exemption and three-year 50% reduction".



## Notes to Unaudited Interim Financial Statements

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### IV. TAXATION *(continued)*

#### 2. Tax Concessions *(continued)*

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

- c. 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稅收政策問題的通知》) (Cai Shui [2011] No. 58), Announcement No. 12, 2012 of the State Administration of Taxation on the Corporate Income Tax in relation to Deepening the Implementation of the Western Development Strategy (《關於深入實施西部大開發戰略有關企業所得稅問題的公告》) and Announcement No. 23, 2020 of the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission of Announcement on Renewing Income Tax Policy for Western Development (《關於延續西部大開發企業所得稅政策的公告》), 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.
  
- d. Pursuant to the Approval of the Implementation Plan of Corporate Income Tax Relief Policy in Dachang Hui Autonomous County (《關於大廠回族自治縣企業所得稅減免政策實施方案的批覆》) (Ji Cai Shui [2011] No. 13), Beijing Sanchong Mirror (Dachang) Co., Ltd, a subsidiary of the Group, is entitled to a preferential corporate income tax rate of 15%.

##### **Value-added tax (VAT)**

Certain subsidiaries of the Group enjoy the following VAT preferences:

- a. In accordance with the relevant policies of the “Announcement on Improving the Value-added Tax Policy for Comprehensive Utilization of Resources” (關於完善資源綜合利用增值稅政策的公告) (Cai Shui (2021) No. 40) which took effect from 1 March 2022, if a subsidiary of BBMG which is engaged in cement production, adopts rotary kiln process for cement production, the proportion of waste residue (excluding limestone waste residue) in raw materials of cements with grade 42.5 and above is not lower than 20% and that in raw materials of other cements and cement clinkers is not lower than 40%, it may enjoy 70% VAT refund upon collection. According to the relevant policies of the “Announcement on Improving the Value-added Tax Policy for Comprehensive Utilization of Resources” (關於完善資源綜合利用增值稅政策的公告) (Cai Shui (2021) No. 40), if a subsidiary of BBMG with pollutant and waste disposal capacity, is engaged in labor services such as waste disposal and sludge treatment and disposal, it may enjoy 70% VAT refund upon collection.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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## IV. TAXATION *(continued)*

### 2. Tax Concessions *(continued)*

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

- b. In accordance with the relevant policies of the "Announcement on Improving the Value-added Tax Policy for Comprehensive Utilization of Resources" (關於完善資源綜合利用增值稅政策的公告) (Cai Shui (2021) No. 40) which took effect from 1 March 2022, a minor portion of products of BBMG Mortar Co., Ltd., Tianjin Jinyu Treasure Bright Mortar Co., Ltd. and Tangshan Dunshi Dry Powder Building Materials Co., Ltd., being the subsidiaries of the Group, meet the requirement of Comprehensive Utilization of Resources, enjoying 70% VAT refund upon collection.
- c. 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 (《財政部國家稅務總局關於軟件產品增值稅政策的通知》) (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.
- d. 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 (《財政部國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36), the elderly services provided by Beijing BBMG Aixin Binhe Elderly Services Co., Ltd., Beijing BBMG Aixin Taihe Senior Care Service Co., Ltd, Beijing BBMG Aixin Tonghe Senior Care Service Co., Ltd. and Beijing BBMG Senior Care Industry Investment Management Co., Ltd. are exempted from VAT.

## Notes to Unaudited Interim Financial Statements

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

#### 1. Cash and bank balances

	30 June 2022	31 December 2021
Cash on hand	<b>256,296.68</b>	455,219.88
Bank deposits	<b>17,550,767,737.30</b>	20,104,926,811.28
Other cash and bank balances	<b>663,692,056.13</b>	617,165,112.58
Statutory deposit reserve placement with central bank by finance company	<b><u>1,206,325,361.82</u></b>	<u>1,199,421,376.20</u>
	<b><u>19,421,041,451.93</u></b>	<u>21,921,968,519.94</u>

Cash and bank balances with restrictions:

	30 June 2022	31 December 2021
Statutory deposit reserve placement with central bank by finance company	<b>1,206,325,361.82</b>	1,199,421,376.20
Deposits for letter of credit	<b>34,147,501.46</b>	22,354,507.33
Quality/performance guarantees	<b>349,481,763.84</b>	342,176,075.77
Deposits for acceptance bills	<b>194,744,483.03</b>	193,649,306.29
Restricted part of property pre-sale funds	<b>3,973,186,870.65</b>	4,518,459,281.36
Other cash and bank balances with restrictions	<b><u>201,583,629.60</u></b>	<u>399,945,062.43</u>
	<b><u>5,959,469,610.40</u></b>	<u>6,676,005,609.38</u>

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 2022, the Group's cash and bank balances deposited overseas amounted to RMB80,720,630.74 (31 December 2021: RMB59,391,059.82).

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 2. Financial assets held for trading

	30 June 2022	31 December 2021
Financial assets at fair value through profit or loss		
Debt instrument investment	<b>1,159,808,771.34</b>	1,140,577,348.45
Equity instrument investment	<b>12,599,400.00</b>	11,663,300.00
	<b>1,172,408,171.34</b>	1,152,240,648.45

#### 3. Bills receivable

	30 June 2022	31 December 2021
Commercial acceptance bills	<b>948,044,027.70</b>	788,923,979.84
Bank acceptance bills	<b>139,471,808.67</b>	–
Less: Provision for bad debts of bills receivable	<b>66,935,309.27</b>	83,232,369.02
	<b>1,020,580,527.10</b>	705,691,610.82

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

	30 June 2022		31 December 2021	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Commercial acceptance bills	–	<b>305,870,900.05</b>	–	193,990,605.34
Bank acceptance bills	–	<b>100,997,040.94</b>	–	–

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### 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:

	30 June 2022	31 December 2021
Commercial acceptance bills	<b>190,279,918.88</b>	191,644,373.58

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

	30 June 2022	31 December 2021
Balance at the beginning of the period/year	<b>83,232,369.02</b>	130,507,751.31
Reversal for the period/year	<b>(16,297,059.75)</b>	(47,275,382.29)
Balance at the end of the period/year	<b>66,935,309.27</b>	83,232,369.02

See Note VIII. 2 for transfer of bills receivable.

## Notes to Unaudited Interim Financial Statements

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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:

	30 June 2022	31 December 2021
Within 1 year	<b>6,843,031,084.74</b>	5,158,852,453.10
1 to 2 years	<b>2,249,339,852.21</b>	2,234,214,174.38
2 to 3 years	<b>817,161,838.26</b>	841,871,168.56
3 to 4 years	<b>287,938,310.05</b>	312,284,638.61
4 to 5 years	<b>246,346,475.25</b>	370,724,976.78
Over 5 years	<b><u>1,353,156,711.42</u></b>	<u>1,213,302,055.54</u>
	<b>11,796,974,271.93</b>	10,131,249,466.97
Less: Provision for bad debts of accounts receivable	<b><u>2,720,438,315.10</u></b>	<u>2,607,321,953.57</u>
	<b><u>9,076,535,956.83</u></b>	<u>7,523,927,513.40</u>

The aging of accounts receivable is calculated from the date of delivery of goods or provision of services to the customers and the date when the invoice issued.

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

	30 June 2022	31 December 2021
Balance at the beginning of the period/year	<b>2,607,321,953.57</b>	2,593,616,351.63
Provision for the period/year	<b>111,270,903.28</b>	216,674,705.33
Reversal for the period/year	<b>(2,430,514.38)</b>	(66,397,339.45)
Write-off for the period/year	<b>(15,407.28)</b>	(101,123,687.16)
Removed from upon disposal of subsidiaries	–	(41,402,441.17)
Other transfer in	<b><u>4,291,379.91</u></b>	<u>5,954,364.39</u>
Balance at the end of the period/year	<b><u>2,720,438,315.10</u></b>	<u>2,607,321,953.57</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 4. Accounts receivable (continued)

	30 June 2022				
	Balance of carrying amount		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Percentage of provision (%)	
Individual provision for bad debts	1,390,846,643.62	11.79	796,374,132.60	57.26	594,472,511.02
Provision for bad debts by credit risk characteristics group	10,406,127,628.31	88.21	1,924,064,182.50	18.49	8,482,063,445.81
	<u>11,796,974,271.93</u>	<u>100.00</u>	<u>2,720,438,315.10</u>	<u>23.06</u>	<u>9,076,535,956.83</u>

  

	31 December 2021				
	Balance of carrying amount		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Percentage of provision (%)	
Individual provision for bad debts	1,195,869,598.23	11.80	742,934,122.21	62.13	452,935,476.02
Provision for bad debts by credit risk characteristics group	8,935,379,868.74	88.20	1,864,387,831.36	20.87	7,070,992,037.38
	<u>10,131,249,466.97</u>	<u>100.00</u>	<u>2,607,321,953.57</u>	<u>25.74</u>	<u>7,523,927,513.40</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 4. Accounts receivable (continued)

As at 30 June 2022, accounts receivable which were subject to individual provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Unit 1	78,257,597.41	-	-	All collectible
Unit 2	72,208,600.00	-	-	All collectible
Unit 3	67,170,448.13	67,170,448.13	100.00	All uncollectible
Unit 4	57,803,440.23	57,018,550.47	98.64	Partly uncollectible
Unit 5	51,900,000.00	51,900,000.00	100.00	All uncollectible
Other units	<u>1,063,506,557.85</u>	<u>620,285,134.00</u>	58.32	Partly uncollectible
	<u>1,390,846,643.62</u>	<u>796,374,132.60</u>		

As at 31 December 2021, accounts receivable which were subject to individual provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Unit 6	95,793,205.69	20,081,584.22	20.96	Partly uncollectible
Unit 4	78,697,034.78	56,218,550.47	71.44	Partly uncollectible
Unit 3	67,170,448.13	67,170,448.13	100.00	All uncollectible
Unit 5	51,900,000.00	51,900,000.00	100.00	All uncollectible
Unit 7	25,000,000.00	7,498,012.75	29.99	Partly uncollectible
Other units	<u>877,308,909.63</u>	<u>540,065,526.64</u>	61.56	Partly uncollectible
	<u>1,195,869,598.23</u>	<u>742,934,122.21</u>		



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### 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 credit risk characteristics is as follows:

	30 June 2022		
	Balance of carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 1 year (inclusive of 1 year)	6,504,927,052.45	2.87	186,927,210.13
1 to 2 years (inclusive of 2 years)	2,044,020,183.30	15.94	325,890,695.37
2 to 3 years (inclusive of 3 years)	596,575,446.77	34.78	207,513,146.18
3 to 4 years (inclusive of 4 years)	174,029,489.84	67.32	117,157,674.87
4 to 5 years (inclusive of 5 years)	154,399,062.84	100.00	154,399,062.84
Over 5 years	932,176,393.11	100.00	932,176,393.11
	<b>10,406,127,628.31</b>		<b>1,924,064,182.50</b>

  

	31 December 2021		
	Balance of carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 1 year (inclusive of 1 year)	5,157,628,065.74	2.98	153,448,951.00
1 to 2 years (inclusive of 2 years)	1,829,744,608.13	14.31	261,759,829.72
2 to 3 years (inclusive of 3 years)	659,541,097.49	35.00	230,856,784.86
3 to 4 years (inclusive of 4 years)	216,281,832.36	67.57	146,138,000.76
4 to 5 years (inclusive of 5 years)	201,420,721.89	100.00	201,420,721.89
Over 5 years	870,763,543.13	100.00	870,763,543.13
	<b>8,935,379,868.74</b>		<b>1,864,387,831.36</b>

As at 30 June 2022, there was no reversal of provision for bad debts of individually significant accounts receivable or recovery of individually significant accounts receivable.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 4. Accounts receivable (continued)

As at 31 December 2021, reversal of provision for bad debts of individually significant accounts receivable or recovery of individually significant accounts receivable are as follows:

	Reason for reversal	Basis of determining the original provisions for bad debts	Accumulated amount of provisions for bad debts before recovery	Reversal amount
Unit 2	Payment for goods received	Expected partly uncollectible	78,697,034.78	22,478,484.31
Unit 8	Payment for goods received	Expected all uncollectible	9,767,398.46	9,767,398.46
Unit 9	Payment for goods received	Expected all uncollectible	8,938,026.20	8,938,026.20
Unit 10	Payment for goods received	Expected partly uncollectible	3,165,309.00	1,364,844.12
Unit 11	Payment for goods received	Expected partly uncollectible	2,679,260.59	2,656,911.00
Other units	Payment for goods received	Expected partly uncollectible	23,075,389.59	21,191,675.36
			126,322,418.62	66,397,339.45

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 4. Accounts receivable (continued)

As at 30 June 2022, 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	188,150,522.53	1.59	25,118,602.96	163,031,919.57
Second	157,192,278.21	1.33	12,403,700.26	144,788,577.95
Third	137,601,537.63	1.17	15,560,916.58	122,040,621.05
Fourth	99,325,886.34	0.84	3,973,035.45	95,352,850.89
Fifth	95,793,205.69	0.81	20,081,584.22	75,711,621.47
	<b>678,063,430.40</b>	<b>5.75</b>	<b>77,137,839.47</b>	<b>600,925,590.93</b>

As at 31 December 2021, 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	233,026,517.54	2.30	28,836,886.62	204,189,630.92
Second	132,577,173.76	1.31	14,959,823.04	117,617,350.72
Third	100,791,366.46	0.99	100,791,366.46	–
Fourth	95,793,205.69	0.95	20,081,584.22	75,711,621.47
Fifth	78,697,034.78	0.78	56,218,550.47	22,478,484.31
	<b>640,885,298.23</b>	<b>6.33</b>	<b>220,888,210.81</b>	<b>419,997,087.42</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 5. Financing receivables

	30 June 2022	31 December 2021
Bank acceptance bills	<u>1,866,581,286.89</u>	<u>2,514,575,159.07</u>

Due to the needs of daily fund management, the subsidiaries of the Group endorsed bank acceptance bills. The Group therefore classify bank acceptance bills as financial assets at fair value through other comprehensive income.

As at 30 June 2022, bank acceptance bills of RMB2,169,683.32 were used for discounting; and the pledged bank acceptance bills of RMB49,909,015.16 were used for invoicing. For details of discounting and pledge of bank acceptance bills, please refer to Note V. 70.

As at 30 June 2022, the Group's bills endorsed or discounted but not yet due are as follows:

	Derecognised at the end of period	Not derecognised at the end of period
Bank acceptance bills	<u>6,031,735,163.14</u>	<u>—</u>

As at 31 December 2021, the Group's bills endorsed or discounted but not yet due are as follows:

	Derecognised at the end of year	Not derecognised at the end of year
Bank acceptance bills	<u>6,645,552,460.43</u>	<u>89,661,875.68</u>

As at 30 June 2022, the Group endorsed the undue notes receivable to its suppliers or discounted to banks to settle trade payables or obtain short-term borrowings of the same amounts and derecognised these notes receivable and the payables to suppliers and short-term borrowings in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue notes receivable is limited to when the issuance banks of these undue notes are unable to settle the amounts due to the holders of these notes. As at 30 June 2022, the maximum exposure to loss from its continuous involvement represents the amounts of undue notes receivable of RMB6,031,735,163.14 (31 December 2021: RMB6,645,552,460.43), which the Group endorsed to its suppliers or discounted to banks.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 6. Prepayments

An aging analysis of prepayments is as follows:

	30 June 2022		31 December 2021	
	Balance of carrying amount	Proportion (%)	Balance of carrying amount	Proportion (%)
Within 1 year	2,232,809,043.92	95.74	1,693,394,944.81	95.28
1 to 2 years	54,938,207.99	2.36	39,742,170.78	2.24
2 to 3 years	12,115,575.73	0.52	15,355,540.02	0.86
Over 3 years	32,350,838.98	1.40	28,773,285.97	1.62
	<b>2,332,213,666.62</b>	<b>100.00</b>	1,777,265,941.58	100.00
Less: Provision for bad debts of prepayments	<b>32,299,063.52</b>		31,693,854.03	
	<b>2,299,914,603.10</b>		1,745,572,087.55	

As at 30 June 2022, there were no significant prepayments aging over 1 year (31 December 2021: Nil).

As at 30 June 2022, the top five prepayments based on balances of the debtors are analysed as follows:

	Balance	Percentage of total amount (%)
First	182,126,416.71	7.81
Second	92,886,885.20	3.98
Third	83,473,064.15	3.58
Fourth	54,358,197.52	2.33
Fifth	47,734,254.55	2.05
	<b>460,578,818.13</b>	<b>19.75</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 6. Prepayments (continued)

As at 31 December 2021, the top five prepayments based on balances of the debtors are analysed as follows:

	Balance	Percentage of total amount (%)
First	139,270,010.37	7.84
Second	94,061,027.45	5.29
Third	70,365,063.66	3.96
Fourth	66,659,288.60	3.75
Fifth	66,458,633.87	3.74
	<u>436,814,023.95</u>	<u>24.58</u>

The movement in provision for bad debts of prepayments is as follows:

	30 June 2022	31 December 2021
Balance at the beginning of the period/year	<b>31,693,854.03</b>	44,437,907.62
Provision for the period/year	<b>1,595,103.69</b>	(564,917.46)
Transferred in upon acquisition of subsidiaries	<b>(154,418.99)</b>	–
Reversal for the period/year	<b>(835,475.21)</b>	(1,040,262.71)
Removed from upon disposal of subsidiaries	–	(10,227,484.72)
Other transfer out	–	(911,388.70)
	<u><b>32,299,063.52</b></u>	<u>31,693,854.03</u>

As at the balance sheet date, the management identified and made provision for bad debts of significant prepayments with individual identification method.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 7. Other receivables

	30 June 2022	31 December 2021
Interests receivable	<b>117,433,377.58</b>	37,746,686.77
Interests of bonds	<b>12,501,188.40</b>	13,320,985.57
Interests of borrowings due from associates and joint ventures	<b>84,326,848.06</b>	8,739,834.85
Other interests	<b>20,605,341.12</b>	15,685,866.35
Dividends receivable	<b>5,612,600.00</b>	–
Other receivables	<b>10,489,403,062.55</b>	12,116,172,243.69
Deposits and reserve funds	<b>1,670,541,987.01</b>	1,388,563,626.58
Current account with other entities	<b>2,608,473,107.93</b>	4,326,066,426.00
Disbursements previously made	<b>1,197,256,251.69</b>	827,856,439.44
Investment receivable	<b>500,983,033.27</b>	307,243,540.65
Government grants receivable	<b>78,780,985.29</b>	58,420,764.92
Amount due from associates	<b>659,240,179.19</b>	2,575,172,931.14
Amount due from joint ventures	<b>836,333,995.00</b>	39,736,116.20
Amount due from other related parties	<b>130,620,297.47</b>	133,335,622.67
Other current account	<b><u>2,807,173,225.70</u></b>	<u>2,459,776,776.10</u>
	<b>10,612,449,040.13</b>	12,153,918,930.46
Less: Provision for bad debts of other receivables	<b><u>2,702,171,297.41</u></b>	<u>2,720,952,142.32</u>
	<b><u>7,910,277,742.72</u></b>	<u>9,432,966,788.14</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 7. Other receivables (continued)

An aging analysis of other receivables is as follows:

	30 June 2022	31 December 2021
Within 1 year	<b>4,715,455,443.99</b>	6,104,633,357.64
1 to 2 years	<b>842,170,065.76</b>	1,349,505,022.19
2 to 3 years	<b>980,050,141.13</b>	719,245,824.84
3 to 4 years	<b>680,046,531.97</b>	1,083,913,011.50
4 to 5 years	<b>942,836,523.56</b>	376,568,197.85
Over 5 years	<b><u>2,451,890,333.72</u></b>	<u>2,520,053,516.44</u>
	<b>10,612,449,040.13</b>	12,153,918,930.46
Less: Provision for bad debts of other receivables	<b><u>2,702,171,297.41</u></b>	<u>2,720,952,142.32</u>
	<b><u>7,910,277,742.72</u></b>	<u>9,432,966,788.14</u>

The movements in provision for bad debts of other receivables measured based on 12-month expected credit losses and lifetime expected credit loss are as follows:

#### 30 June 2022

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit-impaired financial assets (lifetime expected credit loss)	Total
Opening balance	2,832,576.32	962,875,110.00	1,755,244,456.00	2,720,952,142.32
– transferred to stage two	(536,241.02)	536,241.02	–	–
– transferred to stage three	–	(25,635,234.56)	25,635,234.56	–
Provision for the period	1,072,239.59	1,485,833.06	3,163,760.95	5,721,833.60
Reversal for the period	–	(251,249.57)	(17,464,425.48)	(17,715,675.05)
Other changes	–	–	(6,787,003.46)	(6,787,003.46)
Closing balance	<b><u>3,368,574.89</u></b>	<b><u>939,010,699.95</u></b>	<b><u>1,759,792,022.57</u></b>	<b><u>2,702,171,297.41</u></b>



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 7. Other receivables (continued)

Reversal for the period was mainly due to the recovery of investment equity of RMB10,000,000.00 that have been provided for bad debts in previous years.

31 December 2021

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit-impaired financial assets (lifetime expected credit loss)	Total
Opening balance	2,976,553.51	928,808,712.69	1,159,582,028.76	2,091,367,294.96
– transferred to stage two	(997,404.67)	997,404.67	–	–
– transferred to stage three	–	(23,721,580.36)	23,721,580.36	–
Provision for the year	853,427.48	38,191,025.62	102,586,535.02	141,630,988.12
Reversal for the year	–	–	(54,830,606.72)	(54,830,606.72)
Write-off for the year	–	(21,952.06)	(2,374,936.40)	(2,396,888.46)
Other changes	–	18,621,499.44	526,559,854.98	545,181,354.42
Closing balance	<u>2,832,576.32</u>	<u>962,875,110.00</u>	<u>1,755,244,456.00</u>	<u>2,720,952,142.32</u>

As at 30 June 2022, the top 5 of other receivables were as follows:

	Closing balance	Proportion in total balance of other receivables (%)	Nature	Aging
First	802,921,928.00	7.57	Amount due from joint ventures	Within 1 year
Second	795,448,120.00	7.50	Other current account	0-3 years, 4-5 years
Third	741,576,634.17	6.99	Disbursements previously made	Within 1 year
Fourth	492,763,938.50	4.64	Current account with other entities	1-5 years
Fifth	441,751,477.93	4.16	Current account with other entities	0-5 years
	<u>3,274,462,098.60</u>	<u>30.86</u>		

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 7. Other receivables (continued)

As at 31 December 2021, the top 5 of other receivables were as follows:

	Closing balance	Proportion in total balance of other receivables (%)	Nature	Aging
First	1,597,065,000.00	13.14	Current account with other entities	Within 1 year
Second	1,043,375,251.26	8.58	Amount due from associates	Within 1 year
Third	887,424,495.00	7.30	Amount due from associates	Within 1 year
Fourth	616,300,120.00	5.07	Other current account	1-2 years, 3-4 years
Fifth	440,299,082.10	3.62	Disbursements previously made	1-5 years
	<u>4,584,463,948.36</u>	<u>37.71</u>		

As at 30 June 2022, government grants receivable were as follows:

	Grant item	Amount	Aging	Expected time of receipt, amount and basis
Local tax authorities	<b>Refunds of VAT</b>	<b><u>69,768,801.52</u></b>	<b>Within 1 year</b>	<b>2022</b>

As at 31 December 2021, government grants receivable were as follows:

	Grant item	Amount	Aging	Expected time of receipt, amount and basis
Local tax authorities	Refunds of VAT	<u>58,420,764.92</u>	Within 1 year	2022

As set out in Note IV. 2 Tax, certain companies of the Group enjoy the policy of immediate refund of VAT levied. The management expects that the amounts will be fully recovered in 2022.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 8. Inventories

	30 June 2022		
	Balance of carrying amount	Provision for decline in value/provision for impairment	Carrying value
Raw materials	2,850,959,634.66	36,580,982.60	2,814,378,652.06
Items in production	1,777,624,386.69	13,225,058.91	1,764,399,327.78
Finished goods	4,117,722,098.50	161,857,497.36	3,955,864,601.14
Turnover materials	7,517,365.00	–	7,517,365.00
Development costs	69,982,840,933.12	255,795,822.08	69,727,045,111.04
Products under development	32,472,362,498.14	581,086,923.90	31,891,275,574.24
Contract performance cost	103,355,451.99	–	103,355,451.99
	<b>111,312,382,368.10</b>	<b>1,048,546,284.85</b>	<b>110,263,836,083.25</b>

  

	31 December 2021		
	Balance of carrying amount	Provision for decline in value/provision for impairment	Carrying value
Raw materials	2,297,100,178.54	40,466,874.44	2,256,633,304.10
Items in production	1,008,071,368.70	28,377,555.08	979,693,813.62
Finished goods	3,428,692,940.96	165,065,737.74	3,263,627,203.22
Turnover materials	9,228,256.63	–	9,228,256.63
Development costs	74,239,483,427.23	354,120,396.83	73,885,363,030.40
Products under development	37,227,476,361.15	725,035,575.83	36,502,440,785.32
Contract performance cost	31,837,094.45	–	31,837,094.45
	<b>118,241,889,627.66</b>	<b>1,313,066,139.92</b>	<b>116,928,823,487.74</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 8. Inventories (continued)

The information on the amortisation of contract performance cost in the balance of inventories is as follows:

30 June 2022

	Balance at the beginning of the period	Increase during the period	Amortisation during the period	Balance at the end of the period
Contract performance cost	<u>31,837,094.45</u>	<u>219,032,327.05</u>	<u>147,513,969.51</u>	<u>103,355,451.99</u>

31 December 2021

	Opening balance	Increase during the year	Amortisation during the year	Closing balance
Contract performance cost	<u>51,728,759.95</u>	<u>1,266,422,251.72</u>	<u>1,286,313,917.22</u>	<u>31,837,094.45</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 8. Inventories (continued)

The movements in provision for decline in value of inventories and impairment of contract performance cost are as follows:

30 June 2022

	Balance at the beginning of the period	Provision for the period	Decrease during the period		Balance at the end of the period
			Reversal	Write-off	
Raw materials	40,466,874.44	-	346,020.73	3,539,871.11	36,580,982.60
Items in production	28,377,555.08	-	3,953,363.86	11,199,132.31	13,225,058.91
Finished goods	165,065,737.74	18,339,037.11	1,398,337.04	20,148,940.45	161,857,497.36
Development costs	354,120,396.83	406,891.75	-	98,731,466.50	255,795,822.08
Products under development	725,035,575.83	15,265,284.75	-	159,213,936.68	581,086,923.90
	<u>1,313,066,139.92</u>	<u>34,011,213.61</u>	<u>5,697,721.63</u>	<u>292,833,347.05</u>	<u>1,048,546,284.85</u>

31 December 2021

	Opening balance	Provision for the period	Decrease during the year			Closing balance
			Removed from upon disposal of subsidiaries	Reversal	Write-off	
Raw materials	80,287,293.90	4,132,039.57	5,965,161.62	3,803,606.59	34,183,690.82	40,466,874.44
Items in production	22,601,263.03	21,225,883.84	2,181,159.22	5,173,984.70	8,094,447.87	28,377,555.08
Finished goods	203,489,470.71	34,092,854.13	632,397.15	-	71,884,189.95	165,065,737.74
Contract performance cost	17,385,514.15	-	-	-	17,385,514.15	-
Development costs	133,678,677.65	220,441,719.18	-	-	-	354,120,396.83
Products under development	256,310,421.19	619,878,475.66	-	-	151,153,321.02	725,035,575.83
	<u>713,752,640.63</u>	<u>899,770,972.38</u>	<u>8,778,717.99</u>	<u>8,977,591.29</u>	<u>282,701,163.81</u>	<u>1,313,066,139.92</u>

As at 30 June 2022, the balance of development costs included the capitalised borrowing costs of RMB4,499,158,007.88 (31 December 2021: RMB3,771,967,006.24). The capitalised borrowing costs amounted to RMB1,047,921,938.30 in aggregate from January to June 2022 (2021: RMB2,401,317,931.32), and the rate of interest capitalisation was 3.21% (2021: 4.20%). Details of pledge of inventories are set out in Note V. 70.

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

(continued)

### 8. Inventories (continued)

The following sets out the breakdown of costs of property development:

Project name	Time of commencement	Estimated completion time of the next phase	Estimated aggregate investment	30 June 2022	31 December 2021
Beijing -Anningzhuang	March 2019	December 2023	10,200,000,000	<b>8,646,389,556.12</b>	8,020,227,089.38
Shanghai -Yangpu R-09 Plot	December 2020	March 2024	9,597,920,000	<b>7,447,934,021.09</b>	7,218,590,417.50
Tianjin -Airport Economic Zone	March 2018	August 2022	7,576,287,023	<b>6,664,072,778.68</b>	6,650,595,258.66
Hangzhou -Plot 42 and Plot 52 of BBMG Hanchao	December 2019	June 2023	4,970,520,000	<b>4,936,554,864.42</b>	4,630,611,851.67
Tianjin -Jinyu Jincheng	December 2020	March 2024	6,721,820,000	<b>4,674,887,589.17</b>	4,372,406,816.62
Beijing - Shibaidian	March 2022	August 2024	5,269,300,000	<b>4,035,159,515.18</b>	3,894,170,129.83
Hangzhou - Huichao Yuefu	November 2021	December 2024	4,736,327,988	<b>3,806,096,458.50</b>	3,950,480,548.26
Chongqing -Xinduhui Project	June 2018	September 2022	20,117,351,300	<b>3,089,429,854.27</b>	3,848,418,373.37
Ningbo -Eastern New City Project	June 2021	November 2023	3,357,880,000	<b>2,722,345,495.13</b>	2,570,178,748.79
Beijing -Incubator Technology Park	March 2018	June 2023	7,597,410,000	<b>2,393,254,005.62</b>	2,063,141,237.56
Chengdu -Gaoxin Zhonghe Project	September 2018	November 2022	2,941,350,000	<b>2,211,872,030.49</b>	2,160,033,158.26
Tangshan - Mining & Metallurgical A	May 2022	September 2024	4,242,230,000	<b>2,240,325,414.89</b>	2,211,329,708.10
Anhui - Nanqi Cultural and Creative Center	May 2018	November 2022	2,443,573,140	<b>2,013,692,052.50</b>	1,985,759,032.45
Qingdao -Jinyu Jimo	December 2018	June 2023	3,910,000,000	<b>1,975,880,030.57</b>	3,234,429,153.01
Changzhou - Zhonglou Project	December 2021	February 2024	2,768,660,000	<b>1,862,745,650.50</b>	1,717,193,158.87
Hefei -Baohe S1802	February 2019	March 2023	3,007,450,000	<b>1,784,490,002.02</b>	1,496,501,378.79
Tangshan -Qixin 1889#	April 2014	June 2023	4,383,990,000	<b>1,583,112,965.76</b>	1,748,392,332.82
Hefei - Shanhu Yunzhu (山湖雲築)	January 2021	December 2024	2,582,706,989	<b>1,512,852,490.54</b>	1,466,731,256.87
Nanjing - G79 Qixia Project	November 2021	July 2024	2,100,000,000	<b>1,348,528,560.45</b>	1,207,915,164.09
Tianjin - Yingshun Building	March 2018	September 2022	1,162,230,000	<b>1,055,240,085.73</b>	1,014,195,466.89
Tianjin -Jinzhong River Project	April 2019	August 2022	6,622,270,000	<b>855,118,558.08</b>	837,214,758.32
Chongqing -Nanshanjun	December 2011	June 2023	5,198,000,000	<b>455,817,299.26</b>	460,433,829.86
Beijing -Kanghuiyuan	February 2009	December 2022	1,923,699,964	<b>388,767,777.57</b>	383,075,376.67
Beijing -Wangjing Star	September 2020	September 2023	926,000,000	<b>335,286,648.82</b>	256,323,281.37
Nanjing -Plot G20 at Jiulonghu	July 2018	September 2022	5,267,680,000	<b>288,133,242.96</b>	261,841,046.68
Beijing -Penglai Project	May 2015	October 2023	6,816,300,000	<b>284,838,475.71</b>	292,680,376.64
Chongqing -Times Metro	October 2012	April 2023	5,068,220,000	<b>261,357,181.81</b>	218,172,563.76
Hefei -Plot S1606 at Baohe District	May 2017	March 2023	7,249,190,004	<b>236,318,336.74</b>	2,950,662,578.60
Nanjing -Dairy Farm Project	December 2016	September 2022	6,845,850,000	<b>145,060,227.69</b>	757,080,252.43
Beijing - Linoleum factory Project	September 2022	November 2024	3,852,150,000	<b>101,834,388.10</b>	-
Nanhu -Jin'anshiming	March 2018	December 2022	2,384,260,000	<b>73,441,973.60</b>	811,061,318.93
Tangshan -Jinyu Lefu	March 2010	December 2022	2,902,542,700	<b>68,049,346.58</b>	69,115,462.04
Others				<b>228,158,232.49</b>	1,126,401,903.31
				<b>69,727,045,111.04</b>	73,885,363,030.40

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

(continued)

### 8. Inventories (continued)

The following sets out the breakdown of products of property development:

Project name	Completion date of the latest phase	Opening balance	Increase during the period	Decrease during the period	Closing balance
Tianjin – Treasures Mansion	June 2021	3,948,115,767.63	–	155,145,668.04	3,792,970,099.59
Beijing -Incubator Technology Park	November 2021	3,786,124,106.60	–	648,120,889.96	3,138,003,216.64
Beijing-Jinlinjiayuan	December 2020	2,484,294,192.23	88,729,028.81	41,173,224.24	2,531,849,996.80
Nanjing-Zijingdiayuan	March 2022	2,226,325,881.36	721,382,223.95	595,358,581.30	2,352,349,524.01
Beijing-Shangchengjun	December 2021	3,700,679,930.14	74,425,530.24	1,729,023,933.22	2,046,081,527.16
Chongqing -Nanshanjun	October 2021	1,663,506,845.52	–	167,756,669.72	1,495,750,175.80
Tangshan -Jin'anhongbao	June 2022	705,635,676.00	727,602,128.20	77,904,996.25	1,355,332,807.95
Hefei- Baohe project	December 2021	1,679,841,999.33	2,728,226,884.63	3,082,202,731.88	1,325,866,152.08
Chongqing – Xinduhui	May 2022	818,838,504.55	1,060,950,237.52	765,460,069.49	1,114,328,672.58
Qingdao – Treasures Mansion	June 2022	–	1,573,891,549.23	505,248,855.11	1,068,642,694.12
Beijing -Wangchuan Beiyuan	December 2020	1,131,499,776.58	–	125,554,795.91	1,005,944,980.67
Chengdu – Shangchengjun Project	August 2021	1,054,865,224.63	–	166,226,771.88	888,638,452.75
Beijing -Chaoyang New City	December 2020	743,902,490.37	–	2,399,690.09	741,502,800.28
Shanghai -Jiading Juyuan	March 2019	725,543,483.30	–	18,968,185.00	706,575,298.30
Chengdu-Shangxifu	November 2020	620,889,851.75	32,390,426.69	43,608,208.13	609,672,070.31
Tangshan – Treasures Mansion	June 2022	258,899,539.46	429,269,024.41	129,887,480.17	558,281,083.70
Hefei-Nanqi Garden	November 2020	596,663,778.13	–	56,214,246.80	540,449,531.33
Ningbo – Kanjiang Times	June 2019	480,342,614.96	–	37,918,240.05	442,424,374.91
Ningbo -Gaixin District Project	March 2021	570,936,650.82	–	144,803,796.82	426,132,854.00
Beijing -Jin'gang Jiayuan	December 2020	399,744,921.65	–	3,340,663.90	396,404,257.75
Chongqing -Times Metro	August 2018	431,460,143.81	–	40,899,961.99	390,560,181.82
Chengdu -Gaixin Zhonghe Project	June 2021	926,873,922.45	–	575,564,574.23	351,309,348.22
Tangshan -Caofeidian E-02-2	February 2022	206,182,363.00	125,709,534.62	8,907,002.02	322,984,895.60
Haikou -Yangguangjun	June 2022	234,287,145.30	832,400,504.35	756,990,633.76	309,697,015.89
Chengde- BBMG Model Community	December 2020	280,189,086.05	–	9,635,580.36	270,553,505.69
Beijing – Jinyu Xuefu	November 2021	705,968,277.59	–	475,843,658.19	230,124,619.40
Nanjing-Zijingxiyuan	November 2021	510,447,595.93	–	281,004,863.00	229,442,732.93

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

(continued)

#### 8. Inventories (continued)

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

Project name	Completion date of the latest phase	Opening balance	Increase during the period	Decrease during the period	Closing balance
Beijing-Jinlinfu	December 2020	309,897,917.71	-	80,768,713.76	229,129,203.95
Qingdao-Qingdao Hefu	January 2020	203,392,268.74	-	17,425,551.32	185,966,717.42
Hangzhou-Metro Forest	November 2020	201,374,896.44	-	15,782,321.95	185,592,574.49
Chengdu-Dachengjun	December 2014	174,765,118.49	-	5,784,514.74	168,980,603.75
Inner Mongolia-Global Center	December 2020	178,779,177.59	-	17,320,692.90	161,458,484.69
Hefei-Jincheng Mansions	December 2021	233,326,654.52	-	76,365,512.23	156,961,142.29
Tangshan-Qixin 1889#	November 2020	196,573,031.57	-	44,787,260.69	151,785,770.88
Chengdu-Longxi Center	July 2020	161,241,813.96	-	12,658,309.08	148,583,504.88
Others		3,951,030,137.16	-	2,090,085,435.55	1,860,944,701.61
		<u>36,502,440,785.32</u>	<u>8,394,977,072.65</u>	<u>13,006,142,283.73</u>	<u>31,891,275,574.24</u>



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For the six months ended 30 June 2022

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

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#### 9. 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.

	30 June 2022			31 December 2021		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Completed but not yet settled	<u>97,614,849.25</u>	<u>4,270,054.32</u>	<u>93,344,794.93</u>	<u>61,850,158.86</u>	<u>1,521,456.55</u>	<u>60,328,702.31</u>

The movements in the provisions for impairment of contract assets are as follows:

	Balance at the beginning of the period/year	Provision for the period/year	Reversal for the period/year	Write-off for the period/year	Balance at the end of the period/year
January to June 2022	<u>1,521,456.55</u>	<u>3,127,795.51</u>	<u>-</u>	<u>379,197.74</u>	<u>4,270,054.32</u>
2021	<u>1,155,978.00</u>	<u>1,190,582.95</u>	<u>-</u>	<u>825,104.40</u>	<u>1,521,456.55</u>

#### 10. Non-current assets due within one year

	30 June 2022	31 December 2021
Debt investment due within one year	<u>690,777,600.00</u>	-
Long-term receivables due within one year	<u>204,375,306.13</u>	<u>127,377,276.90</u>
	<u>895,152,906.13</u>	<u>127,377,276.90</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 11. Other current assets

	30 June 2022	31 December 2021
Prepaid enterprise income tax	<b>983,196,138.68</b>	1,035,408,122.44
Prepaid value-added tax	<b>1,016,581,591.30</b>	1,039,556,303.97
Prepaid other tax	<b>944,558,520.01</b>	787,046,210.12
Input tax recoverable	<b>4,018,251,892.05</b>	4,334,186,192.11
Input tax certifiable	<b>100,430,000.74</b>	167,438,247.41
Cost of obtaining a contract	<b>61,607,742.13</b>	114,859,719.63
Others	<b>439,083,114.91</b>	366,764,747.37
	<b><u>7,563,708,999.82</u></b>	<b><u>7,845,259,543.05</u></b>

The details of assets relating to contract cost is as follows:

#### 30 June 2022

	Balance at the beginning of the period	Increase during the period	Amortisation during the period	Provisions for impairment	Balance at the end of the period
Cost of obtaining a contract	<u>114,859,719.63</u>	<u>7,218,212.10</u>	<u>60,470,189.60</u>	-	<u>61,607,742.13</u>

#### 31 December 2021

	Balance at the beginning of the year	Increase during the year	Amortisation during the year	Provisions for impairment	Balance at the end of the year
Cost of obtaining a contract	<u>187,249,119.83</u>	<u>126,586,684.87</u>	<u>198,976,085.07</u>	-	<u>114,859,719.63</u>

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 12. Debt investments

		30 June 2022	31 December 2021
Financial Bonds of Policy Bank -19 Nong Fa 01	(Note 1)	<b>199,917,800.00</b>	199,917,800.00
Financial Bonds of Policy Bank -20 Nong Fa 04		–	290,984,228.26
20 China Cinda Bonds 01BC	(Note 2)	<b>399,855,819.18</b>	–
19 Great Wall Bonds 02BC (Type II)	(Note 3)	<b>422,615,282.34</b>	–
Beijing Trust Fengshi Rongxin No. 12 B003	(Note 4)	<b>129,745,472.62</b>	–
		<b>1,152,134,374.14</b>	490,902,028.26

Note 1: In 2019, BBMG Finance Co., Ltd. purchased the first tranche of financial bonds for 2019 of Agricultural Development Bank of China totaling RMB199,917,800.00 with a coupon rate of 3.75% and maturity date of 24 January 2029. Interest is payable annually in arrears on 25 January of each year.

Note 2: In 2022, BBMG Finance Co., Ltd. purchased financial bonds of China Cinda Asset Management Co., Ltd. totaling RMB399,727,600.00 with a coupon rate of 3.90% and maturity date of 5 March 2030. Interest is payable annually in arrears on 5 March of each year.

Note 3: In 2022, BBMG Finance Co., Ltd. purchased financial bonds of China Great Wall Asset Management Co., Ltd. totaling RMB422,882,400.00 with a coupon rate of 4.84% and maturity date of 25 April 2029. Interest is payable annually in arrears on 25 April of each year.

Note 4: In 2022, BBMG Finance Lease Co., Ltd. purchased Beijing Trust Fengshi Rongxin No. 12 (BOC Zhaifu) Collective Fund Trust Plan No. B003 totaling RMB136,000 with the term of 22 months. The distribution date of the trust returns will be 13 January 2023 and 14 January 2024, respectively. The reference yield is 8.3%.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 13. Long-term receivables

	30 June 2022		
	Balance of carrying amount	Provision for bad debts	Carrying value
Sales of goods by instalments	292,475,187.84	9,771,535.09	282,703,652.75
Loans to related parties	2,263,637,349.20	–	2,263,637,349.20
Finance lease payment	672,931,153.88	–	672,931,153.88
Others	779,174,050.42	168,713,974.18	610,460,076.24
	<b>4,008,217,741.34</b>	<b>178,485,509.27</b>	<b>3,829,732,232.07</b>
Less: Long-term receivables due within one year	204,375,306.13	–	204,375,306.13
	<b>3,803,842,435.21</b>	<b>178,485,509.27</b>	<b>3,625,356,925.94</b>
	31 December 2021		
	Balance of carrying amount	Provision for bad debts	Carrying value
Sales of goods by instalments	299,811,317.09	10,010,071.77	289,801,245.32
Loans to related parties	277,222,022.10	–	277,222,022.10
Finance lease payment	350,339,451.04	–	350,339,451.04
Others	383,440,850.42	168,713,974.18	214,726,876.24
	1,310,813,640.65	178,724,045.95	1,132,089,594.70
Less: Long-term receivables due within one year	127,377,276.90	–	127,377,276.90
	<b>1,183,436,363.75</b>	<b>178,724,045.95</b>	<b>1,004,712,317.80</b>

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 the year.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 13. Long-term receivables (continued)

The finance lease business of the Group calculates the discount rate based on the internal rate of return, and the discount rate ranges from 6.84% to 7.49%.

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

	30 June 2022	31 December 2021
Balance at the beginning of the period/year	<b>178,724,045.95</b>	13,068,598.12
Provision for the period/year	<b>60,667.81</b>	168,713,974.18
Reversal for the period/year	<b>(299,204.49)</b>	(3,058,526.35)
Balance at the end of the period/year	<b>178,485,509.27</b>	178,724,045.95

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

(continued)

### 14. Long-term equity investments

January to June 2022

	Movements during the period							Closing balance	Provision for impairment at the end of the period
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		
Joint ventures									
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	478,391,126.60	-	-	58,919,273.48	-	505,388.00	(165,979,500.00)	371,836,288.08	-
Jidong Heidelberg (Uingyang) Cement Co., Ltd.	627,065,121.34	-	-	83,318,692.40	-	432,607.28	(185,000,000.00)	525,816,421.02	-
Anshan Jidong Cement Co., Ltd.	239,109,261.95	-	-	(10,088,896.98)	-	(42,590.77)	-	228,977,774.20	-
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	158,083,783.47	-	-	7,299,351.96	-	-	(25,000,000.00)	140,383,135.43	-
Dahongmen (Beijing) Construction Development Co., Ltd.	58,826,391.49	-	-	(5,225,822.26)	-	-	-	53,600,569.23	-
BBMG TUS Technology Incubator Co., Ltd.	5,252,938.45	-	-	392,327.77	-	-	-	5,645,266.22	-
STAR-USG Building Materials Co., Ltd.	55,211,000.26	-	-	90,374.46	-	-	-	55,301,374.72	-
Cross Point Trading 274 (Pty) Ltd (RF)	189,117,234.50	-	-	22,122,245.18	(13,601,143.68)	9,900.01	(4,267,167.94)	193,381,068.07	-
Hebei Xiongan Zhitong Technology Co., Ltd.	33,284,032.99	-	-	1,763,599.62	-	-	-	35,047,632.61	-
BBMG Vanke Real Estate Development Co., Ltd. (北京金隅華科房地產開發有限公司)	-	190,399,564.70	-	-	-	-	-	190,399,564.70	-
Sub-total	1,844,340,891.05	190,399,564.70	-	158,591,145.63	(13,601,143.68)	905,304.52	(380,246,667.94)	1,800,389,094.28	-
Associates									
Liaoning Yunding Cement Group Co., Ltd.	1,154,255.04	-	-	(34,890.81)	-	9,663.11	-	1,129,027.34	-
Shanxi BBMG Jidong Environmental Protection Technology Co., Ltd. (山西金隅冀東環保科技有限公司)	121,330,311.34	-	(116,448,007.72)	(5,010,210.49)	-	127,906.87	-	-	-
Jilin Changjitu Investment Co., Ltd.	127,489,655.30	-	-	(1,483,354.75)	-	625,950.59	-	126,632,251.14	-
Jidong Cement Fufeng Transportation Co., Ltd.	6,301,564.53	-	-	213,773.51	-	536.14	(1,187,500.00)	5,328,374.18	-
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	16,931,934.10	8,000,000.00	-	-	-	-	(521,700.00)	24,410,234.10	-
Nanjing Huayu Decoration Engineering Co., Ltd. (南京華宇裝飾工程有限公司)	-	1,000,000.00	-	-	-	-	-	1,000,000.00	-

# Notes to Unaudited Interim Financial Statements

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

(continued)

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

January to June 2022 (continued)

	Movements during the period							Provision for impairment at the end of the period	
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		Closing balance
Associates (continued)									
Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司)	-	613,605,276.00	-	(1,142,231.95)	-	-	-	612,463,044.05	-
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	432,296,170.03	-	(72,108,691.57)	(888,469.01)	-	-	-	359,299,009.45	-
Nanjing Huayu Real Estate Development Co., Ltd. (南京輝陽房地產開發有限公司)	458,376,463.80	41,000,000.00	-	(925,380.78)	-	-	-	498,451,083.02	-
Beijing Chenyu Real Estate Development Co., Ltd.	2,337,445,112.30	-	-	(4,471,661.03)	-	-	-	2,332,973,451.27	-
Beijing Sinobaide Technology Co., Ltd.	16,967,700.25	-	-	(197,760.61)	-	-	-	16,769,939.64	-
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	882,844.68	-	-	(47,650.57)	-	-	-	835,194.11	-
Beijing Jinhai Cheng Management Consulting Partnership LLP (北京金海誠管理諮詢合夥企業(有限合夥))	300,000.00	120,000.00	-	(29.38)	-	-	-	419,970.62	-
Zehnder (China) Indoor Climate Co., Ltd.	106,132,496.24	-	-	1,784,039.39	-	-	-	107,916,535.63	-
Beijing Toto Co., Ltd.	146,398,625.63	-	-	174,211.21	-	-	-	146,572,836.84	(60,000,000.00)
Tangshan Conch Profiles Co., Ltd.	122,019,147.62	-	-	(4,305,978.04)	-	-	(2,800,000.00)	114,913,169.58	-
OCV Reinforcements (Beijing) Co., Ltd.	82,357,852.02	-	-	796,994.03	-	-	-	83,154,846.05	-
Beijing Jingyi Ecological Cultural Tourism Investment Co., Ltd. (北京京西生態文旅投資有限公司)	10,000,503.03	-	-	(1,626,324.75)	-	-	-	8,374,178.28	-
Beijing Innovation Industry Investment Co., Ltd.	208,198,341.15	-	-	10,738,203.07	-	-	-	218,936,544.22	-
Toto Machinery (Beijing) Company Limited	151,716,557.93	-	-	(5,715,093.55)	-	-	-	146,001,464.38	-
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	4,981,823.43	-	-	-	-	-	-	4,981,823.43	-
SINUI TRADING PTE LTD	19.72	-	(19.72)	-	-	-	-	-	-
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	29,699,874.85	-	-	(693,525.08)	-	-	-	29,006,349.77	-
Tianjin Yaopi Glass Co., Ltd.	168,352,375.51	-	-	2,456,670.42	-	-	-	170,809,045.93	-
Tianjin Binhai Jiantai Investment Co., Ltd.	110,474,400.00	-	(110,474,400.00)	-	-	-	-	-	-
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	-	-	-	-	-	-	31,940,000.00	(31,940,000.00)
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	-	-	-	-	8,244,156.30	(8,244,156.30)
Beijing Jinhai Cheng Technology Innovation Investment Partnership LLP (北京金海誠科技投資合夥企業(有限合夥))	40,000,000.00	30,000,000.00	-	105,649.20	-	-	-	70,105,649.20	-
Sub-total	4,739,992,184.80	693,725,276.00	(299,031,119.01)	(10,273,019.97)	-	764,056.71	(4,509,200.00)	5,120,668,178.53	(100,184,156.30)
Total	6,584,333,075.85	884,124,840.70	(299,031,119.01)	148,318,125.66	(13,601,143.68)	1,669,361.23	(384,755,867.94)	6,921,057,272.81	(100,184,156.30)

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

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

2021

	Movements during the year							Provision for impairment at the end of the year	
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		Closing balance
<b>Joint ventures</b>									
BBMG TUS Technology Incubator Co., Ltd.	5,179,484.03	-	-	73,454.42	-	-	-	5,252,938.45	-
STAR-USG Building Materials Co., Ltd.	48,656,234.95	-	-	6,554,765.31	-	-	-	55,211,000.26	-
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	663,539,889.80	-	-	178,578,925.62	-	(53,694.08)	(215,000,000.00)	627,065,121.34	-
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	489,091,807.62	-	-	160,153,430.78	-	(63,611.80)	(170,790,500.00)	478,391,126.60	-
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	166,991,004.77	-	-	16,092,778.70	-	-	(25,000,000.00)	158,083,783.47	-
Anshan Jidong Cement Co., Ltd.	234,473,611.32	-	-	9,635,650.63	-	-	(5,000,000.00)	239,109,261.95	-
Cross Point Trading 274 (Pty) Ltd (RF)	179,023,798.41	-	-	43,629,689.91	(11,354,210.57)	-	(22,182,043.25)	189,117,234.50	-
Hebei Xiongan Zhitong Technology Co., Ltd.	10,200,000.00	-	-	23,084,032.99	-	-	-	33,284,032.99	-
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門北京建設發展有限公司)	-	60,000,000.00	-	(1,173,608.51)	-	-	-	58,826,391.49	-
Sub-total	1,797,155,830.90	60,000,000.00	-	436,629,119.85	(11,354,210.57)	(117,305.88)	(437,972,543.25)	1,844,340,891.05	-
<b>Associates</b>									
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	16,681,934.10	-	-	250,000.00	-	-	-	16,931,934.10	-
Beijing Chenyu Real Estate Development Co., Ltd.	946,904,307.77	1,715,000,000.00	(261,817,302.99)	(62,641,892.48)	-	-	-	2,337,445,112.30	-
Nanjing Huayu Real Estate Development Co., Ltd. (南京樺陽房地產開發有限公司)	-	459,000,000.00	-	(623,536.20)	-	-	-	458,376,463.80	-
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	-	432,646,005.00	-	(349,834.97)	-	-	-	432,296,170.03	-
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	1,263,619.13	-	-	(380,774.45)	-	-	-	882,844.68	-
Beijing Sinobaide Technology Co., Ltd.	17,856,837.41	-	-	(889,137.16)	-	-	-	16,967,700.25	-
Beijing Jinhai Cheng Management Consulting Partnership LLP (北京金海誠管理諮詢合夥企業(有限合夥))	-	300,000.00	-	-	-	-	-	300,000.00	-
Beijing Jinhai Cheng Technology Innovation Investment Partnership LLP (北京金海誠科技投資合夥企業(有限合夥))	-	40,000,000.00	-	-	-	-	-	40,000,000.00	-



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

(continued)

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

2021 (continued)

	Movements during the year							Closing balance	Provision for impairment at the end of the year
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		
<b>Associates (continued)</b>									
Zehnder (China) Indoor Climate Co., Ltd.	106,890,558.40	-	-	(758,062.16)	-	-	-	106,132,496.24	-
OCV Reinforcements (Beijing) Co., Ltd.	72,124,607.97	-	-	14,253,244.05	-	-	(4,020,000.00)	82,357,852.02	-
Tangshan Conch Profiles Co., Ltd.	131,622,124.80	-	-	(9,602,977.18)	-	-	-	122,019,147.62	-
Toto Machinery (Beijing) Company Limited	149,915,671.53	-	-	1,800,886.40	-	-	-	151,716,557.93	-
Beijing Toto Co., Ltd.	144,989,762.92	-	-	1,408,862.71	-	-	-	146,398,625.63	(60,000,000.00)
Beijing Innovation Industry Investment Co., Ltd.	201,217,151.75	-	-	6,981,189.40	-	-	-	208,198,341.15	-
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. (北京京西生態文旅投資有限公司)	-	10,000,000.00	-	503.03	-	-	-	10,000,503.03	-
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	4,981,823.43	-	-	-	-	-	-	4,981,823.43	-
SINUI TRADING PTE LTD	4,579,091.96	-	(3,943,933.75)	(253,486.49)	-	-	(381,652.00)	19.72	-
Jilin Changjitu Investment Co., Ltd.	133,880,350.23	-	-	(6,390,694.93)	-	-	-	127,489,655.30	-
Liaoning Yunding Cement Group Co., Ltd.	1,268,979.33	-	-	(114,724.29)	-	-	-	1,154,255.04	-
Shanxi China Resources Fulong Cement Limited	-	122,000,000.00	-	(1,331,751.28)	-	662,062.62	-	121,330,311.34	-
Jidong Cement Fufeng Transportation Co., Ltd.	6,449,489.17	-	-	1,064,325.43	-	(24,750.07)	(1,187,500.00)	6,301,564.53	-
Tianjin Gangbei Concrete Co., Ltd.	3,168,320.69	-	-	-	-	-	(3,120,000.00)	48,320.69	(48,320.69)
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	29,610,194.74	-	-	89,680.11	-	-	-	29,699,874.85	-
Tianjin Yaopi Glass Co., Ltd.	147,123,950.76	-	-	21,228,424.75	-	-	-	168,352,375.51	-
Tianjin Binhai Jiantai Investment Co., Ltd.	110,474,400.00	-	-	-	-	-	-	110,474,400.00	-
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	-	-	-	-	-	-	31,940,000.00	(31,940,000.00)
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	-	-	-	-	8,244,156.30	(8,244,156.30)
Sub-total	2,271,187,332.39	2,778,946,005.00	(265,761,236.74)	(36,259,755.71)	-	637,312.55	(8,709,152.00)	4,740,040,505.49	(100,232,476.99)
Total	4,068,343,163.29	2,838,946,005.00	(265,761,236.74)	400,369,364.14	(11,354,210.57)	520,006.67	(446,681,695.25)	6,584,381,396.54	(100,232,476.99)

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

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

Impairment provision for long-term equity investments is as follows:

##### January to June 2022

	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period
Beijing Toto Co., Ltd.	60,000,000.00	-	-	60,000,000.00
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	-	-	31,940,000.00
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	8,244,156.30
Tianjin Gangbei Concrete Co., Ltd.	48,320.69	-	48,320.69	-
Total	<u>100,232,476.99</u>	<u>-</u>	<u>48,320.69</u>	<u>100,184,156.30</u>

##### 2021

	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Beijing Toto Co., Ltd.	60,000,000.00	-	-	60,000,000.00
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	-	-	31,940,000.00
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	8,244,156.30
Tianjin Gangbei Concrete Co., Ltd.	-	48,320.69	-	48,320.69
Total	<u>100,184,156.30</u>	<u>48,320.69</u>	<u>-</u>	<u>100,232,476.99</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 15. Investment in other equity instruments

30 June 2022

	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	Equity instruments held of dividend income for the period
Investments in shares of listed companies	950,201,826.70	(208,252,820.08)	741,949,006.62	12,222,222.21
Equity investments in non-listed companies	257,271,174.51	(14,146,270.52)	243,124,903.99	6,123,579.37
	<u>1,207,473,001.21</u>	<u>(222,399,090.60)</u>	<u>985,073,910.61</u>	<u>18,345,801.58</u>

31 December 2021

	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	Equity instruments held of dividend income for the year
Investments in shares of listed companies	450,201,827.20	(97,634,131.20)	352,567,696.00	–
Equity investments in non-listed companies	257,783,496.11	(13,576,342.67)	244,207,153.44	8,538,486.53
	<u>707,985,323.31</u>	<u>(111,210,473.87)</u>	<u>596,774,849.44</u>	<u>8,538,486.53</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 16. Other non-current financial assets

	30 June 2022	31 December 2021
Financial assets at fair value through profit or loss	<u>260,000,000.00</u>	<u>–</u>

#### 17. Investment properties

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

For the six months ended 30 June 2022:

	Completed buildings	Buildings in progress	Total
Opening balance	32,986,470,843.26	3,105,819,225.53	36,092,290,068.79
Acquisition for the period	21,329,498.51	705,260,330.28	726,589,828.79
Transfer from construction in progress	996,740,660.23	(868,835,878.13)	127,904,782.10
Disposal for the period	(50,871,698.75)	–	(50,871,698.75)
Changes in fair value	<u>289,793,218.19</u>	<u>–</u>	<u>289,793,218.19</u>
Closing balance	<u>34,243,462,521.44</u>	<u>2,942,243,677.68</u>	<u>37,185,706,199.12</u>

2021:

	Completed buildings	Buildings in progress	Total
Opening balance	29,325,818,846.64	1,357,981,224.38	30,683,800,071.02
Acquisition for the year	627,744,989.52	973,026,710.13	1,600,771,699.65
Transfer from inventories	2,540,700,000.00	774,811,291.02	3,315,511,291.02
Transfer from intangible assets	1,471,740.00	–	1,471,740.00
Transfer from fixed assets	58,100,000.00	–	58,100,000.00
Disposal for the year	(219,483,324.18)	–	(219,483,324.18)
Changes in fair value	<u>652,118,591.28</u>	<u>–</u>	<u>652,118,591.28</u>
Closing balance	<u>32,986,470,843.26</u>	<u>3,105,819,225.53</u>	<u>36,092,290,068.79</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 17. Investment properties (continued)

All the above investment properties are located in the PRC and held under operating commercial leases. The Group's investment properties are available for a remaining period ranging from 11 years to 66 years, which can be used for medium and long-term lease.

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 2022, the carrying value of investment properties without completing their procedures for the title certificates was RMB1,207,987,522.83 (31 December 2021: RMB1,262,588,110.00). 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. 70.

As at 30 June 2022, the completed investment properties without completing their procedures for the title certificates were as follows:

	Carrying value	Reasons for uncompleting the procedures for the title certificates
Jianjin Building	261,000,000.00	In the process of handling the procedures for changing the relevant titles
Jinhuanyu Building	139,000,000.00	In the process of handling the procedures for changing the relevant titles
Tianjin Building Materials in Circum-Bohai Sea Golden Coast	807,987,522.83	In the process of handling the procedures for changing the relevant titles

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

### 18. Fixed assets

30 June 2022

	Buildings	Machinery and equipment	Transportation equipment	Office and other equipment	Total
Original price					
Opening balance	34,965,067,448.94	32,080,855,436.51	579,060,137.88	960,643,522.55	68,585,626,545.88
Purchase	32,788,023.52	134,657,831.17	25,667,339.14	28,551,050.83	221,664,244.66
Transfer from construction in progress	181,207,393.84	428,407,318.22	6,043,593.12	17,463,804.40	633,122,109.58
Business combination not under common control	876,110,391.23	298,298,999.73	17,922,138.65	2,657,338.71	1,194,988,868.32
Disposal or retirement	(151,401,277.64)	(1,271,516,626.91)	(95,125,650.29)	(25,125,798.91)	(1,543,169,353.75)
Removed from upon disposal of subsidiaries	(20,896,686.29)	(1,043,685.41)	(1,092,762.40)	(6,126,830.58)	(29,159,964.68)
Other transfer out	(329,570.74)	(58,777,434.16)	(351,327.43)	(32,742.47)	(59,491,074.80)
Closing balance	<u>35,882,545,722.86</u>	<u>31,610,881,839.15</u>	<u>532,123,468.67</u>	<u>978,030,344.53</u>	<u>69,003,581,375.21</u>
Accumulated depreciation					
Opening balance	8,828,006,044.03	13,829,955,584.30	354,042,657.16	528,848,269.54	23,540,852,555.03
Provision	693,279,568.33	1,131,892,478.33	29,431,142.39	58,363,655.77	1,912,966,844.82
Disposal or retirement	(110,138,547.87)	(904,107,584.21)	(83,032,503.87)	(22,327,209.70)	(1,119,605,845.65)
Removed from upon disposal of subsidiaries	(3,583,301.47)	(476,503.70)	(757,379.27)	(5,679,236.93)	(10,496,421.37)
Other transfer out	(3,074.72)	(39,088,387.42)	(23,637.88)	(4,595.79)	(39,119,695.81)
Closing balance	<u>9,407,560,688.30</u>	<u>14,018,175,587.30</u>	<u>299,660,278.53</u>	<u>559,200,882.89</u>	<u>24,284,597,437.02</u>
Provision for impairment					
Opening balance	307,846,270.24	341,655,584.64	22,679,979.22	1,216,387.29	673,398,221.39
Disposal or retirement	(2,695,718.00)	(47,845,691.08)	(7,188,555.22)	(157,851.80)	(57,887,816.10)
Other transfer out	-	(1,529,842.03)	-	-	(1,529,842.03)
Closing balance	<u>305,150,552.24</u>	<u>292,280,051.53</u>	<u>15,491,424.00</u>	<u>1,058,535.49</u>	<u>613,980,563.26</u>
Carrying value					
At the end of the period	<u>26,169,834,482.32</u>	<u>17,300,426,200.32</u>	<u>216,971,766.14</u>	<u>417,770,926.15</u>	<u>44,105,003,374.93</u>
At the beginning of the period	<u>25,829,215,134.67</u>	<u>17,909,244,267.57</u>	<u>202,337,501.50</u>	<u>430,578,865.72</u>	<u>44,371,375,769.46</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 18. Fixed assets (continued)

31 December 2021

	Buildings	Machinery and equipment	Transportation equipment	Office and other equipment	Total
Original price					
Opening balance	33,342,129,549.59	30,780,442,336.33	846,332,689.48	843,372,804.57	65,812,277,379.97
Purchase	583,336,869.05	557,006,834.41	187,072,984.35	162,922,151.66	1,490,338,839.47
Transfer from construction in progress	1,647,794,778.42	1,938,798,785.24	1,066,397.36	37,347,230.32	3,625,007,191.34
Business combination not under common control	–	–	1,126,498.65	2,704,606.25	3,831,104.90
Disposal or retirement	(505,917,852.07)	(994,556,289.42)	(438,572,864.88)	(79,735,785.65)	(2,018,782,792.02)
Removed from upon disposal of subsidiaries	(99,641,312.16)	(122,397,181.70)	(16,693,513.49)	(2,846,616.77)	(241,578,624.12)
Other transfer out	(2,634,583.89)	(78,439,048.35)	(1,272,053.59)	(3,120,867.83)	(85,466,553.66)
Closing balance	<u>34,965,067,448.94</u>	<u>32,080,855,436.51</u>	<u>579,060,137.88</u>	<u>960,643,522.55</u>	<u>68,585,626,545.88</u>
Accumulated depreciation					
Opening balance	7,810,831,367.48	12,782,771,647.67	250,544,858.22	513,354,955.38	21,357,502,828.75
Provision	1,259,511,494.98	2,116,458,239.08	124,838,504.91	92,441,257.56	3,593,249,496.53
Disposal or retirement	(195,747,731.09)	(992,151,791.78)	(5,259,802.40)	(72,800,893.44)	(1,265,960,218.71)
Removed from upon disposal of subsidiaries	(21,193,506.68)	(64,189,100.15)	(10,698,947.43)	(2,395,436.41)	(98,476,990.67)
Other transfer out	(25,395,580.66)	(12,933,410.52)	(5,381,956.14)	(1,751,613.55)	(45,462,560.87)
Closing balance	<u>8,828,006,044.03</u>	<u>13,829,955,584.30</u>	<u>354,042,657.16</u>	<u>528,848,269.54</u>	<u>23,540,852,555.03</u>
Provision for impairment					
Opening balance	398,755,172.87	307,373,467.98	32,289,871.69	1,907,906.08	740,326,418.62
Provision	23,977,004.31	56,739,417.80	635,960.37	–	81,352,382.48
Disposal or retirement	(111,396,935.42)	(22,071,058.63)	(10,245,852.84)	(686,343.95)	(144,400,190.84)
Other transfer out	(3,488,971.52)	(386,242.51)	–	(5,174.84)	(3,880,388.87)
Closing balance	<u>307,846,270.24</u>	<u>341,655,584.64</u>	<u>22,679,979.22</u>	<u>1,216,387.29</u>	<u>673,398,221.39</u>
Carrying value					
At the end of the year	<u>25,829,215,134.67</u>	<u>17,909,244,267.57</u>	<u>202,337,501.50</u>	<u>430,578,865.72</u>	<u>44,371,375,769.46</u>
At the beginning of the year	<u>25,132,543,009.24</u>	<u>17,690,297,220.68</u>	<u>563,497,959.57</u>	<u>328,109,943.11</u>	<u>43,714,448,132.60</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 18. Fixed assets (continued)

Fixed assets that are temporarily idle are as follows:

January to June 2022

	Original price	Accumulated depreciation	Provision for impairment	Carrying value
Buildings	114,355,552.96	41,602,468.68	–	72,753,084.28
Machinery and equipment	89,693,558.58	74,666,990.54	2,632,591.56	12,393,976.48
Transportation equipment	12,300,529.12	6,979,625.39	4,173,054.40	1,147,849.33
Office and other equipment	5,642,796.64	5,347,195.54	–	295,601.10
	<u>221,992,437.30</u>	<u>128,596,280.15</u>	<u>6,805,645.96</u>	<u>86,590,511.19</u>

2021

	Original price	Accumulated depreciation	Provision for impairment	Carrying value
Buildings	114,355,552.96	41,577,787.53	–	72,777,765.43
Machinery and equipment	89,693,558.58	74,027,040.56	2,632,591.56	13,033,926.46
Transportation equipment	12,300,529.12	6,979,625.39	4,173,054.40	1,147,849.33
Office and other equipment	5,642,796.64	5,314,510.14	–	328,286.50
	<u>221,992,437.30</u>	<u>127,898,963.62</u>	<u>6,805,645.96</u>	<u>87,287,827.72</u>



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

(continued)

#### 18. Fixed assets (continued)

Fixed assets leased under operating leases are as follows:

January to June 2022

	Buildings	Machinery and equipment	Transportation equipment	Total
<b>Original price</b>				
Opening balance	383,578,684.17	12,070,316.67	326,588.00	395,975,588.84
Transfer to self-occupied	(29,265,942.31)	-	-	(29,265,942.31)
Disposal or retirement	(123,725.92)	-	-	(123,725.92)
Closing balance	<u>354,189,015.94</u>	<u>12,070,316.67</u>	<u>326,588.00</u>	<u>366,585,920.61</u>
<b>Accumulated depreciation</b>				
Opening balance	150,899,562.10	5,484,180.49	310,258.60	156,694,001.19
Provision	6,075,554.71	87,510.39	-	6,163,065.10
Transfer to self-occupied	(9,412,177.80)	-	-	(9,412,177.80)
Disposal or retirement	(120,014.14)	-	-	(120,014.14)
Closing balance	<u>147,442,924.87</u>	<u>5,571,690.88</u>	<u>310,258.60</u>	<u>153,324,874.35</u>
<b>Provision for impairment</b>				
Opening and closing balance	<u>7,185,051.99</u>	<u>4,505,546.99</u>	-	<u>11,690,598.98</u>
<b>Carrying value</b>				
At the end of the period	<u>199,561,039.08</u>	<u>1,993,078.80</u>	<u>16,329.40</u>	<u>201,570,447.28</u>
At the beginning of the period	<u>225,494,070.08</u>	<u>2,080,589.19</u>	<u>16,329.40</u>	<u>227,590,988.67</u>

As at 30 June 2022, the carrying amount for fixed assets pending completion of the procedures for the title certificates amounted to RMB1,331,535,886.27 (31 December 2021: RMB504,018,823.45). 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. 70.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 19. Construction in progress

	30 June 2022	31 December 2021
Construction in progress	<b>2,607,071,300.71</b>	1,854,266,305.97
Construction materials	<b>45,743,230.02</b>	46,764,868.34
	<b>2,652,814,530.73</b>	1,901,031,174.31

	30 June 2022			31 December 2021		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Shaanxi Jinyu aerated assembly parts						
– Shaanxi Jinyu aerated infrastructure project	153,321,315.04	-	153,321,315.04	20,223,137.24	-	20,223,137.24
Huahai Wind Power						
– Caofeidian New Wind Power Project	108,462,903.07	-	108,462,903.07	108,462,903.07	-	108,462,903.07
Shaanxi Jinyu Energy-Saving Materials & Technology						
– Stone wool production line project with annual output of 40,000 tonnes	125,107,880.55	-	125,107,880.55	22,597,028.60	-	22,597,028.60
BBMG Residential Industrialization (Tangshan)						
– BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	102,781,106.17	-	102,781,106.17	90,245,282.97	-	90,245,282.97
Jidong Cement Tongchuan						
– New clinker cement production line	89,854,610.67	-	89,854,610.67	46,019,748.28	-	46,019,748.28
Jidong Cement Panshi						
– 4500t/d clinker cement production line project in new building materials industrial park	82,998,608.48	-	82,998,608.48	24,330,332.24	-	24,330,332.24

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

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

	30 June 2022			31 December 2021		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Badaling Hot Spring						
– Resort Upgrade and Renovation	70,546,506.28	–	70,546,506.28	42,735,686.71	–	42,735,686.71
Datong Jidong Cement						
– Mine stripping waste rock comprehensive utilization project of Datong Company	69,693,813.37	–	69,693,813.37	58,937,421.15	–	58,937,421.15
Beijing Jinyu Pinggu Cement						
– Digital chain project	68,126,325.00	–	68,126,325.00	–	–	–
Beijing Construction Machinery Asset Management						
– Lock factory renovation	59,594,128.91	–	59,594,128.91	59,530,631.91	–	59,530,631.91
BBMG Weiguan (Cangzhou) Chemical						
– Equipment modification and installation	56,911,496.83	–	56,911,496.83	38,653,147.58	–	38,653,147.58
Beijing Jinyu Aerated Concrete						
– Construction project of plants in Glass Cultural and Creative Industrial Park	55,143,179.27	–	55,143,179.27	55,143,179.27	–	55,143,179.27
– Glass Cultural and Creative Industrial Park renovation project	52,209,947.33	–	52,209,947.33	50,124,852.12	–	50,124,852.12
Construction materials	59,586,056.64	13,842,826.62	45,743,230.02	60,607,694.96	13,842,826.62	46,764,868.34
Others	1,609,929,064.96	97,609,585.22	1,512,319,479.74	1,334,872,540.05	97,609,585.22	1,237,262,954.83
Total	2,764,266,942.57	111,452,411.84	2,652,814,530.73	2,012,483,586.15	111,452,411.84	1,901,031,174.31

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

## 19. Construction in progress (continued)

Changes of major construction in progress from January to June 2022 are as below:

	Budget (RMB'000)	Opening balance	Increase in the period	Transferred to fixed assets in the period	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Badaling Hot Spring Resort – Resort Upgrade and Renovation	730,000.00	42,735,686.71	31,387,634.48	619,491.27	2,957,323.64	70,546,506.28	Self-financing	88.02%
Beijing Construction Machinery Asset Management – Lock factory renovation	74,000.00	59,530,631.91	63,497.00	-	-	59,594,128.91	Self-financing	99.00%
Beijing Jinyu Aerated Concrete – Construction project of plants in Glass Cultural and Creative Industrial Park	60,000.00	55,143,179.27	-	-	-	55,143,179.27	Self-financing	91.91%
– Glass Cultural and Creative Industrial Park renovation project	120,000.00	50,124,852.12	2,085,095.21	-	-	52,209,947.33	Self-financing	43.51%
Beijing Jinyu Pinggu Cement – Digital chain project	331,266.90	-	68,126,325.00	-	-	68,126,325.00	Self-financing and borrowing	20.57%
Beijing Jianyuan Hotel – Renovation engineering and construction drawing design	52,060.00	7,801,939.71	16,940,637.27	-	-	24,742,576.98	Self-financing	47.53%
Beijing Longshuncheng Chinese Style Furniture – BBMG Longshuncheng Cultural and Creative Industry Park (金隅龍湖文化创意園)	147,880.00	7,310,413.00	38,775,504.38	-	-	46,085,917.38	Self-financing	31.16%
Datong Jidong Cement – Mine stripping waste rock comprehensive utilization project of Datong Company	85,410.00	58,937,421.15	10,756,392.22	-	-	69,693,813.37	Self-financing	81.60%
– Project of collaborative disposal of hazardous waste using cement kiln by Datong Company	77,370.00	67,230,865.22	3,213,738.49	70,029,442.41	415,161.30	-	Self-financing and borrowing	100.00%
Huatai Wind Power Development – Caofeidian New Wind Power Project	200,000.00	108,462,903.07	-	-	-	108,462,903.07	Self-financing	54.23%
Jidong Cement Panshi – 4500t/d clinker cement production line project in new building materials industrial park	1,396,060.00	24,330,332.24	58,668,276.24	-	-	82,998,608.48	Self-financing and borrowing	5.95%
Jidong Cement Tongchuan – New clinker cement production line	1,560,361.80	46,019,748.28	43,834,862.39	-	-	89,854,610.67	Self-financing and borrowing	98.46%

# Notes to Unaudited Interim Financial Statements

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

### 19. Construction in progress (continued)

Changes of major construction in progress from January to June 2022 are as below: (continued)

	Budget (RMB'000)	Opening balance	Increase in the period	Transferred to fixed assets in the period	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
BBMG Weiguan (Gangzhou) Chemical – Equipment modification and installation	80,000.00	38,653,147.58	18,258,349.25	–	–	56,911,496.83	Self-financing	71.14%
BBMG Residential Industrialization (Tangshan) – BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	235,513.60	90,245,282.97	12,658,416.25	122,593.05	–	102,781,106.17	Self-financing	58.81%
Lini Jidong Cement – Collaborative disposal of solid waste using cement kilns (榮協同處置固體廢物項目)	78,470.00	3,747,949.23	17,809,261.52	–	–	21,557,210.75	Self-financing	27.47%
Qianan BBMG Shougang Environmental Technology – Slag superfine powder project	261,880.00	33,551,838.34	14,283,737.66	–	–	47,835,576.00	Self-financing and borrowing	18.27%
Shaanxi Jinyu Energy-Saving Materials & Technology – Stone wool production line project with annual output of 40,000 tonnes	223,080.30	22,597,028.60	102,780,838.59	269,986.64	–	125,107,880.55	Self-financing and borrowing	56.20%
Shaanxi Jinyu Aerated Assembly Parts – Shaanxi Jinyu aerated infrastructure project	390,370.00	20,223,137.24	133,098,177.80	–	–	153,321,315.04	Self-financing	39.28%
– Large-scale metal material intelligent manufacturing project	309,180.00	915,882.97	16,764,710.12	–	–	17,680,593.09	Self-financing	5.72%
Tangshan Jidong Qixin Cement – Collaborative disposal of solid waste using cement kilns and waste heat power generation cycle industry project (沈沈業協同處置綜合固廢及餘熱發電循環產業項目)	156,190.00	8,292,590.88	22,413,323.22	–	–	30,705,914.10	Self-financing	19.66%
Tianjin Building Materials Group – Binhai Jiantai Lantinghui Project (濱海建泰藍庭匯項目)	127,904.78	–	127,904,782.10	–	127,904,782.10	–	Self-financing	100.00%
Jidong Cement Fengxiang – Phase II construction project of the mine	59,760.00	52,840,003.06	4,804,553.70	–	57,644,556.76	–	Self-financing	100.00%

Note: Other decrease was mainly due to the fact that Binhai Jiantai Lantinghui Project (濱海建泰藍庭匯項目) was transferred to investment properties, and phase II project of the mine was transferred to long-term deferred expenditures

## Notes to Unaudited Interim Financial Statements

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

## 19. Construction in progress (continued)

Changes of major construction in progress in 2021 are as below:

	Budget (RMB'000)	Opening balance	Increase during the year	Transferred to fixed assets in the period	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Badaling Hot Spring								
– Resort Upgrade and Renovation	730,000.00	421,906,417.13	189,276,402.78	494,117,958.81	74,329,174.39	42,735,686.71	Self-financing	84.00%
Badaling Taihang Heyi Environmental Protection Technology								
– 2# Cement mill energy saving renovation project	72,200.00	–	67,751,023.15	67,751,023.15	–	–	Self-financing	100.00%
Beijing Construction Machinery Asset Management Co., Ltd.								
– Lock factory renovation	74,000.00	37,835,160.54	21,695,471.37	–	–	59,530,631.91	Self-financing	70.00%
Beijing Jinyu Aerated Concrete								
– Construction project of plants in Glass Cultural and Creative Industrial Park	60,000.00	–	55,143,179.27	–	–	55,143,179.27	Self-financing	92.00%
– Glass Cultural and Creative Industrial Park renovation project	120,000.00	–	50,124,852.12	–	–	50,124,852.12	Self-financing	42.00%
Dachang BBMG Tiantan Furniture								
– Dachang project construction	558,600.00	24,693,735.78	10,159,642.00	1,386,242.77	20,251,865.23	13,215,269.78	Self-financing and state funding	95.00%
Datong Jidong Cement								
– Mine stripping waste rock comprehensive utilization project of Datong Company	85,410.00	725,952.82	58,211,468.33	–	–	58,937,421.15	Self-financing	69.00%
– Project of collaborative disposal of hazardous waste using cement kiln by Datong Company	77,370.00	10,019,063.12	57,211,802.10	–	–	67,230,865.22	Self-financing and borrowing	87.00%
Huailai Wind Power Development								
– Caofeidian New Wind Power Project	200,000.00	108,462,903.07	–	–	–	108,462,903.07	Self-financing	54.23%
Jidong Development Group								
– Caofeidian Industrial Park	72,764.00	22,569,974.07	13,952,708.11	36,522,682.18	–	–	Self-financing	100.00%
Jidong Haitian Cement Wenxi								
– Project of collaborative disposal of hazardous wastes through the cement kiln	68,200.00	37,495,341.73	23,506,941.65	61,002,283.38	–	–	Self-financing	100.00%
Jidong Cement								
– Project of collaborative disposal of general solid wastes through the cement kiln of the second plant	54,040.00	21,756,880.00	24,193,921.10	45,950,801.10	–	–	Self-financing	100.00%
– Integrated management, control and operation of information platform project	108,860.00	56,448,876.28	16,327,868.04	1,896,551.71	60,624,529.36	10,255,663.25	Self-financing	67.00%
Jidong Cement Luanzhou								
– Luanzhou environmental protection 3 million-tonne comprehensive utilization project of mine resources	59,790.00	–	53,786,383.16	53,218,220.21	568,162.95	–	Self-financing	100.00%

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

### 19. Construction in progress (continued)

Changes of major construction in progress in 2021 are as below: (continued)

	Budget (RMB'000)	Opening balance	Increase during the year	Transferred to fixed assets in the period	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Jidong Cement Panshi								
- Project of collaborative disposal of hazardous waste using cement kiln	96,950.00	79,466,002.10	12,181,373.31	91,647,375.41	-	-	Self-financing and borrowing	100.00%
Jidong Cement Tongchuan								
- 6 million-tonne aggregate machined-made sand project (Phase II)	67,080.00	51,666,109.40	1,715,766.32	53,381,875.72	-	-	Self-financing and borrowing	100.00%
- New clinker cement production line	1,560,361.80	416,478,020.07	986,094,110.51	1,356,552,382.30	-	46,019,748.28	Self-financing and borrowing	79.00%
-Yangquanshan mine development project	76,420.00	55,631,484.46	7,754,810.59	135,219.45	63,199,330.58	51,745.02	Self-financing and borrowing	100.00%
BBMG Jidong Fengxiang Environmental Technology								
- Phase II construction project of the mine	59,760.00	19,045,722.55	33,794,280.51	-	-	52,840,003.06	Self-financing	88.42%
- Project of collaborative disposal of hazardous wastes with a capacity of 100000t/a through the cement kiln	80,913.40	53,683,601.96	13,100,103.29	66,783,705.25	-	-	Self-financing and borrowing	100.00%
Qianan BBMG Shougang Environmental Technology								
- Slag superfine powder project	261,880.00	-	33,551,838.34	-	-	33,551,838.34	Self-financing	13.00%
BBMG Weiguan (Cangzhou) Chemical								
- Equipment modification and installation	80,000.00	2,497,878.93	38,206,862.22	1,274,894.54	776,699.03	38,653,147.58	Self-financing	51.00%
BBMG Residential Industrialization (Tangshan)								
- BBMG New Material Yuitan Prefabricated Building Component Base Project Phase II	235,513.60	6,085,433.95	119,766,836.16	35,606,987.14	-	90,245,282.97	Self-financing	53.00%
Tianjin Tiancai Construction Investment								
- Research and Development Building	167,558.64	33,511,727.59	-	-	-	33,511,727.59	Borrowing	20.00%
Xingtai BBMG Jidong Cement								
- Project of collaborative disposal of integrated solid waste	93,830.00	38,230,060.44	45,648,123.83	82,969,498.75	-	908,685.52	Self-financing and borrowing	89.00%
Yangquan Jidong Cement								
- Project of collaborative disposal of hazardous waste using cement kiln	56,000.00	38,333,105.74	13,552,121.01	51,885,226.75	-	-	Self-financing	100.00%

Note: Other decrease was mainly due to the fact that the resort upgrade and renovation project was transferred to administrative expenses and intangible assets, integrated management, control and operation of information platform project was transferred to intangible assets and construction project under Dachang project was transferred to long-term deferred expenditures.

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

(continued)

#### 19. 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 2022

	Progress of works	Accumulated amount of capitalized interest	Including: capitalized interest for the period	Capitalization rate of interest for the period
Jidong Cement Panshi				
– 4500t/d clinker cement production line project in new building materials industrial park	5.95%	5,816,097.20	4,360,534.70	3.64%
Zanhuang BBMG Cement				
– Technical modification project of second-line SCR ultralow emission	89.90%	348,500.00	280,500.00	3.44%
Jidong Cement Tongchuan				
– New clinker cement production line project	98.46%	1,752,617.39	1,233,304.61	2.99%
Tangshan Caofeidian Jidong Equipment machinery hot working				
– Large-scale metal material intelligent manufacturing project	10.00%	546,255.00	536,752.25	2.27%
BBMG Residential Industrialization (Tangshan)				
– BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	90.00%	5,364,639.70	1,730,333.33	2.61%
Jilin Jidong Concrete				
– Panshi field station	30.00%	41,983.33	25,483.33	3.34%
Shaanxi Jinyu Aerated Assembly Parts				
– Project of assembly parts with an annual output of 600,000 m <sup>3</sup>	39.00%	20,211.39	20,211.39	2.50%
		<u>13,890,304.01</u>	<u>8,187,119.61</u>	

Note: The amount of capitalized interests included in construction in progress for January to June 2022 was RMB8,187,119.61 (2021: RMB55,540,356.44), and RMB1,172,661.67 (2021: RMB65,345,412.51) had been transferred to fixed assets.



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

(continued)

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

2021

	Progress of works	Accumulated amount of capitalized interest	Including: capitalized interest for the year	Capitalization rate of interest for the year
Jidong Cement Panshi				
– 4500t/d clinker cement production line project in new building materials industrial park	1.00%	1,455,562.50	1,455,562.50	2.90%
Zanhuang BBMG Cement				
– Technical modification project of second-line SCR ultralow emission	30.00%	68,000.00	68,000.00	3.65%
Jidong Cement Tongchuan				
– New clinker cement production line project	97.00%	519,312.78	519,312.78	2.79%
Tangshan Caofeidian Jidong Equipment machinery hot working				
– Large-scale metal material intelligent manufacturing project	10.00%	9,502.75	9,502.75	3.80%
BBMG Residential Industrialization (Tangshan)				
– BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	70.00%	3,634,306.37	3,543,309.98	3.51%
Jilin Jidong Concrete				
– Panshi field station	30.00%	16,500.00	16,500.00	3.30%
Xingtai BBMG Jidong Cement				
– Project for collaborative disposal of integrated solid waste	95.00%	635,586.67	635,586.67	3.52%
Laishui BBMG Jidong Environmental Protection Technology				
– Project for collaborative disposal of hazardous and solid waste using cement kiln	81.00%	537,075.00	–	4.14%
		<u>6,875,846.07</u>	<u>6,247,774.68</u>	

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

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

Provision for impairment of construction in progress for 30 June 2022:

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Jidong Group				
– Nanhu Yingbinguan	64,378,932.25	–	–	64,378,932.25
Jidong Cement Tongchuan				
– Conveyor belt project	13,062,373.46	–	–	13,062,373.46
Investment Property Group				
– Qingyundian mixing station project	5,718,269.89	–	–	5,718,269.89
Others	14,450,009.62	–	–	14,450,009.62
Provision for impairment of construction in progress	97,609,585.22	–	–	97,609,585.22
Provision for impairment of construction materials	13,842,826.62	–	–	13,842,826.62
Total	111,452,411.84	–	–	111,452,411.84

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

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

Provision for impairment of construction in progress in 2021:

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Jidong Group				
– Nanhu Yingbinguan	64,378,932.25	–	–	64,378,932.25
Jidong Cement Tongchuan				
– Conveyor belt project	10,640,070.94	2,422,302.52	–	13,062,373.46
Investment Property Group				
– Qingyundian mixing station project	–	5,718,269.89	–	5,718,269.89
Others	13,929,029.18	2,138,324.77	1,617,344.33	14,450,009.62
Provision for impairment of construction in progress	88,948,032.37	10,278,897.18	1,617,344.33	97,609,585.22
Provision for impairment of construction materials	15,208,210.88	–	1,365,384.26	13,842,826.62
Total	104,156,243.25	10,278,897.18	2,982,728.59	111,452,411.84

Note: All the reason for making provision for impairment of the projects above is the construction suspension of such projects.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 20. Right-of-use assets

30 June 2022

	Lands	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
<b>Cost</b>						
Opening balance	549,239,466.11	503,408,162.65	64,788,570.20	-	21,211,535.40	1,138,647,734.36
Increase	68,840,707.12	77,627,339.32	-	-	-	146,468,046.44
Disposal	(19,253,657.85)	(7,850,916.24)	-	-	(21,016,535.40)	(48,121,109.49)
Closing balance	<u>598,826,515.38</u>	<u>573,184,585.73</u>	<u>64,788,570.20</u>	<u>-</u>	<u>195,000.00</u>	<u>1,236,994,671.31</u>
<b>Accumulated depreciation</b>						
Opening balance	135,646,344.78	234,740,574.88	48,153,815.38	-	8,891,313.54	427,432,048.58
Provision	34,010,064.54	43,193,612.71	1,064,516.89	-	-	78,268,194.14
Disposal	(2,187,275.52)	(6,886,194.38)	-	-	(8,845,813.54)	(17,919,283.44)
Closing balance	<u>167,469,133.80</u>	<u>271,047,993.21</u>	<u>49,218,332.27</u>	<u>-</u>	<u>45,500.00</u>	<u>487,780,959.28</u>
<b>Provision for impairment</b>						
Opening and closing balance	<u>464,557.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>464,557.00</u>
<b>Carrying amount</b>						
At the end of the period	<u>430,892,824.58</u>	<u>302,136,592.52</u>	<u>15,570,237.93</u>	<u>-</u>	<u>149,500.00</u>	<u>748,749,155.03</u>
At the beginning of the period	<u>413,128,564.33</u>	<u>268,667,587.77</u>	<u>16,634,754.82</u>	<u>-</u>	<u>12,320,221.86</u>	<u>710,751,128.78</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 20. Right-of-use assets (continued)

31 December 2021

	Lands	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Opening balance	518,572,486.89	454,221,225.68	61,440,168.12	1,304,253.82	21,211,535.40	1,056,749,669.91
Increase	49,069,272.18	74,965,501.56	3,370,325.32	-	-	127,405,099.06
Disposal	(18,402,292.96)	(25,778,564.59)	(21,923.24)	(1,304,253.82)	-	(45,507,034.61)
Closing balance	<u>549,239,466.11</u>	<u>503,408,162.65</u>	<u>64,788,570.20</u>	<u>-</u>	<u>21,211,535.40</u>	<u>1,138,647,734.36</u>
Accumulated depreciation						
Opening balance	85,457,797.36	165,859,481.93	45,902,215.46	1,071,772.75	8,852,313.54	307,143,581.04
Provision	53,259,477.37	80,248,106.77	2,251,599.92	94,149.67	39,000.00	135,892,333.73
Disposal	(3,070,929.95)	(11,367,013.82)	-	(1,165,922.42)	-	(15,603,866.19)
Closing balance	<u>135,646,344.78</u>	<u>234,740,574.88</u>	<u>48,153,815.38</u>	<u>-</u>	<u>8,891,313.54</u>	<u>427,432,048.58</u>
Provision for impairment						
Opening and closing balance	<u>464,557.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>464,557.00</u>
Carrying amount						
At the end of the year	<u>413,128,564.33</u>	<u>268,667,587.77</u>	<u>16,634,754.82</u>	<u>-</u>	<u>12,320,221.86</u>	<u>710,751,128.78</u>
At the beginning of the year	<u>432,650,132.53</u>	<u>288,361,743.75</u>	<u>15,537,952.66</u>	<u>232,481.07</u>	<u>12,359,221.86</u>	<u>749,141,531.87</u>

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

### 21. Intangible assets

30 June 2022

	Land use rights	Computer software licenses	Mining rights	Trademark rights	Others	Total
Original value:						
Opening balance	15,336,037,489.73	417,194,896.48	3,801,786,663.94	83,414,700.00	254,844,650.23	19,893,278,400.38
Purchase	44,325,062.90	20,985,435.74	35,949,622.29	-	171,349.68	101,431,470.61
Transfer from construction in progress	-	10,842,622.19	-	-	-	10,842,622.19
Business combination not under common control	347,289,927.97	259,142.67	110,018,055.31	-	-	457,567,125.95
Disposal	(575,476,177.71)	-	-	-	(8,244,500.00)	(583,720,677.71)
Other decrease	(7,151,708.26)	-	-	-	-	(7,151,708.26)
Closing balance	<u>15,145,024,594.63</u>	<u>449,282,097.08</u>	<u>3,947,754,341.54</u>	<u>83,414,700.00</u>	<u>246,771,499.91</u>	<u>19,872,247,233.16</u>
Accumulated amortization:						
Opening balance	2,234,485,485.41	206,716,290.17	874,339,197.84	4,557,245.92	119,393,053.68	3,439,491,273.02
Provision	171,648,487.58	22,868,923.54	49,208,884.77	2,488,435.43	5,794,960.34	252,009,691.66
Disposal	(55,084,609.45)	-	-	-	(820,195.71)	(55,904,805.16)
Other decrease	(2,820,139.85)	-	-	-	-	(2,820,139.85)
Closing balance	<u>2,348,229,223.69</u>	<u>229,585,213.71</u>	<u>923,548,082.61</u>	<u>7,045,681.35</u>	<u>124,367,818.31</u>	<u>3,632,776,019.67</u>
Provision for impairment:						
Opening and closing balance	<u>32,074,445.75</u>	<u>-</u>	<u>130,098,195.50</u>	<u>5,000,000.00</u>	<u>5,717,504.26</u>	<u>172,890,145.51</u>
Carrying value:						
At the end of the period	<u>12,764,720,925.19</u>	<u>219,696,883.37</u>	<u>2,894,108,063.43</u>	<u>71,369,018.65</u>	<u>116,686,177.34</u>	<u>16,066,581,067.98</u>
At the beginning of the period	<u>13,069,477,558.57</u>	<u>210,478,606.31</u>	<u>2,797,349,270.60</u>	<u>73,857,454.08</u>	<u>129,734,092.29</u>	<u>16,280,896,981.85</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 21. Intangible assets (continued)

31 December 2021

	Land use rights	Computer software licenses	Mining rights	Trademark rights	Others	Total
Original value						
Opening balance	15,343,233,433.23	273,381,798.66	3,366,170,261.65	83,414,700.00	208,585,822.11	19,274,786,015.65
Purchase	318,623,083.66	83,176,708.04	552,689,838.07	-	46,773,602.76	1,001,263,232.53
Transfer from construction in progress	-	63,523,060.13	-	-	-	63,523,060.13
Disposal	(270,749,085.39)	(1,035,320.71)	(71,557,895.43)	-	(514,774.64)	(343,857,076.17)
Other decrease	(55,069,941.77)	(1,851,349.64)	(45,515,540.35)	-	-	(102,436,831.76)
Closing balance	<u>15,336,037,489.73</u>	<u>417,194,896.48</u>	<u>3,801,786,663.94</u>	<u>83,414,700.00</u>	<u>254,844,650.23</u>	<u>19,893,278,400.38</u>
Accumulated amortization						
Opening balance	1,872,225,352.76	162,742,931.18	778,199,199.48	-	91,908,544.75	2,905,076,028.17
Provision	402,536,721.93	45,665,399.06	132,471,714.03	4,557,245.92	27,548,740.34	612,779,821.28
Disposal	(17,834,998.97)	(1,070,702.42)	(10,776,060.49)	-	(64,231.41)	(29,745,993.29)
Other decrease	(22,441,590.31)	(621,337.65)	(25,555,655.18)	-	-	(48,618,583.14)
Closing balance	<u>2,234,485,485.41</u>	<u>206,716,290.17</u>	<u>874,339,197.84</u>	<u>4,557,245.92</u>	<u>119,393,053.68</u>	<u>3,439,491,273.02</u>
Provision for impairment						
Opening balance	32,074,445.75	-	130,164,363.36	5,000,000.00	8,046,757.54	175,285,566.65
Other decrease	-	-	(66,167.86)	-	(2,329,253.28)	(2,395,421.14)
Closing balance	<u>32,074,445.75</u>	<u>-</u>	<u>130,098,195.50</u>	<u>5,000,000.00</u>	<u>5,717,504.26</u>	<u>172,890,145.51</u>
Carrying amount						
At the end of the year	<u>13,069,477,558.57</u>	<u>210,478,606.31</u>	<u>2,797,349,270.60</u>	<u>73,857,454.08</u>	<u>129,734,092.29</u>	<u>16,280,896,981.85</u>
At the beginning of the year	<u>13,438,933,634.72</u>	<u>110,638,867.48</u>	<u>2,457,806,698.81</u>	<u>78,414,700.00</u>	<u>108,630,519.82</u>	<u>16,194,424,420.83</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 21. 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 2022	31 December 2021
Less than 50 years	<u>12,764,720,925.19</u>	<u>13,069,477,558.58</u>

Details of pledge of intangible assets are set out in Note V. 70.

As at 30 June 2022, the useful life of trademark rights with a carrying amount of RMB71,369,018.65 was indefinite (31 December 2021: RMB73,857,454.08). 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 on product life cycle, market conditions and other factors, such 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 2022, the carrying value of intangible assets of the Group pending completion of the procedures for title certificates amounted to RMB327,382,531.50 (31 December 2021: RMB131,272,224.82). 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.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 22. Goodwill

	30 June 2022	31 December 2021
Hebei BBMG Dingxin Cement Co., Ltd.	<b>189,815,999.91</b>	189,815,999.91
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	<b>3,967,009.95</b>	3,967,009.95
Handan BBMG Taihang Cement Co., Ltd.	<b>26,884,752.28</b>	26,884,752.28
Beijing Taihang Prospect Environmental Protection Technology Co., Ltd.	–	9,482,871.64
Baoding Taihang Heyi Cement Co., Ltd.	<b>11,428,946.82</b>	11,428,946.82
Beijing Qianglian Cement Co., Ltd.	<b>2,742,710.29</b>	2,742,710.29
Tianjin BBMG Zhenxing Environmental Protection Technology Co., Ltd.	<b>10,931,009.96</b>	10,931,009.96
Handan Shexian BBMG Cement Co., Ltd.	<b>56,276,121.38</b>	56,276,121.38
Jidong Cement Business	<b>2,013,854,242.93</b>	2,013,854,242.93
Jidong Equipment Business	<b>477,549,380.23</b>	477,549,380.23
Baogang Jidong Cement Co., Ltd.	<b>1,181,333.25</b>	1,181,333.25
Beijing Jingu Zhitong Lulian Technology Co., Ltd. (北京金谷智通綠鏈科技有限公司)	<b>3,441,762.77</b>	3,441,762.77
Shanxi BBMG Jidong Environmental Protection Technology Co., Ltd. (山西金隅冀東環保科技有限公司)	<b>62,066,934.94</b>	–
	<b>2,860,140,204.71</b>	2,807,556,141.41
Less: Provision for impairment of goodwill	<b>359,757,523.95</b>	369,240,395.59
	<b>2,500,382,680.76</b>	2,438,315,745.82

Movements in provision for impairment of goodwill are as follows:

#### January to June 2022

	Amount
Opening balance	<b>369,240,395.59</b>
Disposal of subsidiaries for the period	<b>(9,482,871.64)</b>
Closing balance	<b>359,757,523.95</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 22. Goodwill (continued)

2021

	Amount
Opening balance	342,645,395.59
Provision for the year	<u>26,595,000.00</u>
Closing balance	<u>369,240,395.59</u>

For the purpose of impairment testing, the goodwill arising from the business combination has been allocated to a group of assets (being subsidiaries acquired in each acquisition). Such assets group represents the lowest level within the Group at which the goodwill is monitored for internal management purpose.

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 assets group.

The goodwill formed by the acquisition of equity interests of the listed companies 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 of the listed companies issued by way of public issuance as at 30 June 2022 after adjustments.

The estimated future cash flows of the asset group are based on the five-year financial budget approved by the management at a discount rate of 9%-10% (2021: 9%-10%). The estimated cash flows of these assets groups beyond five years are determined at a fixed growth rate of 1%-3% (2021: 1%-3%) per annum. Other key assumptions adopted during the evaluation include estimated production capacity, future selling price, growth rate, expected gross profit margin and relevant expenditures of the asset product portfolio, and the above assumptions are based on the previous performance of these assets groups, industry standard and the management's expectations on market development.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 23. Long-term deferred expenditures

30 June 2022

	Opening balance	Increase in the period	Amortisation for the period	Other decrease	Provision for impairment in the period	Closing balance
Decoration	122,492,146.97	13,703,175.20	16,729,870.91	1,146,321.01	-	118,319,130.25
Leasehold improvement for fixed assets rented	32,488,955.29	147,159.78	2,948,257.73	991,507.79	-	28,696,349.55
Land lease prepayments and compensation for land acquisition	300,353,780.91	12,971,174.87	16,659,259.28	136,819.77	-	296,528,876.73
Cost of stripping mines	737,537,685.62	89,453,291.43	41,236,032.44	22,548.54	-	785,732,396.07
Others	490,530,187.98	84,007,041.53	63,977,404.16	956,963.98	-	509,602,861.37
	<u>1,683,402,756.77</u>	<u>200,281,842.81</u>	<u>141,550,824.52</u>	<u>3,254,161.09</u>	<u>-</u>	<u>1,738,879,613.97</u>

31 December 2021

	Opening balance	Increase in the year	Amortisation for the year	Other decrease	Provision for impairment in the year	Closing balance
Decoration	106,066,471.12	58,167,472.33	32,961,078.29	8,780,718.19	-	122,492,146.97
Leasehold improvement for fixed assets rented	33,355,507.25	4,884,729.95	5,406,568.92	344,712.99	-	32,488,955.29
Land lease prepayments and compensation for land acquisition	245,309,020.70	91,606,646.47	36,561,886.26	-	-	300,353,780.91
Cost of stripping mines	707,143,409.42	110,635,233.61	80,240,957.41	-	-	737,537,685.62
Others	351,129,323.20	295,970,210.14	134,634,155.78	21,935,189.58	-	490,530,187.98
	<u>1,443,003,731.69</u>	<u>561,264,292.50</u>	<u>289,804,646.66</u>	<u>31,060,620.76</u>	<u>-</u>	<u>1,683,402,756.77</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 24. Deferred income tax assets/liabilities

Deferred income tax assets not eliminated:

	30 June 2022		31 December 2021	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deferred income tax assets				
Provision for LAT	4,636,675,337.80	1,159,168,834.45	5,191,588,787.96	1,297,897,196.99
Deductible losses	3,795,622,798.60	948,905,699.65	3,980,995,417.36	995,248,854.34
Provision for impairment of assets	2,357,251,302.48	589,312,825.62	1,902,536,396.64	475,634,099.16
Difference in accounting and tax of revenue recognition	77,332,673.64	19,333,168.41	50,839,959.00	12,709,989.75
Accrual of property development cost	2,464,079,860.16	616,019,965.04	2,566,274,473.36	641,568,618.34
Unrealised profits and losses of internal transactions	1,093,954,545.04	273,488,636.26	1,072,090,244.24	268,022,561.06
Changes in fair value of other equity instruments	207,070,291.92	51,767,572.98	97,634,131.20	24,408,532.80
Others	472,670,983.24	118,167,745.81	(14,247,083.84)	(3,561,770.96)
	<b>15,104,657,792.88</b>	<b>3,776,164,448.22</b>	<b>14,847,712,325.92</b>	<b>3,711,928,081.48</b>

Deferred income tax liabilities not eliminated:

	30 June 2022		31 December 2021	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Deferred income tax liabilities				
Valuation gains of investment properties	11,305,448,075.12	2,826,362,018.78	11,138,403,797.24	2,784,600,949.31
Assessment increase/decrease in business combination	11,768,287,714.96	2,942,071,928.74	11,825,488,409.00	2,956,372,102.25
Others	1,392,439,338.60	348,109,834.65	1,215,843,333.84	303,960,833.46
	<b>24,466,175,128.68</b>	<b>6,116,543,782.17</b>	<b>24,179,735,540.08</b>	<b>6,044,933,885.02</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

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#### 24. Deferred income tax assets/liabilities (continued)

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

	30 June 2022	31 December 2021
Deductible temporary differences	<b>10,660,150,197.39</b>	10,169,060,256.75
Deductible losses	<b><u>13,339,421,976.24</u></b>	<u>13,018,761,767.56</u>
	<b><u>23,999,572,173.63</u></b>	<u>23,187,822,024.31</u>

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

	30 June 2022	31 December 2021
2022	<b>148,596,502.72</b>	789,922,248.82
2023	<b>1,247,553,575.03</b>	1,241,940,492.02
2024	<b>3,795,551,078.72</b>	4,451,091,306.60
2025	<b>2,522,447,041.70</b>	2,483,312,572.83
2026	<b>3,835,476,611.95</b>	4,052,495,147.29
2027	<b><u>1,789,797,166.12</u></b>	—
	<b><u>13,339,421,976.24</u></b>	<u>13,018,761,767.56</u>

The Group's management prepares the cash flow forecast for the next 5 years based on the approved budget to assess the taxable income to be generated from the subsidiaries enjoying the deductible loss before the expiration of the deductible loss, and to recognize the deferred income tax assets for the deductible loss based on the assessment result.

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

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#### 25. Other non-current assets

	30 June 2022	31 December 2021
Prepayment for projects, equipment and plants	<b>157,164,487.91</b>	147,145,238.21
Prepayment for lands	<b>284,181,857.21</b>	185,285,856.21
Prepayment for exploration rights	<b>166,783,073.31</b>	166,783,073.31
Other assets	<b>122,987,678.48</b>	132,335,114.17
	<b><u>731,117,096.91</u></b>	<u>631,549,281.90</u>

#### 26. Short-term loans

	30 June 2022	31 December 2021
Guaranteed loans (Note 1)	<b>2,290,000,000.00</b>	1,523,000,000.00
Credit loans	<b>25,317,310,000.00</b>	23,614,508,000.00
Pledged loans (Note 2)	<b>2,169,683.32</b>	3,100,000.00
	<b><u>27,609,479,683.32</u></b>	<u>25,140,608,000.00</u>

Note 1: As at 30 June 2022 and 31 December 2021, the guaranteed loans were guaranteed by entities within the Group.

Note 2: As at 30 June 2022 and 31 December 2021, details and value of collaterals corresponding to mortgaged and pledged loans of the Group are set out in Note V. 70.

As at 30 June 2022, the interest rates of the above loans of the Group were 2.75%-4.35% per annum (31 December 2021: 3.00%-4.35%). The Group had no outstanding loans that were due (31 December 2021: Nil).

## Notes to Unaudited Interim Financial Statements

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

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#### 27. Bills payable

	30 June 2022	31 December 2021
Commercial acceptance bills	<b>44,973,038.80</b>	48,489,866.70
Bank acceptance bills	<b><u>3,332,601,581.97</u></b>	<u>3,169,008,141.75</u>
	<b><u>3,377,574,620.77</u></b>	<u>3,217,498,008.45</u>

As at 30 June 2022, there were no outstanding bills payable (31 December 2021: Nil).

#### 28. Accounts payable

Accounts payable are non-interest bearing and shall generally be paid within 30 to 360 days.

	30 June 2022	31 December 2021
Within 1 year (inclusive of 1 year)	<b>14,601,470,006.95</b>	16,507,895,750.73
1 to 2 years (inclusive of 2 years)	<b>1,687,883,578.42</b>	1,416,747,147.86
2 to 3 years (inclusive of 3 years)	<b>541,614,725.75</b>	452,667,275.41
Over 3 years	<b><u>1,515,563,851.29</u></b>	<u>1,419,312,108.33</u>
	<b><u>18,346,532,162.41</u></b>	<u>19,796,622,282.33</u>

The aging of accounts payable is calculated from the date of receipt of goods delivered by the suppliers or rendering of services from the suppliers.

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

(continued)

#### 28. Accounts payable (continued)

As at 30 June 2022, significant accounts payable aging over 1 year of the Group are as follows:

	Relationship with the Group	Amount payable	Percentage of total other payables (%)	Reasons for non- repayment
First	Third party	1,232,447,312.89	6.72	Unsettled
Second	Third party	370,950,094.42	2.02	Unsettled
Third	Third party	164,530,523.63	0.90	Unsettled
Fourth	Third party	42,751,742.44	0.23	Unsettled
Fifth	Third party	32,989,912.97	0.18	Unsettled

#### 29. Receipts in advance

	30 June 2022	31 December 2021
Advances on rents	<b>276,622,576.89</b>	328,325,876.17

As at 30 June 2022, there were no significant receipts in advance aged over one year (31 December 2021: Nil).

#### 30. Contract liabilities

	30 June 2022	31 December 2021
Advances on pre-sale of properties	<b>21,092,359,746.79</b>	24,939,943,396.51
Advances on sale of goods	<b>1,402,304,854.13</b>	1,304,510,602.05
Advances on construction costs	<b>15,500,969.81</b>	41,137,991.73
Advances on property fees	<b>159,986,460.29</b>	262,199,730.39
Others	<b>221,261,386.43</b>	275,158,698.39
	<b>22,891,413,417.45</b>	26,822,950,419.07



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

(continued)

#### 30. Contract liabilities (continued)

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 2022	31 December 2021
Beijing - Treasures Mansion	December 2022	98.84	56,966,077.48	73,101,407.68
Beijing - Chaoyang New City	July 2022	97.00	609,482,300.15	611,351,386.82
Beijing - Xishan A1	December 2022	81.22	543,856,938.93	126,320,335.77
Nanjing - Plot G07 of Dairy Farm Project	September 2022	68.00	286,659,955.69	476,746,212.15
Nanjing - Plot G37 of Dairy Farm Project	September 2022	83.00	53,895,687.74	236,088,024.90
Hangzhou - Senlinlanfu	June 2023	100.00	2,918,325,500.52	2,781,548,872.00
Hangzhou - Chuntanglanfu	June 2023	99.84	2,594,060,337.05	2,504,318,151.28
Chengdu - Jincheng Mansion	July 2022	100.00	169,198,298.16	513,615,481.67
Ningbo - Jinjunfu	November 2023	16.86	215,797,769.14	75,933,652.34
Beijing - Shanglin Home	November 2023	76.21	1,129,803,658.00	1,129,803,658.00
Beijing - Fengqi Home (鳳棲家園)	October 2023	88.00	7,267,202,758.42	3,327,984,286.49
Beijing - Shangchengjun	December 2022	100.00	201,751,025.09	1,884,950,570.52
Haikou - Yangguangjun	September 2022	83.91	139,397,003.71	1,245,607,829.94
Beijing - Jinyu Xuefu	July 2022	100.00	111,231,311.33	584,728,737.84
Chongqing - Nanshanjun	December 2022	45.45	141,209,964.03	241,428,357.47
Hefei - Dachengjun	September 2022	79.06	677,187,972.97	2,472,698,645.73
Chongqing - Xinduhui	August 2022	17.12	260,737,021.30	1,170,564,017.49
Hefei - Jincheng Mansions	March 2023	82.00	1,435,234,746.11	1,665,378,870.18
Hangzhou - Huichao Yuefu	April 2024	39.11	1,211,996,535.48	-
Nanjing - Duhui Zijing	November 2023	18.21	277,484,037.81	-
Tianjin - Yingshun Building	November 2022	100.00	132,062,600.11	68,782,479.82
Tianjin - Beichen Project	December 2022	22.50	333,760,391.37	240,343,956.45
Others	-	-	325,057,856.20	3,508,648,461.97
			<b>21,092,359,746.79</b>	<b>24,939,943,396.51</b>

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

(continued)

#### 31. Wages payable

January to June 2022

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Short-term remunerations	388,621,710.30	2,939,414,962.96	3,133,899,206.74	194,137,466.52
Post-employment benefits (defined contribution plan)	13,686,478.32	398,669,851.48	392,475,119.37	19,881,210.43
Termination benefits	34,262,666.66	29,048,237.35	36,979,470.14	26,331,433.87
	<u>436,570,855.28</u>	<u>3,367,133,051.79</u>	<u>3,563,353,796.25</u>	<u>240,350,110.82</u>

2021

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short-term remunerations	373,929,602.79	6,163,130,947.90	6,148,438,840.39	388,621,710.30
Post-employment benefits (defined contribution plan)	14,250,570.19	777,114,122.12	777,678,213.99	13,686,478.32
Termination benefits	41,805,384.05	74,784,822.45	82,327,539.84	34,262,666.66
	<u>429,985,557.03</u>	<u>7,015,029,892.47</u>	<u>7,008,444,594.22</u>	<u>436,570,855.28</u>

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

(continued)

#### 31. Wages payable (continued)

Short-term remunerations are as below:

##### January to June 2022

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Salaries, bonuses, allowances and subsidies	283,196,622.28	2,194,872,750.15	2,400,877,162.20	77,192,210.23
Staff welfare	1,578,724.33	200,824,746.06	199,964,267.19	2,439,203.20
Social insurance	14,597,835.58	209,672,270.99	213,085,830.63	11,184,275.94
<i>Including: Medical insurance</i>	12,437,997.06	185,599,231.94	188,701,201.10	9,336,027.90
<i>Work injury insurance</i>	997,983.75	22,205,012.23	22,097,480.53	1,105,515.45
<i>Maternity insurance</i>	1,161,854.77	1,868,026.82	2,287,149.00	742,732.59
Housing funds	29,042,578.37	230,338,561.52	228,273,419.98	31,107,719.91
Union fund and employee education fund	47,127,719.42	63,085,613.32	53,307,014.75	56,906,317.99
Other short-term remunerations	13,078,230.32	40,621,020.92	38,391,511.99	15,307,739.25
	<b>388,621,710.30</b>	<b>2,939,414,962.96</b>	<b>3,133,899,206.74</b>	<b>194,137,466.52</b>

##### 2021

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Salaries, bonuses, allowances and subsidies	260,486,389.57	4,665,626,748.60	4,642,916,515.89	283,196,622.28
Staff welfare	1,571,170.85	443,909,148.13	443,901,594.65	1,578,724.33
Social insurance	13,162,083.35	411,116,136.97	409,680,384.74	14,597,835.58
<i>Including: Medical insurance</i>	10,789,406.83	364,260,293.03	362,611,702.80	12,437,997.06
<i>Work injury insurance</i>	1,314,671.80	43,606,867.41	43,923,555.46	997,983.75
<i>Maternity insurance</i>	1,058,004.72	3,248,976.53	3,145,126.48	1,161,854.77
Housing funds	30,432,612.02	457,120,041.63	458,510,075.28	29,042,578.37
Union fund and employee education fund	56,305,887.35	117,974,177.79	127,152,345.72	47,127,719.42
Other short-term remunerations	11,971,459.65	67,384,694.78	66,277,924.11	13,078,230.32
	<b>373,929,602.79</b>	<b>6,163,130,947.90</b>	<b>6,148,438,840.39</b>	<b>388,621,710.30</b>

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

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

(continued)

#### 31. Wages payable (continued)

Details of defined contribution plan are as follows:

##### January to June 2022

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Basic pension	12,124,114.87	314,920,462.22	309,325,938.38	17,718,638.71
Unemployment insurance	715,274.75	11,764,157.93	11,501,385.61	978,047.07
Corporate annuity	847,088.70	71,985,231.33	71,647,795.38	1,184,524.65
	<u>13,686,478.32</u>	<u>398,669,851.48</u>	<u>392,475,119.37</u>	<u>19,881,210.43</u>

##### 2021

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Basic pension	12,350,875.87	622,271,170.69	622,497,931.69	12,124,114.87
Unemployment insurance	675,866.56	26,291,619.01	26,252,210.82	715,274.75
Corporate annuity	1,223,827.76	128,551,332.42	128,928,071.48	847,088.70
	<u>14,250,570.19</u>	<u>777,114,122.12</u>	<u>777,678,213.99</u>	<u>13,686,478.32</u>

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

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

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#### 32. Tax payable

	30 June 2022	31 December 2021
VAT	<b>983,547,686.69</b>	633,889,210.67
Corporate income tax	<b>913,284,581.41</b>	934,925,476.01
Individual income tax	<b>7,865,254.51</b>	29,588,632.93
City maintenance and construction tax	<b>54,559,924.55</b>	56,439,488.13
Resource tax	<b>31,952,263.73</b>	30,082,984.11
Land appreciation tax	<b>86,876,966.30</b>	329,622,674.11
Education surcharges	<b>40,960,380.59</b>	43,021,517.54
Urban and rural land use tax	<b>18,981,450.67</b>	23,682,786.88
Real estate tax	<b>37,251,419.23</b>	40,000,321.52
Deed tax and others	<b>99,168,025.27</b>	234,943,973.26
	<b><u>2,274,447,952.95</u></b>	<u>2,356,197,065.16</u>

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 33. Other payables

	30 June 2022	31 December 2021
Interests payable	<b>1,484,493,540.56</b>	1,283,850,567.83
Interests on borrowings	<b>351,190,427.15</b>	97,592,148.80
Including: <i>Interests on long-term borrowings</i>	<b>70,024,751.63</b>	74,007,022.01
<i>Interests on short-term borrowings</i>	<b>281,165,675.52</b>	23,585,126.79
Interests of corporate bonds	<b>1,133,303,113.41</b>	1,186,258,419.03
Dividends payable	<b>1,573,003,238.70</b>	258,868,380.11
Other shareholders	<b>1,234,399,150.66</b>	108,270,084.82
Interest on perpetual bonds	<b>338,604,088.04</b>	150,598,295.29
Other payables	<b>8,032,489,255.07</b>	8,158,833,706.75
Amounts collected on behalf and temporary receipts	<b>4,512,957,982.92</b>	4,775,941,085.96
Deposits	<b>1,644,895,449.75</b>	1,740,229,650.78
Payables for relocation compensation	<b>343,850,073.67</b>	266,707,543.52
Freight and miscellaneous charges payable	<b>122,513,379.56</b>	122,806,927.46
Construction costs payable	<b>127,876,964.20</b>	100,713,574.27
Payables for acquisition of equity investments	<b>90,421,221.80</b>	7,573,900.77
Payables for land use right	<b>76,915,216.83</b>	76,968,404.25
Current portion of net liabilities of defined benefit plan (Note V. 40)	<b>54,045,108.88</b>	54,816,853.88
Payables to related companies	<b>56,032,205.35</b>	44,824,880.73
Public maintenance fund payable	<b>21,653,980.59</b>	24,933,091.47
Utilities	<b>1,468,222.39</b>	12,729,121.28
Others	<b>979,859,449.13</b>	930,588,672.38
	<b>11,089,986,034.33</b>	9,701,552,654.69

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

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#### 33. Other payables (continued)

As at 30 June 2022, significant other payables aging more than one year of the Group are as follows:

	Relationship with the Group	Amount payable	Percentage of total other payables (%)	Reasons for un-repayment
First	Third party	300,033,343.80	3.74	Undue
Second	Third party	235,029,284.34	2.93	Undue
Third	Third party	74,794,869.73	0.93	Undue
Fourth	Third party	73,357,201.32	0.91	Undue
Fifth	Third party	<u>59,800,000.00</u>	<u>0.74</u>	Undue

#### 34. Non-current liabilities due within one year

	30 June 2022	31 December 2021
Long-term loans due within one year (Note V. 36)	<b>7,611,299,513.33</b>	9,514,312,659.92
Bonds payable due within one year (Note V. 37)	<b>4,734,448,741.80</b>	5,433,175,563.81
Long-term payables due within one year (Note V. 39)	<b>39,548,294.09</b>	40,040,615.47
Lease liabilities due within one year (Note V. 38)	<b>105,929,835.18</b>	138,273,121.17
	<b><u>12,491,226,384.40</u></b>	<u>15,125,801,960.37</u>

#### 35. Other current liabilities

	30 June 2022	31 December 2021
Accrued expenses	<b>7,624,032,471.62</b>	8,247,695,543.90
Including: Accrued development costs	<b>2,542,123,467.32</b>	2,947,327,292.72
Provision for LAT	<b>4,617,108,467.89</b>	4,929,370,902.88
Accrued costs for treatment of solid wastes	<b>289,288,837.78</b>	166,079,658.06
Other accrued expenses	<b>175,511,698.63</b>	204,917,690.24
Tax to be written off	<b><u>1,415,082,222.49</u></b>	<u>1,059,973,462.40</u>
	<b><u>9,039,114,694.11</u></b>	<u>9,307,669,006.30</u>

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

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#### 36. Long-term loans

	30 June 2022	31 December 2021
Guaranteed loans (Note 1)	<b>4,793,294,196.42</b>	5,121,681,056.14
Credit loans	<b>22,022,050,000.00</b>	21,594,843,912.14
Mortgaged loans (Note 2)	<b>10,027,904,347.90</b>	7,322,500,142.44
Pledged loans (Note 2)	<b><u>3,460,000,000.00</u></b>	<u>4,476,999,999.00</u>
	<b>40,303,248,544.32</b>	38,516,025,109.72
Less: Long-term loans due within one year	<b><u>7,611,299,513.33</u></b>	<u>9,514,312,659.92</u>
	<b><u>32,691,949,030.99</u></b>	<u>29,001,712,449.80</u>

Note 1: As at 30 June 2022 and 31 December 2021, the guaranteed loans of the Group were guaranteed by entities within the Group.

Note 2: As at 30 June 2022 and 31 December 2021, details and value of collaterals corresponding to mortgaged and pledged loans of the Group are set out in Note V. 70.

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

	30 June 2022	31 December 2021
Within 1 year	<b>7,611,299,513.33</b>	9,514,312,659.92
1-2 years	<b>9,716,859,638.15</b>	11,383,044,894.58
2-5 years	<b>17,072,020,892.84</b>	11,585,417,555.22
Over 5 years	<b><u>5,903,068,500.00</u></b>	<u>6,033,250,000.00</u>
	<b>40,303,248,544.32</b>	38,516,025,109.72

As at 30 June 2022, the annual interest rates of the above loans were 3.00%-6.00% (31 December 2021: 3.30%-6.60%).



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

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#### 37. Short-term financing bonds payable and bonds payable

	30 June 2022	31 December 2021
Short-term financing bonds payable	<b><u>7,500,000,000.00</u></b>	<u>7,500,000,000.00</u>
Corporate bonds	<b>22,273,292,047.41</b>	27,932,850,068.31
Medium-term notes	<b><u>11,698,517,670.68</u></b>	<u>11,000,000,000.00</u>
Balance at the end of the period/year	<b>33,971,809,718.09</b>	38,932,850,068.31
Less: Bonds payable due within one year	<b><u>4,734,448,741.80</u></b>	<u>5,433,175,563.81</u>
Non-current portion	<b><u>29,237,360,976.29</u></b>	<u>33,499,674,504.50</u>
Analysis of maturity of bonds payable:		
	30 June 2022	31 December 2021
Within 1 year (inclusive of 1 year)	<b>4,734,448,741.80</b>	5,433,175,563.81
1 to 2 years (inclusive of 2 years)	<b>7,996,557,164.43</b>	7,795,654,650.53
2 to 5 years (inclusive of 5 years)	<b>21,240,803,811.86</b>	21,214,765,082.08
Over 5 years	<u>–</u>	<u>4,489,254,771.89</u>
	<b><u>33,971,809,718.09</u></b>	<u>38,932,850,068.31</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

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

As at 30 June 2022, the balance of bonds payable is as follows:

Bonds payable	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
Non-current portion:											
1) RMB800 million corporate bonds	RMB800 million	12 October 2012	10 years	800,000,000.00	799,513,346.73	-	24,000,000.00	337,240.86	-	(799,850,587.59)	-
2) RMB1.8 billion corporate bonds	RMB1.8 billion	14 March 2016	5+2 years	1,800,000,000.00	1,797,438,281.49	-	31,499,895.00	-	-	(1,797,438,281.49)	-
3) RMB3.5 billion corporate bonds	RMB3.5 billion	19 May 2017	3+2 years	3,500,000,000.00	3,498,042,647.26	-	46,666,666.65	1,957,352.74	(3,500,000,000.00)	-	-
3) RMB500 million corporate bonds	RMB500 million	19 May 2017	5+2 years	500,000,000.00	499,219,937.85	-	10,337,843.56	78,750.30	(499,000,000.00)	-	298,688.15
4) RMB1.75 billion corporate bonds	RMB1.75 billion	13 July 2017	3+2 years	1,750,000,000.00	1,377,159,872.72	-	1,609,999.98	-	-	(137,159,872.72)	-
5) 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)	-
7) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	3+2 years	1,500,000,000.00	1,498,216,369.04	-	25,123,927.98	-	-	-	1,498,216,369.04
7) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	5+2 years	1,500,000,000.00	1,497,242,422.83	-	37,500,000.00	335,298.10	-	-	1,497,567,720.93
8) 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
9) RMB500 million corporate bonds	RMB500 million	9 January 2019	3+2 years	500,000,000.00	499,239,759.25	-	401,075.27	760,240.75	(500,000,000.00)	-	-
9) RMB1.5 billion corporate bonds	RMB1.5 billion	9 January 2019	5+2 years	1,500,000,000.00	1,496,774,868.06	-	30,255,000.00	331,053.34	-	-	1,497,105,923.40
10) RMB2.5 billion medium-term notes	RMB2.5 billion	11 March 2019	5 years	2,500,000,000.00	2,500,000,000.00	-	54,375,000.00	-	-	-	2,500,000,000.00
11) RMB1.5 billion corporate bonds	RMB1.5 billion	29 October 2019	5 years	1,500,000,000.00	1,497,592,892.28	-	31,500,000.00	449,214.96	-	-	1,498,042,107.24
11) RMB1.2 billion corporate bonds	RMB1.2 billion	21 March 2019	5 years	1,200,000,000.00	1,198,532,632.35	-	9,940,000.00	1,467,367.65	(1,200,000,000.00)	-	-
12) RMB2 billion medium-term notes	RMB2 billion	9 August 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	39,400,000.00	-	-	-	2,000,000,000.00
12) RMB2 billion medium-term notes	RMB2 billion	14 November 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	41,299,999.98	-	-	-	2,000,000,000.00
13) RMB4.5 billion corporate bonds	RMB4.5 billion	10 January 2020	5+2 years	4,500,000,000.00	4,489,254,771.89	-	89,775,000.00	1,575,000.00	-	-	4,490,829,771.89
13) RMB2 billion corporate bonds	RMB2 billion	16 June 2020	3+2 years	2,000,000,000.00	1,995,500,238.15	-	32,400,000.00	1,166,666.67	-	-	1,996,666,904.82
13) RMB1.5 billion corporate bonds	RMB1.5 billion	14 August 2020	3+2 years	1,500,000,000.00	1,496,098,207.44	-	27,300,000.00	875,000.00	-	-	1,496,973,207.44
14) RMB2.82 billion corporate bonds	RMB2.82 billion	11 November 2020	6 years	2,820,000,000.00	1,535,478,103.30	-	3,372,655.10	29,848,681.19	(9,300.00)	-	1,555,317,484.49
15) RMB1 billion corporate bonds	RMB1 billion	13 October 2021	5 years	1,000,000,000.00	998,645,687.23	-	17,850,000.00	139,572.48	-	-	998,785,259.71
15) RMB1 billion corporate bonds	RMB1 billion	11 June 2021	5 years	1,000,000,000.00	998,739,676.26	-	18,349,999.98	139,838.06	-	-	998,879,514.32
18) RMB2 billion corporate bonds	RMB2 billion	22 November 2021	3+2 years	2,000,000,000.00	2,000,160,354.18	-	31,700,000.00	-	-	-	2,000,160,354.18
19) RMB700 million medium-term notes	RMB700 million	31 May 2022	3 years	700,000,000.00	-	700,000,000.00	2,520,430.11	(1,482,323.32)	-	-	698,517,676.68
				42,570,000,000.00	38,932,850,068.31	700,000,000.00	724,897,493.65	37,968,949.78	(5,699,009,300.00)	(4,734,448,741.80)	29,277,561,976.29

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

### 37. Short-term financing bonds payable and bonds payable (continued)

As at 30 June 2022, the balance of bonds payable is as follows: (continued)

Bonds payable	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
Short-term financing bond:											
17) RMB2 billion ultra-short financing bonds	RMB2 billion	6 September 2021	269 days	2,000,000,000.00	2,000,000,000.00	-	22,377,777.78	-	(2,000,000,000.00)	-	-
17) RMB2.5 billion ultra-short financing bonds	RMB2.5 billion	11 August 2021	259 days	2,500,000,000.00	2,500,000,000.00	-	20,138,888.89	-	(2,500,000,000.00)	-	-
17) RMB3 billion ultra-short financing bonds	RMB3 billion	1 September 2021	205 days	3,000,000,000.00	3,000,000,000.00	-	18,241,935.48	-	(3,000,000,000.00)	-	-
20) RMB2 billion ultra-short financing bonds	RMB2 billion	17 March 2022	132 days	2,000,000,000.00	-	2,000,000,000.00	11,505,376.34	-	-	-	2,000,000,000.00
20) RMB2.5 billion ultra-short financing bonds	RMB2.5 billion	20 April 2022	127 days	2,500,000,000.00	-	2,500,000,000.00	10,111,111.11	-	-	-	2,500,000,000.00
20) RMB3 billion ultra-short financing bonds	RMB3 billion	24 May 2022	268 days	3,000,000,000.00	-	3,000,000,000.00	6,833,870.97	-	-	-	3,000,000,000.00
				15,000,000,000.00	7,500,000,000.00	7,500,000,000.00	89,208,960.57	-	(7,500,000,000.00)	-	7,500,000,000.00
				57,570,000,000.00	46,432,850,068.31	8,200,000,000.00	814,106,454.22	37,968,949.78	(13,199,009,300.00)	(4,734,448,741.80)	36,737,360,976.29

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

## 37. Short-term financing bonds payable and bonds payable (continued)

As at 31 December 2021, the balance of bonds payable is as follows:

Bonds payable	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
Non-current portion:											
1) RMB800 million corporate bonds	RMB800 million	15 October 2012	10 years	800,000,000.00	798,669,358.09	-	48,000,000.00	643,988.64	-	(799,513,346.73)	-
2) RMB3.2 billion corporate bonds	RMB3.2 billion	14 March 2016	3+2 years	3,200,000,000.00	3,191,695,687.00	-	25,448,449.84	2,239,313.00	(3,193,935,000.00)	-	-
2) RMB1.8 billion corporate bonds	RMB1.8 billion	14 March 2016	5+2 years	1,800,000,000.00	1,795,940,788.26	1,353,300,000.00	62,999,832.90	1,503,493.23	(1,353,306,000.00)	-	1,797,438,281.49
3) RMB3.5 billion corporate bonds	RMB3.5 billion	19 May 2017	3+2 years	3,500,000,000.00	3,496,604,647.31	-	111,999,999.96	1,437,999.95	-	(3,498,042,647.26)	-
3) RMB500 million corporate bonds	RMB500 million	19 May 2017	5+2 years	500,000,000.00	498,933,621.04	-	26,900,000.04	286,316.81	-	(499,219,937.85)	-
4) RMB1.25 billion corporate bonds	RMB1.25 billion	13 July 2017	2+1 years	1,250,000,000.00	554,991.89	-	-	(554,991.89)	-	-	-
4) RMB1.75 billion corporate bonds	RMB1.75 billion	13 July 2017	3+2 years	1,750,000,000.00	137,042,109.10	-	3,219,999.96	117,763.62	-	(137,159,872.72)	-
5) RMB2 billion medium-term notes	RMB2 billion	18 January 2018	5 years	2,000,000,000.00	2,000,000,000.00	-	117,000,000.00	-	-	-	2,000,000,000.00
6) RMB2.5 billion debt financing plan	RMB2.5 billion	25 June 2018	3 years	2,500,000,000.00	2,500,000,000.00	-	76,562,500.00	-	(2,500,000,000.00)	-	-
7) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	3+2 years	1,500,000,000.00	1,497,256,139.41	177,000,000.00	61,027,222.95	1,024,229.63	(177,064,000.00)	-	1,498,216,369.04
7) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	5+2 years	1,500,000,000.00	1,496,503,766.25	-	75,000,000.00	738,656.58	-	-	1,497,242,422.83
8) RMB2.5 billion medium-term notes	RMB2.5 billion	9 August 2018	5 years	2,500,000,000.00	2,500,000,000.00	-	117,500,000.04	-	-	-	2,500,000,000.00
9) RMB500 million corporate bonds	RMB500 million	9 January 2019	3+2 years	500,000,000.00	498,890,568.22	-	18,650,000.04	349,191.03	-	(499,239,759.25)	-
9) RMB1.5 billion corporate bonds	RMB1.5 billion	9 January 2019	5+2 years	1,500,000,000.00	1,496,057,668.67	-	61,050,000.00	717,199.39	-	-	1,496,774,868.06
10) RMB2.5 billion medium-term notes	RMB2.5 billion	7 March 2019	5 years	2,500,000,000.00	2,500,000,000.00	-	108,750,000.00	-	-	-	2,500,000,000.00
11) RMB1.2 billion corporate bonds	RMB1.2 billion	21 March 2019	5 years	1,200,000,000.00	1,197,821,872.95	-	59,640,000.00	710,759.40	-	-	1,198,532,632.35
11) RMB1.5 billion corporate bonds	RMB1.5 billion	29 October 2019	5 years	1,500,000,000.00	1,496,724,712.34	-	63,000,000.00	868,179.94	-	-	1,497,592,892.28
12) RMB2 billion medium-term notes	RMB2 billion	7 August 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	78,800,000.04	-	-	-	2,000,000,000.00
12) RMB2 billion medium-term notes	RMB2 billion	12 November 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	82,599,999.96	-	-	-	2,000,000,000.00
13) RMB4.5 billion corporate bonds	RMB4.5 billion	10 January 2020	5+2 years	4,500,000,000.00	4,487,185,227.28	-	179,550,000.00	2,069,544.61	-	-	4,489,254,771.89
13) RMB2 billion corporate bonds	RMB2 billion	15 June 2020	3+2 years	2,000,000,000.00	1,994,166,668.22	-	64,800,000.00	1,333,569.93	-	-	1,995,500,238.15
13) RMB1.5 billion corporate bonds	RMB1.5 billion	13 August 2020	3+2 years	1,500,000,000.00	1,495,418,010.75	-	54,600,000.00	680,196.69	-	-	1,496,098,207.44
14) RMB2.82 billion corporate bonds	RMB2.82 billion	11 November 2020	6 years	2,820,000,000.00	1,477,072,861.26	-	4,794,287.62	58,405,242.04	-	-	1,535,478,103.30
15) RMB1 billion corporate bonds	RMB1 billion	11 June 2021	5 years	1,000,000,000.00	-	998,584,905.66	20,388,888.91	154,770.60	-	-	998,739,676.26
15) RMB1 billion corporate bonds	RMB1 billion	13 October 2021	5 years	1,000,000,000.00	-	998,584,905.66	7,773,387.10	60,781.57	-	-	998,645,687.23
18) RMB2 billion corporate bonds	RMB2 billion	19 November 2021	3+2 years	2,000,000,000.00	-	2,000,000,000.00	6,888,333.33	160,354.18	-	-	2,000,160,354.18
				48,820,000,000.00	40,556,738,698.04	5,527,469,811.32	1,536,922,902.69	72,946,558.95	(7,224,305,000.00)	(5,433,175,563.81)	33,499,674,504.50

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

### 37. Short-term financing bonds payable and bonds payable (continued)

As at 31 December 2021, the balance of bonds payable is as follows: (continued)

Bonds payable	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 bond:											
16) RMB800 million ultra-short financing bonds	RMB800 million	14 May 2020	270 days	800,000,000.00	799,877,830.18	-	1,752,813.83	122,169.82	(800,000,000.00)	-	-
16) RMB800 million ultra-short financing bonds	RMB800 million	5 August 2020	270 days	800,000,000.00	799,395,622.78	-	8,169,201.29	604,377.22	(800,000,000.00)	-	-
17) RMB1.5 billion ultra-short financing bonds	RMB1.5 billion	5 March 2021	140 days	1,500,000,000.00	-	1,500,000,000.00	15,180,136.99	-	(1,500,000,000.00)	-	-
17) RMB1.5 billion ultra-short financing bonds	RMB1.5 billion	10 March 2021	266 days	1,500,000,000.00	-	1,500,000,000.00	34,774,193.55	-	(1,500,000,000.00)	-	-
17) RMB2.5 billion ultra-short financing bonds	RMB2.5 billion	11 August 2021	259 days	2,500,000,000.00	-	2,500,000,000.00	24,361,559.14	-	-	-	2,500,000,000.00
17) RMB3 billion ultra-short financing bonds	RMB3 billion	1 September 2021	205 days	3,000,000,000.00	-	3,000,000,000.00	26,000,000.00	-	-	-	3,000,000,000.00
17) RMB2 billion ultra-short financing bonds	RMB2 billion	6 September 2021	269 days	2,000,000,000.00	-	2,000,000,000.00	16,930,555.55	-	-	-	2,000,000,000.00
				12,100,000,000.00	1,599,273,452.96	10,500,000,000.00	127,188,460.35	726,547.04	(4,600,000,000.00)	-	7,500,000,000.00
				60,920,000,000.00	42,156,012,151.00	16,027,469,811.32	1,664,091,363.04	73,673,105.99	(11,824,305,000.00)	(5,433,175,568.81)	40,999,674,504.50

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

*(continued)*

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

- 1) Pursuant to the document (Fa Gai Cai Jin [2012] No. 2810) (發改財金[2012]2810號文件) issued by National Development and Reform Commission, Jidong Cement issued the first tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2012 on 15 October 2012 (hereinafter referred to as "12 Jidong 03"), totalling RMB800,000,000 with a term of 10 years and a coupon rate of 6.3%.
- 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) of BBMG Corporation for 2016 to qualified investors by way of public issuance on 14 March 2016 (hereinafter referred to as "16 BBMG 01"), totalling RMB3,200,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and an initial coupon rate of 3.12%. As announced on 22 January 2019, the coupon rate of the bonds was increased to 3.9% for the next two years (i.e., from 14 March 2019 to 13 March 2021). The sale back amount as announced on 12 March 2019 was RMB6,065,000 (exclusive of interests) with the remaining amount of RMB3,193,935,000 (exclusive of interests) due for payment on 15 March 2021. The Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2016 to qualified investors by way of public issuance on 14 March 2016 (hereinafter referred to as "16 BBMG 02"), totalling RMB1,800,000,000 with a term of 7 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) and a coupon rate of 3.5%. As disclosed in the announcement dated 5 March 2021, the issuer decided not to raise the coupon rate of the bonds for the next two years. The total sale back amount as announced on 15 March 2021 was RMB1,353,306,000 (exclusive of interests). As announced on 15 March 2021, part of the sale-back bonds were resold with an amount of RMB1,353,300,000 (exclusive of interests) and the remaining bonds not resold was cancelled with an amount of RMB6,000.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

*(continued)*

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

- 3) 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) of BBMG Corporation for 2017 to qualified investors by way of public issuance on 19 May 2017 (hereinafter referred to as "17 BBMG 01"), totalling RMB3,500,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.2%. As announced on 25 March 2020, the coupon rate of the bonds was lowered to 3.2% for the next two years (i.e., from 19 May 2020 to 18 May 2022). The total sale back amount as announced on 19 May 2020 was RMB319,107,000 (exclusive of interests). As announced on 19 May 2020, part of the sale-back bonds were resold with an amount of RMB319,107,000 (exclusive of interests) with the remaining amount of RMB3,500,000,000 (exclusive of interests) due for payment on 19 May 2022. The Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of public issuance on 19 May 2017 (hereinafter referred to as "17 BBMG 02"), totalling RMB500,000,000 with a term of 7 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) and a coupon rate of 5.38%. On 31 March 2022 (at the end of the fifth year of the duration), the Company published an announcement, in which the Company decided to raise the coupon rate of "17 BBMG 02" for the next two years, i.e. the coupon rate of "17 BBMG 02" for the period from 19 May 2022 to 18 May 2024 shall be 2.95%. The total sale back amount as announced on 25 March 2022 was RMB499,000,000 (exclusive of interests).
- 4) 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 to qualified investors by way of non-public issuance on 13 July 2017 (hereinafter referred to as "17 BBMG 03"), totalling RMB1,250,000,000 with a term of 3 years (with the issuer's option to raise the coupon rate at the end of the second year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.20%. The Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of non-public issuance on 13 July 2017 (hereinafter referred to as "17 BBMG 04"), totalling RMB1,750,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.30%.

## Notes to Unaudited Interim Financial Statements

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RMB

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

(continued)

#### 37. Short-term financing bonds payable and bonds payable (continued)

- 5) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) (《接受註冊通知書》(中市協註[2017]MTN512號)) issued by the National Association of Financial Market Institutional Investors (the "NAFMII"), the Company issued the first tranche of medium term notes of BBMG Corporation for 2018 on 18 January 2018 (hereinafter referred to as "18 BBMG MTN001"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 5.85%.
- 6) Pursuant to the Notice of Acceptance of Filing (Debt Financing Plan [2018] No. 0312) (《接受備案通知書》(債權融資計劃[2018]第0312號)) issued by Beijing Financial Assets Exchange Limited, the Company issued the second tranche of debt financing plan for 2018 on 25 June 2018 (hereinafter referred to as "18 BBMG ZR002"), totalling RMB2,500,000,000 with a term of 3 years and a coupon rate of 6.30%, which was due for payment on 25 June 2021.
- 7) Pursuant to the document [2018] No. 884 issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as "18 BBMG 01"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.7%. The total sale back amount as announced on 28 May 2021 was RMB177,064,000 (exclusive of interests). As announced on 28 July 2021, part of the sale-back bonds were resold with an amount of RMB177,000,000 (exclusive of interests) and the remaining bonds not resold were cancelled with an amount of RMB64,000; and the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as "18 BBMG 02"), totalling RMB1,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.00%.
- 8) Pursuant to the Notice of Acceptance of Registration issued by the NAFMII, the Company issued the third tranche of medium term notes of BBMG Corporation for 2018 on 9 August 2018 (hereinafter referred to as "18 BBMG MTN003"), totalling RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.70%.



## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 37. Short-term financing bonds payable and bonds payable (continued)

- 9) Pursuant to the Zheng Jian Xu Ke document [2018] No. 884 (《證監許可[2018]884號》文件) issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2019 to qualified investors by way of public issuance on 9 January 2019 (hereinafter referred to as "19 BBMG 01"), totalling RMB500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.73%. On 23 November 2021 (at the end of the third year of the duration), the Company published an announcement in relation to sales back. The investors exercised the option to sell back the bonds in full with the sale back amount of RMB500,000,000 and the issuer had not arranged resale, thus "19 BBMG 01" delisted in advance from Shanghai Stock Exchange on 20 January 2022 upon the completion of the sales back. The Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2019 to qualified investors by way of public issuance on 9 January 2019 (hereinafter referred to as "19 BBMG 02"), totalling RMB1,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.07%.
- 10) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) (《接受註冊通知書》(中市協註[2017] MTN512號)) issued by the NAFMII, the Company issued the first tranche of medium term notes of BBMG Corporation for 2019 on 7 March 2019 (hereinafter referred to as "19 BBMG MTN001"), totalling RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.35%.
- 11) Pursuant to the No Objection Letter Regarding the Compliance with Transfer Conditions of the Shenzhen Stock Exchange in the Non-Public Issuance of Corporate Bonds for 2018 of Tangshan Jidong Cement Co., Ltd. (Shen Zheng Han [2018] No. 810) (《關於唐山冀東水泥股份有限公司2018年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 of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 19 March 2019 (hereinafter referred to as "19 Jidong 01"), totalling RMB1,200,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.97%. The investors exercised the option to sell back the bonds in full during the period (at the end of the third year of the duration) with the sale back amount of RMB1,200,000,000 (exclusive of interests). The company completed payment and delisting on 21 March 2022. Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 28 October 2019 (hereinafter referred to as "19 Jidong 02"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.20%.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 37. Short-term financing bonds payable and bonds payable (continued)

- 12) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DF16) (《接受註冊通知書》(中市協註[2019]DF16號)) issued by the NAFMII, the Company issued the second tranche of medium term notes of BBMG Corporation for 2019 on 7 August 2019 (hereinafter referred to as "19 BBMG MTN002"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 3.94%; and the Company issued the third tranche of medium term notes of BBMG Corporation for 2019 on 12 November 2019 (hereinafter referred to as "19 BBMG MTN003"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 4.13%.
- 13) Pursuant to the Replies (Zheng Jian Xu Ke [2019] No. 2255) (中國證券監督管理委員會出具的批復(證監許可[2019]2255號)) issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2020 to qualified investors by way of public issuance on 10 January 2020 (hereinafter referred to as "20 BBMG 02"), totalling RMB4,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.99%; the Company issued the second tranche of corporate bonds of BBMG Corporation for 2020 to qualified investors by way of public issuance on 15 June 2020 (hereinafter referred to as "20 BBMG 03"), totalling RMB2,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.24%; the Company issued the third tranche of corporate bonds of BBMG Corporation for 2020 to qualified investors by way of public issuance on 13 August 2020 (hereinafter referred to as "20 BBMG 04"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.64%.
- 14) Pursuant to the Replies (Zheng Jian Xu Ke [2020] No. 2416) (中國證券監督管理委員會出具的批復(證監許可[2020]2416號)) issued by the China Securities Regulatory Commission, Tangshan Jidong Cement Co., Ltd. issued its convertible corporate bonds on 5 November 2020 (hereinafter referred to as "Jidong Convertible Bonds"), totally RMB2,820,000,000 with a term of 6 years, and the coupon rate was set as 0.20%, 0.40%, 0.80%, 1.20%, 1.50% and 2.00% for the first year, second year, third year, fourth year, fifth year and sixth year, respectively, with the redemption price at maturity of RMB106 (including the last payment of interests). The issue date was 5 November 2020 with the term of conversion of convertible bonds commencing from 11 May 2021 to 4 November 2026.

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For the six months ended 30 June 2022

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

(continued)

### 37. Short-term financing bonds payable and bonds payable (continued)

- 15) Pursuant to the document (Zheng Jian Xu Ke [2020] No. 2804) (《證監許可[2020]2804號》文件) issued by the China Securities Regulatory Commission, Jidong Cement issued the first tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. to professional investors by way of public issuance on 11 June 2021 (hereinafter referred to as “21 Jidong 01”), totalling RMB1,000,000,000 with a term of 5 years (with the issuer’s option to adjust the coupon rate at the end of the third year and the investors’ entitlement to sell back the bonds) and a coupon rate of 3.67%; Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. to professional investors by way of public issuance on 22 November 2021 (hereinafter referred to as “21 Jidong 02”), totalling RMB1,000,000,000 with a term of 5 years (with the issuer’s option to adjust the coupon rate at the end of the third year and the investors’ entitlement to sell back the bonds) and a coupon rate of 3.57%.
  
- 16) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. SCP16) (《接受註冊通知書》(中市協註[2019]SCP16號)) issued by the NAFMII, Jidong Cement successfully issued the third tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2020 on 14 May 2020 (hereinafter referred to as “20 Jidong SCP003”), totalling RMB800,000,000 with a term of 270 days and a coupon rate of 2.07%, which was paid on 8 February 2021; Jidong Cement successfully issued the fourth tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2020 on 5 August 2020 (hereinafter referred to as “20 Jidong SCP004”), totalling RMB800,000,000 with a term of 270 days and a coupon rate of 3.07%, which was paid on 2 May 2021.

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

(continued)

### 37. Short-term financing bonds payable and bonds payable (continued)

- 17) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DFI6) (《接受註冊通知書》(中市協註[2019]DFI6號)) issued by the NAFMII, the Company successfully issued the first tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 4 March 2021 (hereinafter referred to as "21 BBMG SCP001"), totalling RMB1,500,000,000 with a term of 140 days and a coupon rate of 2.90% and successfully issued the second tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 8 March 2021 (hereinafter referred to as "21 BBMG SCP002"), totalling RMB1,500,000,000 with a term of 268 days and a coupon rate of 3.18%; the Company successfully issued the third tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 11 August 2021 (hereinafter referred to as "21 BBMG SCP003"), totalling RMB2,500,000,000 with a term of 259 days and a coupon rate of 2.50%, which was due for payment on 27 April 2022; the Company successfully issued the fourth tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 1 September 2021 (hereinafter referred to as "21 BBMG SCP004"), totalling RMB3,000,000,000 with a term of 205 days and a coupon rate of 2.60%, which was due for payment on 25 March 2022; the Company also successfully issued the fifth tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 6 September 2021 (hereinafter referred to as "21 BBMG SCP005"), totalling RMB2,000,000,000 with a term of 269 days and a coupon rate of 2.65%, which was due for payment on 2 June 2022.
- 18) Pursuant to the document (Zheng Jian Xu Ke [2020] No. 2749) (《證監許可[2020] 2749號》文件) issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds of BBMG Corporation for 2021 to professional investors by way of public issuance on 19 November 2021 (hereinafter referred to as "21 BBMG 01"), totalling RMB2,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.17%.
- 19) As approved by the document (Zhong Shi Xie Zhu [2021] No. MTN1) (中市協註[2021] MTN1號文件) from the NAFMII, the Company publicly issued the first tranche of medium term notes of Tangshan Jidong Cement Co., Ltd. for 2022 in the national inter-bank bond market on 30 May 2022 (hereinafter referred to as "22 Jidong Cement MTN001"), totalling RMB1,000,000,000 (including notes of RMB300,000,000 acquired by the related party BBMG Finance Co., Ltd. and RMB700,000,000 raised from the Group's external financing) with a term of 3 years and a coupon rate of 2.93%. Interest was accrued from 31 May 2022 and the maturity date will be 31 May 2025. The interest shall be paid on an annual basis and the principal amount will be repaid in a lump sum at maturity. The last instalment of interest shall be paid together with the principal amount.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 37. Short-term financing bonds payable and bonds payable (continued)

- 20) As approved by the document (Zhong Shi Xie Zhu [2021] No. DF110) (中市協註[2021] DF110號文件) from the NAFMII, the Company publicly issued the first tranche of ultrashort financing bonds of BBMG Corporation for 2022 in the national inter-bank bond market on 16 March 2022 (hereinafter referred to as "22 BBMG SCP001"), totalling RMB2,000,000,000 with a term of 132 days and a coupon rate of 2.00%. Interest was accrued from 17 March 2022 and the maturity date will be 27 July 2022. The bonds are repayable on maturity with a one-off payment of the principle and the interest; the Company publicly issued the second tranche of ultrashort financing bonds of BBMG Corporation for 2022 in the national inter-bank bond market on 19 April 2022 (hereinafter referred to as "22 BBMG SCP002"), totalling RMB2,500,000,000 with a term of 127 days and a coupon rate of 2.00%. Interest was accrued from 20 April 2022 and the maturity date will be 25 August 2022. The bonds are repayable on maturity with a one-off payment of the principle and the interest; the Company publicly issued the third tranche of ultrashort financing bonds of BBMG Corporation for 2022 in the national inter-bank bond market on 23 May 2022 (hereinafter referred to as "22 BBMG SCP003"), totalling RMB3,000,000,000 with a term of 268 days and a coupon rate of 2.08%. Interest was accrued from 24 May 2022 and the maturity date will be 16 February 2023. The bonds are repayable on maturity with a one-off payment of the principle and the interest.

#### 38. Lease liabilities

	30 June 2022	31 December 2021
Principal of lease liabilities	<b>676,865,807.26</b>	667,488,140.39
Less: Unrecognised finance cost	<b>139,217,316.48</b>	134,003,468.62
	<b>537,648,490.78</b>	533,484,671.77
Less: Lease liabilities due within one year	<b>105,929,835.18</b>	138,273,121.17
Non-current portion	<b>431,718,655.60</b>	395,211,550.60

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 39. Long-term payables

	30 June 2022	31 December 2021
Long-term payables	<b>478,662,014.19</b>	385,210,384.03
Less: Long-term payables due within one year	<b><u>39,548,294.09</u></b>	<u>40,040,615.47</u>
Non-current portion	<b><u>439,113,720.10</u></b>	<u>345,169,768.56</u>
Analysis of maturity of long-term payables:		
	30 June 2022	31 December 2021
Within 1 year (inclusive of 1 year)	<b>39,548,294.09</b>	40,040,615.47
1 to 2 years (inclusive of 2 years)	<b>62,792,790.12</b>	68,318,215.69
2 to 5 years (over 2 years and inclusive of 5 years)	<b><u>376,320,929.98</u></b>	<u>276,851,552.87</u>
	<b><u>478,662,014.19</u></b>	<u>385,210,384.03</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 40. Long-term wages payable

	30 June 2022	31 December 2021
Net liabilities of defined benefit plan	<b>494,353,722.53</b>	498,937,107.96

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 Management and Consulting (Shenzhen) Company Limited (韜睿惠悅管理諮詢(深圳)有限公司), a member of the China Association of Actuaries (中國精算學會), on 30 June 2022 using the projected accumulated benefit units method.

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

	30 June 2022	31 December 2021
Discount rate (%)	<b>3.00-4.00</b>	2.00-4.00
Growth rate of benefit costs of retirees and early retirees (%)	<b>2.00</b>	2.25

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

#### 30 June 2022

	Increase/ (decrease) of defined benefit plan obligations	Increase/ (decrease) of defined benefit plan obligations
	Increase (%)	Decrease (%)
Discount rate	0.25	0.25
Expected growth rate of future retiree benefit costs	0.50	0.50
	(8,409,704.31)	9,325,159.28
	16,898,226.43	(15,863,900.05)

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 40. Long-term wages payable (continued)

31 December 2021

	Increase (%)	Increase/(decrease) of defined benefit plan obligations	Decrease (%)	Increase/(decrease) of defined benefit plan obligations
Discount rate	0.25	(9,148,432.70)	0.25	9,488,229.49
Expected growth rate of future retiree benefit costs	0.50	17,382,731.73	0.50	(16,150,822.52)

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 profit or loss:

	30 June 2022	31 December 2021
Net interest expenses charged to finance expenses	<b>4,158,014.00</b>	16,692,438.00
Charged to management expenses	<b>(976,639.00)</b>	(3,356,000.00)
	<b>3,181,375.00</b>	13,336,438.00



## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 40. Long-term wages payable (continued)

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

	30 June 2022	31 December 2021
Balance at the beginning of the period/year	<b>553,753,961.84</b>	587,617,906.77
Interest expenses for the period/year	<b>5,152,774.00</b>	17,095,438.00
Service costs for the period/year	<b>1,000.00</b>	(9,001,000.00)
Previous service costs	–	(1,913,000.00)
Welfare benefits paid for the period/year	<b>(10,505,904.43)</b>	(46,949,104.93)
Actuarial gains recognised in other comprehensive income	<b>(3,000.00)</b>	6,903,722.00
<i>Including: Actuarial changes arising from changes in financial assumptions</i>	–	(3,481,000.00)
<i>Including: Actuarial gains on difference in experience</i>	<b>(3,000.00)</b>	10,384,722.00
Balance at the end of the period/year	<b>548,398,831.41</b>	553,753,961.84
<i>Less: Current portion of net liabilities of defined benefit plan</i>	<b>54,045,108.88</b>	54,816,853.88
Balance at the end of the period/year	<b>494,353,722.53</b>	498,937,107.96

Expected future payments to the defined benefit plan:

	30 June 2022	31 December 2021
Within 1 year	<b>54,045,108.88</b>	54,816,853.88
2 to 5 years	<b>187,107,889.35</b>	189,240,146.35
5 to 10 years	<b>190,802,306.86</b>	192,898,253.86
Over 10 years	<b>585,902,601.30</b>	576,748,463.30
Total expected deposit	<b>1,017,857,906.39</b>	1,013,703,717.39

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 41. Accrued liabilities

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Pending litigations or arbitration	2,902,183.67	–	1,000,000.00	1,902,183.67
Accrued concrete loss (Note 1)	32,844,009.62	2,688,058.63	7,658,715.64	27,873,352.61
Restoration cost of mines (Note 2)	404,051,078.78	19,606,084.16	20,989,092.59	402,668,070.35
Others (Note 3)	63,664,106.30	–	15,544,460.70	48,119,645.60
	<b>503,461,378.37</b>	<b>22,294,142.79</b>	<b>45,192,268.93</b>	<b>480,563,252.23</b>

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: Others include the estimated project compensation for subsidiaries of the Group.

#### 42. Deferred income

	30 June 2022	31 December 2021
Balance at the beginning of the period/year	<b>795,357,234.52</b>	832,750,925.25
Increase in the period/year	<b>12,532,809.00</b>	58,422,232.89
Decrease in the period/year	<b>32,701,487.74</b>	95,815,923.62
Balance at the end of the period/year	<b>775,188,555.78</b>	795,357,234.52

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 42. Deferred income (continued)

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

	30 June 2022	31 December 2021
Government grants related to assets		
Environmental protection projects	<b>428,407,043.14</b>	434,467,610.13
Cogeneration projects	<b>6,117,477.38</b>	7,899,995.06
Relocation compensation	<b>227,934,249.42</b>	232,996,643.00
Specific funds	<b>8,116,199.03</b>	6,693,351.03
Others	<b>99,392,702.81</b>	107,393,615.80
Government grants related to income		
Research and development funds	<b>5,220,884.00</b>	5,906,019.50
Balance at the end of the period/year	<b>775,188,555.78</b>	795,357,234.52

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 42. Deferred income (continued)

As at 30 June 2022, the major items related to government grants were as follows:

	Opening balance	Increase in the period	Other transfer out during the period	Included in other income in the period	Closing balance	Related to assets/ gains
Asset subsidy for relocation compensation of Tiantan	143,798,903.17	-	-	3,464,238.44	140,334,664.73	Related to assets
Subsidy for environmental protection equipment for Bio-Island project	95,598,316.38	-	-	7,687,958.82	87,910,357.56	Related to assets
Appropriation for mud project of Beijing Cement Plant	15,993,055.52	-	-	1,488,333.34	14,504,722.18	Related to assets
Tangshan Qixin Cement Industry Museum Project	44,885,317.17	-	-	676,943.04	44,208,374.13	Related to assets
Grant of Liushui construction garbage project	29,392,000.00	-	-	1,224,666.66	28,167,333.34	Related to assets
Relocation compensation for Construction Machinery	42,375,757.96	-	-	921,212.10	41,454,545.86	Related to assets
Replacement subsidy for Jianyuan	18,867,924.53	-	-	-	18,867,924.53	Related to assets
Zanhuang collaborative disposal of household garbage and sludge project	12,301,500.00	-	-	531,000.00	11,770,500.00	Related to assets
Grant of Heilongjiang industrial production project	11,315,421.72	-	-	514,337.34	10,801,084.38	Related to assets
Project of the production line with a capacity of 4600 tonnes of cement clinkers in Hechuan	12,159,621.12	-	-	161,054.58	11,998,566.54	Related to assets
Raw material storage tent of Zhenxing	6,639,333.34	-	-	336,000.00	6,303,333.34	Related to assets
Heat supply renovation project of Liulihe	4,874,999.81	-	-	250,000.02	4,624,999.79	Related to assets
	<u>438,202,150.72</u>	<u>-</u>	<u>-</u>	<u>17,255,744.34</u>	<u>420,946,406.38</u>	

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 42. Deferred income (continued)

As at 31 December 2021, the major items related to government grants were as follows:

	Opening balance	Increase in the year	Other transfer out during the year	Included in other income in the year	Closing balance	Related to assets/ gains
Asset subsidy for relocation compensation of Tiantan	150,803,870.79	-	-	7,004,967.62	143,798,903.17	Related to assets
Subsidy for environmental protection for Bio-Island project	110,974,234.02	-	-	15,375,917.64	95,598,316.38	Related to assets
Appropriation for mud project of Beijing Cement Plant	18,969,722.20	-	-	2,976,666.68	15,993,055.52	Related to assets
Tangshan Qixin Cement Industry Museum Project	46,245,793.10	-	-	1,360,475.93	44,885,317.17	Related to assets
Grant of Liushui construction garbage project	31,841,333.32	-	-	2,449,333.32	29,392,000.00	Related to assets
Relocation compensation for Construction and Machinery Replacement subsidy for Jianyuan	44,218,182.16	-	-	1,842,424.20	42,375,757.96	Related to assets
	18,867,924.53	-	-	-	18,867,924.53	Related to assets
Zanhuang collaborative disposal of household garbage and sludge project	13,363,500.00	-	-	1,062,000.00	12,301,500.00	Related to assets
Grant of Heilongjiang industrial production project	12,344,096.40	-	-	1,028,674.68	11,315,421.72	Related to assets
Project of the production line with a capacity of 4600 tonnes of cement clinkers in Hechuan	12,481,730.28	-	-	322,109.16	12,159,621.12	Related to assets
Raw material storage tent of Zhenxing	7,311,333.34	-	-	672,000.00	6,639,333.34	Related to assets
Ground source heat pump construction project of BBMG Logistics Park	6,750,000.00	-	6,750,000.00	-	-	Related to assets
Heat supply renovation project of Liulihe	5,374,999.85	-	-	500,000.04	4,874,999.81	Related to assets
	<u>479,546,719.99</u>	<u>-</u>	<u>6,750,000.00</u>	<u>34,594,569.27</u>	<u>438,202,150.72</u>	

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 43. Other non-current liabilities

	30 June 2022	31 December 2021
Advance payment for rent	<u>4,750,000.01</u>	<u>4,750,000.01</u>

#### 44. Share capital

30 June 2022

	Opening balance	Movements during the period		Closing balance
		Shares released from lock-up period	Sub-total	
I. Shares subject to lock-up restriction				
1. State-owned legal person shareholdings	-	-	-	-
2. Other domestic shareholdings	<u>4,848,000.00</u>	-	-	<u>4,848,000.00</u>
Total shares subject to lock-up restriction	<u>4,848,000.00</u>	-	-	<u>4,848,000.00</u>
II. Shares not subject to lock-up restriction				
1. RMB ordinary shares	<u>8,334,158,264.00</u>	-	-	<u>8,334,158,264.00</u>
2. Overseas listed foreign shares	<u>2,338,764,870.00</u>	-	-	<u>2,338,764,870.00</u>
Total shares not subject to lock-up restriction	<u>10,672,923,134.00</u>	-	-	<u>10,672,923,134.00</u>
Total share capital	<u>10,677,771,134.00</u>	-	-	<u>10,677,771,134.00</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 44. Share capital (continued)

31 December 2021

	Opening balance	Movements during the year		Closing balance
		Shares released from lock-up period	Sub-total	
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. Overseas listed foreign 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

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 45. Other equity instruments

##### *Perpetual bonds*

	Issuance date	30 June 2022	31 December 2021
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
2020 First Tranche of Medium-term Notes	22 April 2020	1,500,000,000.00	1,500,000,000.00
2020 Second Tranche of Medium-term Notes	19 June 2020	1,500,000,000.00	1,500,000,000.00
Jiangsu Trust Perpetual Bonds Investment	28 September 2021	4,000,000,000.00	4,000,000,000.00
Jiangsu Trust Perpetual Bonds Investment	29 October 2021	999,000,000.00	999,000,000.00
2021 First Tranche of Renewable Corporate Bonds	12 November 2021	1,500,000,000.00	1,500,000,000.00
2021 Second Tranche of Renewable Corporate Bonds	21 December 2021	1,500,000,000.00	1,500,000,000.00
2022 First Tranche of Renewable Corporate Bonds (Type One)	6 January 2022	1,000,000,000.00	–
2022 First Tranche of Renewable Corporate Bonds (Type Two)	6 January 2022	500,000,000.00	–
2022 Second Tranche of Renewable Corporate Bonds	17 January 2022	1,500,000,000.00	–
		<b>18,989,000,000.00</b>	<b>15,989,000,000.00</b>

According to the contract terms of various types of perpetual bonds issued by the Company, 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.



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

(continued)

### 45. Other equity instruments (continued)

#### *Perpetual bonds (continued)*

(1) According to the Prospectus, the major terms of the medium-term notes are summarised 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 payment date, the Company shall not defer the payment of interest due or all interest deferred pursuant to this term and its fruits: <ol style="list-style-type: none"> <li>(1) distributing dividends to ordinary shareholders;</li> <li>(2) reducing the registered capital.</li> </ol>
Redemption and purchase	The Company is entitled to redeem the medium-term notes at par value plus payable interest (including all deferred interest) on the 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 three/five years to the benchmark interest rate for the current period plus the initial spread plus 300 basis points.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 45. Other equity instruments (continued)

##### *Perpetual bonds (continued)*

- (2) According to the Perpetual Bonds Investment Contract of Jiangsu Trust – BBMG No. 1 Assembled Funds Trust Plan (《江蘇信託一金隅1號集合資金信託計劃之永續債權投資合同》), the major terms of Jiangsu Trust Perpetual Bonds Investment are summarised as follows:

Maturity date	No fixed maturity date. The investment period under this Contract shall be 7+N (N=0, 1, 2, 3.....), which shall last for a long time before the Company applies for the expiration of this contract according to the provisions of this Contract or the Investor announces the early expiration of the investment under this Contract according to the provisions of this Contract, and expire on the expiration date stipulated in the Application for Investment Expiration of the i-th Investment Fund sent by the Company or at the time when the Investor announces the early expiration of the investment under this Contract according to the provisions of this Contract. The first seven years after the release of each investment fund shall be the initial investment period, and each subsequent year shall be an investment period. The Company shall have the right to choose to apply for the maturity of the investment fund prior 90 days of the expiration date of each investment period. If the Company chooses to apply for the maturity of the investment fund, such investment fund shall expire when the current investment period expires, and the Company shall, according to the provisions of this Contract, fully pay such investment fund, the investment income (including the deferred investment income under such investment fund) and other payable.
Deferred distribution	Unless a compulsory payment event occurs, the Company can choose to postpone the payment of the current i-th investment income corresponding to the i-th investment fund and all the i-th investment income deferred according to this Article to the next payment date on each i-th investment income payment date under this Contract, without any restriction on the number of deferred payments. The above deferral of the i-th investment income will not constitute the Company's failure to pay the i-th investment income to the Investor in full according to the provisions of this Contract. If the Company chooses deferred payment, it shall send a notice of deferred payment to the Investor 10 working days in advance.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 45. Other equity instruments (continued)

##### *Perpetual bonds (continued)*

- (2) According to the Perpetual Bonds Investment Contract of Jiangsu Trust – BBMG No. 1 Assembled Funds Trust Plan (《江蘇信託—金隅1號集合資金信託計劃之永續債權投資合同》), the major terms of Jiangsu Trust Perpetual Bonds Investment are summarised as follows: (continued)

Mandatory distribution payment events	<p>If the Company has any of the following events within 12 months before the payment date of any i-th investment income, the Company shall not defer the payment of the current i-th investment income and all the deferred i-th investment income:</p> <ol style="list-style-type: none"> <li>(1) paying dividends to shareholders;</li> <li>(2) reducing the registered capital;</li> <li>(3) making any form of interest payment or payment with respect to other perpetual bonds or securities or creditor's rights with the same repayment order as or inferior repayment order than the Perpetual Bonds.</li> </ol>
Redemption and purchase	<p>Before 90 days of the expiration date of each investment period, the Company shall have the right, according to the provisions of this Contract, fully pay such investment fund, the investment income (including the deferred investment income under such investment fund) and other amounts payable.</p>
Interest rate determination	<p>The Perpetual Debts shall bear interest at the fixed rate of return within the previous 7 years;</p> <p>The investment income will be adjusted on the day immediately after the expiration date of the 7th year from the starting date of the i-th investment period. The adjusted interest rate will be the original applicable investment income rate plus 300bp, and such investment income rate will remain unchanged thereafter.</p>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 45. Other equity instruments (continued)

##### *Perpetual bonds (continued)*

(3) According to the Prospectus, the major terms of the Renewable Corporate Bonds are summarised as follows:

Maturity date	The basic period of the Bonds shall be 2 years, with every 2 interest-bearing years as a cycle (repricing cycle). The Company has the option of renewal at the end of each agreed period, and the Company has the right to choose to extend the period of the Bonds for one cycle, or choose to pay the Bonds in full at the expiration of the repricing cycle.
Deferred distribution	Unless a mandatory interest payment event has occurred, on each interest payment date of the current bonds, the Company can elect to defer payment of interest due and all interest deferred according to the 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.
Mandatory distribution payment events	If any of the following events occurs within 12 months prior to the interest payment date, the Company shall not defer the payment of interest due or all interest deferred as agreed and its fruits: <ul style="list-style-type: none"> <li>(1) distributing dividends to ordinary shareholders;</li> <li>(2) reducing the registered capital.</li> </ul>
Redemption and purchase	The Company has no right or obligation to redeem the Bonds, except that the Company redeems the Bonds due to change of tax policies and change of accounting standards. If the Company redeems the Bonds, it will redeem all the Bonds from the investors with the par value plus the current interest, the deferred interest and its fruits (if any). The payment method of redemption will be the same as the payment method of the principal and interest due for the Bonds. The list of bondholders will be counted according to the relevant regulations of the registration authority of the Bonds, and it will be handled according to the relevant regulations of the registration authority of the Bonds.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 45. Other equity instruments (continued)

##### **Perpetual bonds** (continued)

- (3) According to the Prospectus, the major terms of the Renewable Corporate Bonds are summarised as follows: (continued)

Interest rate  
determination

The Renewable Bonds will be in the form of fixed interest rate, with simple interest bearing annual interest, excluding compound interest.

If there is any deferral, each deferred interest will accrue at the current coupon rate during the deferred period. The coupon rate of the first cycle of the Bonds shall be fixed in the first cycle, and then reset once every cycle.

The coupon rate of the first cycle shall be the initial benchmark interest rate plus the initial interest rate spread. If the Issuer exercises the renewal option at the end of the first cycle or a subsequent cycle, the coupon rate will be adjusted to the current benchmark interest rate plus the initial interest rate spread plus 300 basis points from the second cycle. After that, the coupon rate will be reset to the current benchmark interest rate plus the initial interest rate spread plus 300 basis points in each cycle, and so on, and such 300 basis points will not be superimposed progressively.

The interest rate of medium-term notes, perpetual bonds investment and renewable corporate bonds of the Group was 3.28%~5.85%, and as at 30 June 2022, the interest accrued was RMB438,386,070.84 and interest payable to specific investors amounted to RMB247,299,536.99.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 46. Capital reserve

30 June 2022

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Share premium	<u>5,229,289,084.34</u>	<u>31,677,369.65</u>	<u>-</u>	<u>5,260,966,453.99</u>

31 December 2021

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium	<u>6,169,149,696.05</u>	<u>-</u>	<u>939,860,611.71</u>	<u>5,229,289,084.34</u>

The increase in the capital reserve during the period includes the increase in capital reserve of the equity transactions that do not affect control of RMB31,677,369.65. For details, please see the Note VII. 2.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 47. Other comprehensive income

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

30 June 2022

	1 January 2022	Increase/(decrease)	30 June 2022
Changes arising from re-measurement of defined benefit plans	89,906,576.00	3,000.00	89,909,576.00
Changes in fair value of investment in other equity instruments	(31,375,996.21)	(44,694,275.44)	(76,070,271.65)
The effect of the change in the equity of other owners of an investee under equity method	(4,755,550.24)	(4,488,377.41)	(9,243,927.65)
Cash flow hedging reserves	(733,367.25)	733,367.25	-
Exchange differences on foreign currency translation	6,591,950.92	3,999,036.59	10,590,987.51
The difference between the fair value and the carrying value of inventories/self-occupied properties on the date when it changed to investment properties measured with the fair value model	683,577,565.65	-	683,577,565.65
	<u>743,211,178.87</u>	<u>(44,447,249.01)</u>	<u>698,763,929.86</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 47. Other comprehensive income (continued)

31 December 2021

	1 January 2021	Increase/(decrease)	31 December 2021
Changes arising from re-measurement of defined benefit plans	95,100,748.00	(5,194,172.00)	89,906,576.00
Changes in fair value of investment in other equity instruments	(30,329,303.57)	(1,046,692.64)	(31,375,996.21)
The effect of the change in the equity of other owners of an investee under equity method	(1,008,660.75)	(3,746,889.49)	(4,755,550.24)
Cash flow hedging reserves	–	(733,367.25)	(733,367.25)
Exchange differences on foreign currency translation	(702,944.41)	7,294,895.33	6,591,950.92
The difference between the fair value and the carrying value of inventories/self-occupied properties on the date when it changed to investment properties measured with the fair value model	384,136,093.81	299,441,471.84	683,577,565.65
	<u>447,195,933.08</u>	<u>296,015,245.79</u>	<u>743,211,178.87</u>



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 47. Other comprehensive income (continued)

Changes in other comprehensive income:

January – June 2022

	Amount before tax	Less: Income tax	Attributable to the shareholders of the parent company	Attributable to minority shareholders
Other comprehensive income not allowed to be reclassified to profit or loss				
Changes in net liabilities arising from re-measurement of defined benefit plans	3,000.00	–	3,000.00	–
Changes in fair value of investment in other equity instruments	(110,743,839.10)	(27,685,959.78)	(44,694,275.44)	(38,363,603.88)
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	(13,601,143.68)	–	(4,488,377.41)	(9,112,766.27)
Cash flow hedging reserves	1,481,550.00	–	733,367.25	748,182.75
Exchange differences on foreign currency translation	12,623,551.88	–	3,999,036.59	8,624,515.29
	<u>(110,236,880.90)</u>	<u>(27,685,959.78)</u>	<u>(44,447,249.01)</u>	<u>(38,103,672.11)</u>

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 47. Other comprehensive income (continued)

2021

	Amount before tax	Less: Income tax	Attributable to the shareholders of the parent company	Attributable to minority shareholders
Other comprehensive income not allowed to be reclassified to profit or loss				
Changes in net liabilities arising from re-measurement of defined benefit plans	(6,903,722.00)	–	(5,194,172.00)	(1,709,550.00)
Changes in fair value of investment in other equity instruments	16,449,124.68	4,112,281.17	(1,046,692.64)	13,383,536.15
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	(11,354,210.57)	–	(3,746,889.49)	(7,607,321.08)
Cash flow hedging reserves	(1,481,550.00)	–	(733,367.25)	(748,182.75)
Exchange differences on foreign currency translation	2,583,702.93	–	7,294,895.33	(4,711,192.40)
The difference between the fair value and the carrying value of self-occupied properties or inventories on the date when it changed to investment properties measured with the fair value model	399,255,295.79	99,813,823.95	299,441,471.84	–
	<u>398,548,640.83</u>	<u>103,926,105.12</u>	<u>296,015,245.79</u>	<u>(1,392,710.08)</u>

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 48. Specific reserve

30 June 2022

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Production safety cost	<u>45,874,273.14</u>	<u>58,731,210.83</u>	<u>48,439,249.24</u>	<u>56,166,234.73</u>

31 December 2021

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Production safety cost	<u>51,385,977.58</u>	<u>103,817,813.04</u>	<u>109,329,517.48</u>	<u>45,874,273.14</u>

Pursuant to the requirements of the Administrative Measures on Provision and Usage of Production Safety Cost of Enterprises" (Caiqi [2012] No.16) issued by the Ministry of Finance and the State Administration of Work Safety, the Group began to accrue production safety fund for the stipulated non-metal mineral products industries at a fixed amount from 2012, the details of which are set out in Note III. 33 Production safety cost.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 49. Surplus reserve

30 June 2022

	Opening balance	Increase in the period	Closing balance
Statutory surplus reserve	<u>2,470,978,188.48</u>	<u>–</u>	<u>2,470,978,188.48</u>

31 December 2021

	Opening balance	Increase in the year	Closing balance
Statutory surplus reserve	<u>2,263,251,151.05</u>	<u>207,727,037.43</u>	<u>2,470,978,188.48</u>

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.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 50. General risk reserve

30 June 2022

	Opening balance	Increase in the period	Closing balance
General risk reserve	<u>457,650,791.76</u>	<u>–</u>	<u>457,650,791.76</u>

31 December 2021

	Opening balance	Increase in the year	Closing balance
General risk reserve	<u>457,650,791.76</u>	<u>–</u>	<u>457,650,791.76</u>

The general risk reserve is made by the Company's subsidiary BBMG Finance Co., Ltd. based on a certain ratio of the balance of risk assets at the end of the period 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.

#### 51. Retained earnings

	30 June 2022	31 December 2021
Retained earnings as at the beginning of the period/year	<b>28,103,717,810.21</b>	26,787,531,577.50
Net profit attributable to the shareholders of the parent company	<b>1,835,550,026.15</b>	2,933,014,544.76
Less: Interest of perpetual bonds	<b>438,386,070.84</b>	767,955,896.34
Less: Appropriation of surplus reserve	–	207,727,037.43
Less: Cash dividends payable	<b><u>1,110,488,197.94</u></b>	<u>641,145,378.28</u>
Retained earnings at the end of the period/year	<b><u>28,390,393,567.58</u></b>	<u>28,103,717,810.21</u>

Note 1: Upon the consideration and approval by the 2021 annual general meeting of the Company convened on 10 May 2022, profit distribution for the year 2021 was calculated based on total share capital of the Company of 10,677,771,134 shares before implementation of distribution plan, with the distribution of a cash dividend of RMB0.104 per share (tax inclusive) in an aggregate amount of cash dividends of RMB1,110,488,197.94.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 52. Operating revenue and costs

	January to June 2022		January to June 2021	
	Revenue	Costs	Revenue	Costs
Principal operations	54,557,415,139.00	46,407,799,098.68	57,065,979,701.66	47,832,423,139.45
Other operations	475,706,391.89	239,008,363.37	647,677,174.61	140,437,509.46
	<b>55,033,121,530.89</b>	<b>46,646,807,462.05</b>	<b>57,713,656,876.27</b>	<b>47,972,860,648.91</b>

Operating revenue are as follows:

	January to June 2022	January to June 2021
Revenue from contracts with customers	<b>53,907,999,815.35</b>	56,651,557,667.42
Rental income	<b>893,330,446.59</b>	864,843,837.25
<i>Including: Rental income from investment properties</i>	<b>806,759,260.48</b>	771,416,346.64
<i>Other rental income</i>	<b>86,571,186.11</b>	93,427,490.61
Interest income	<b>231,791,268.95</b>	197,255,371.60
	<b>55,033,121,530.89</b>	<b>57,713,656,876.27</b>

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 52. Operating revenue and costs (continued)

Disaggregated operating revenue from contracts with customers is as follows:

	January to June 2022	January to June 2021
Revenue recognition time		
Revenue recognized at a point in time		
Sale of products	<b>19,475,988,637.39</b>	20,493,554,921.23
Bulk commodity trade	<b>16,776,281,131.80</b>	15,893,389,251.08
Sale of properties	<b>14,864,653,648.72</b>	17,718,310,320.24
Others	<b>984,028,580.45</b>	855,601,747.61
Revenue recognized over time		
Property management	<b>531,617,229.27</b>	494,492,190.31
Hotel operation	<b>120,836,945.23</b>	149,558,704.95
Income from decoration	<b>620,513,987.07</b>	427,549,891.31
Treatment of solid wastes	<b>534,079,655.42</b>	619,100,640.69
	<b>53,907,999,815.35</b>	56,651,557,667.42

#### 53. Tax and surcharges

	January to June 2022	January to June 2021
City maintenance and construction tax	<b>77,570,259.97</b>	83,537,921.47
Education surcharges	<b>62,747,359.76</b>	72,112,482.04
Resource tax	<b>65,486,311.10</b>	61,664,809.05
Real estate tax	<b>205,021,952.74</b>	193,770,300.69
Urban and rural land use tax	<b>96,610,078.28</b>	97,207,744.61
Stamp duty	<b>63,661,656.29</b>	46,468,796.28
Land appreciation tax	<b>211,496,763.62</b>	183,297,999.70
Green tax	<b>23,750,372.83</b>	29,163,984.33
Vehicle and vessel tax	<b>883,543.54</b>	938,515.98
Others	<b>6,840,810.20</b>	38,376,671.21
	<b>814,069,108.33</b>	806,539,225.36

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 54. Selling expenses

	January to June 2022	January to June 2021
Employee remuneration	<b>450,752,756.93</b>	467,730,945.35
Office expenses	<b>220,222,451.59</b>	220,162,940.32
Lease fee	<b>39,345,800.78</b>	26,775,767.43
Agency intermediary fee	<b>218,420,855.71</b>	258,526,483.99
Advertisement fee	<b>148,694,975.61</b>	133,751,113.89
Transportation expenses	<b>13,771,968.56</b>	23,682,721.76
Others	<b>39,141,638.19</b>	31,586,397.98
	<b><u>1,130,350,447.37</u></b>	<u>1,162,216,370.72</u>

#### 55. Administrative expenses

	January to June 2022	January to June 2021
Employee remunerations	<b>1,348,893,876.04</b>	1,264,367,945.06
Office expenses	<b>498,326,795.48</b>	509,745,971.21
Intermediary service fees	<b>132,530,577.37</b>	107,301,888.87
Lease fee	<b>113,658,049.18</b>	112,893,727.78
Sewage and afforestation fees	<b>30,697,314.17</b>	13,721,811.78
Loss on shut down	<b>412,754,909.96</b>	449,687,419.93
Others	<b>688,046,664.11</b>	551,110,138.02
	<b><u>3,224,908,186.31</u></b>	<u>3,008,828,902.65</u>



## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 56. Research and development expenses

	January to June 2022	January to June 2021
Employee remunerations	<b>128,203,949.76</b>	102,653,747.02
Material and equipment cost	<b>28,710,709.54</b>	37,146,824.75
Others	<b>39,498,681.98</b>	39,790,091.53
	<b>196,413,341.28</b>	179,590,663.30

#### 57. Finance costs

	January to June 2022	January to June 2021
Interest expense	<b>2,574,969,635.64</b>	2,610,217,224.37
<i>Including: Interests on bank loans and other loans to be fully repaid within 5 years</i>	<b>2,073,537,425.43</b>	2,287,614,411.83
<i>Interests on bank loans and other loans to be repaid over 5 years</i>	<b>75,414,536.17</b>	70,221,152.36
<i>Interest expense on lease liabilities</i>	<b>76,092,639.73</b>	22,371,620.17
<i>Interest expenses on significant financing component</i>	<b>349,925,034.31</b>	230,010,040.02
Less: Interest income	<b>102,038,167.45</b>	86,343,253.25
Less: Amount of capitalized interest	<b>1,056,109,057.91</b>	1,246,829,066.35
Exchange losses	<b>16,820,984.90</b>	1,649,310.31
Handling charges	<b>65,968,601.72</b>	66,434,632.07
Others	<b>15,565,759.32</b>	18,536,023.15
	<b>1,515,177,756.22</b>	1,363,664,870.30

From January to June 2022, the amount of capitalised borrowing costs has been included in construction in progress of RMB8,187,119.61 (January to June 2021: RMB34,008,873.36) and costs for properties under development of RMB1,047,921,938.30 (January to June 2021: RMB1,212,820,192.99).

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 57. Finance costs (continued)

The breakdown of interest income was as follows:

	January to June 2022	January to June 2021
Cash and bank balances	<b>49,579,830.33</b>	18,496,215.79
Interest income from financing component	<b>41,855,685.19</b>	53,587,109.59
Other debt investments	<b>10,602,651.93</b>	14,259,927.87
	<b>102,038,167.45</b>	86,343,253.25

#### 58. Other gains

Government subsidies in relation to the ordinary activities are as follows:

	January to June 2022	January to June 2021	Related to assets/gains
Refunds of VAT	<b>146,280,213.03</b>	278,012,806.45	Related to gains
Income from relocation compensation	<b>4,385,450.54</b>	4,497,816.05	Related to assets/gains
Grants of sale of heat	<b>3,000,000.00</b>	1,800,000.00	Related to gains
Income from other subsidies	<b>90,549,337.61</b>	85,597,684.83	Related to assets/ gains
	<b>244,215,001.18</b>	369,908,307.33	

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 59. Investment gains

	January to June 2022	January to June 2021
Gains from long-term equity investments under equity method	<b>148,318,125.69</b>	298,091,900.61
Investment (losses)/gains from disposal of subsidiaries	<b>(594,049.17)</b>	17,871,948.45
Investment (losses)/gains from disposal of associates	<b>(2,670,483.12)</b>	–
Investment gains from financial assets held for trading during the holding Period	<b>1,100,974.76</b>	4,177,738.76
Investment gains from financial assets measured at amortized cost during the holding period	<b>17,856,531.53</b>	13,417,692.30
Investment gains from disposal of financial assets held for trading	<b>937,703.69</b>	7,858,957.51
Dividend income from investment in other equity instruments during the holding period	<b>18,345,801.58</b>	6,246,924.90
Gains on derecognition of financial assets measured at amortized cost	<b>5,083,445.71</b>	–
Others	<b>(682,711.75)</b>	5,511,069.47
	<b>187,695,338.92</b>	353,176,232.00

There were no significant restrictions on the repatriation of investment income of the Group as of 30 June 2022. For the six months ended 30 June 2022, there were no gains from listed share investment among the Group's investment income (January to June 2021: Nil).

#### 60. Gains from changes in fair value

	January to June 2022	January to June 2021
Financial assets at fair value through profit or loss	<b>20,167,522.89</b>	6,163,594.74
Investment properties measured at fair value	<b>289,793,218.19</b>	233,720,454.75
Hedging business	<b>(1,106,919.85)</b>	887,280.86
	<b>308,853,821.23</b>	240,771,330.35

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 61. Credit impairment losses

	January to June 2022	January to June 2021
Reversal of bad debts of bills receivables	<b>16,297,059.75</b>	3,685,745.62
Losses on bad debts of accounts receivable	<b>(108,840,388.90)</b>	(23,296,159.95)
Reversal/(losses) of bad debts of other receivables	<b>11,993,841.45</b>	(113,416,655.12)
Reversal of bad debts of long-term receivables	<b>238,536.68</b>	4,890,130.96
Others	—	(6,000.00)
	<b><u>(80,310,951.02)</u></b>	<b><u>(128,142,938.49)</u></b>

#### 62. Asset impairment losses

	January to June 2022	January to June 2021
Losses on decline in value of inventory	<b>(28,313,491.98)</b>	(8,126,788.86)
Losses on impairment of contract assets	<b>(3,127,795.51)</b>	(1,624,343.69)
Losses on impairment of fixed assets	—	(14,050,031.51)
Losses on impairment of goodwill	—	(26,595,000.00)
Others	<b>(465,193.89)</b>	(619,443.89)
	<b><u>(31,906,481.38)</u></b>	<b><u>(51,015,607.95)</u></b>

#### 63. Gains on disposal of assets

	January to June 2022	January to June 2021
Gains on disposal of fixed assets	<b><u>44,535,928.04</u></b>	<b><u>36,938,729.99</u></b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 64. Non-operating income

	January to June 2022	January to June 2021	Recognised in non-recurring profit and loss for the period from January to June 2022
Net gains from fines	<b>18,718,050.09</b>	9,267,542.89	18,718,050.09
Relocation compensation/ government grants	<b>1,104,171,614.06</b>	54,251,485.17	1,104,171,614.06
Unpayable amounts	<b>21,671,892.29</b>	59,722,410.18	21,671,892.29
Gains on disposal of non-current assets	<b>60,297,850.37</b>	328,468,392.76	60,297,850.37
Others	<b>56,157,582.80</b>	60,038,216.45	56,157,582.80
	<b>1,261,016,989.61</b>	511,748,047.45	1,261,016,989.61

#### 65. Non-operating expenses

	January to June 2022	January to June 2021	Recognised in non- recurring profit and loss for the period from January to June 2022
Losses on disposal of non-current assets	<b>24,761,303.86</b>	70,705,330.37	24,761,303.86
Including: Losses on disposal of fixed assets	<b>24,760,969.51</b>	70,006,703.28	24,760,969.51
Losses on disposal of other non-current assets	<b>334.35</b>	698,627.09	334.35
Abnormal losses	–	824,640.19	–
Expenses on charity donation	<b>2,690,000.00</b>	100,000.00	2,690,000.00
Expenses on compensation, penalties and fines	<b>16,868,306.25</b>	24,027,038.93	16,868,306.25
Other expenses	<b>20,694,400.96</b>	42,957,757.76	20,694,400.96
	<b>65,014,011.07</b>	138,614,767.25	65,014,011.07

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 66. Expenses by nature

The supplemental information on the Group's operating costs, selling expenses, administrative expenses and R&D expenditure by nature is as follows:

	January to June 2022	January to June 2021
Consumption of raw materials	<b>12,461,036,623.34</b>	11,957,711,366.24
Procurement costs of tradable goods	<b>17,309,118,400.73</b>	16,442,901,462.29
Cost of sales of real estate	<b>12,647,668,707.50</b>	15,361,643,114.78
Changes in inventory of finished goods and work in progress	<b>(1,477,813,076.18)</b>	(763,794,286.32)
Employee remunerations	<b>3,367,133,051.79</b>	3,263,783,087.55
Depreciation and amortisation	<b>2,384,795,555.14</b>	2,331,117,862.69
Rentals	<b>160,083,105.44</b>	143,933,919.77
Maintenance expenses	<b>581,687,919.64</b>	594,972,456.40
Fuel and energy costs	<b>1,284,895,055.49</b>	1,370,458,415.09
Transportation fee	<b>676,526,899.65</b>	667,944,217.07
Advertisement fee	<b>170,309,083.74</b>	146,769,257.52
Office expenses	<b>70,231,385.96</b>	73,672,970.82
Intermediary fee	<b>350,951,433.08</b>	365,828,372.86
Others	<b>1,211,855,291.69</b>	366,554,368.82
	<b><u>51,198,479,437.01</u></b>	<u>52,323,496,585.58</u>

#### 67. Income tax expense

	January to June 2022	January to June 2021
Current income tax expense	<b>988,678,691.22</b>	1,119,448,741.56
Deferred income tax expense	<b>(33,695,499.91)</b>	75,766,054.63
	<b><u>954,983,191.31</u></b>	<u>1,195,214,796.19</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 67. Income tax expense (continued)

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

	January to June 2022	January to June 2021
Total profit	<b>3,374,480,864.84</b>	4,414,725,528.46
Income tax expense at the statutory income tax rate	<b>843,620,216.21</b>	1,103,681,382.12
Tax effect of different tax rates of some subsidiaries	<b>(26,100,625.63)</b>	(87,680,034.94)
Adjustments on the current income tax of previous periods	<b>(6,306,619.08)</b>	(2,387,021.17)
Share of profits and losses of joint ventures and associates	<b>(39,695,314.45)</b>	(68,771,281.01)
Income not subject to tax	<b>(9,706,801.62)</b>	(47,694,749.13)
Expenses not deductible	<b>6,234,798.55</b>	12,513,260.82
Deductible temporary difference and deductible losses not recognized	<b>186,937,537.33</b>	285,553,239.51
Income tax expense at the effective tax rate of the Group	<b>954,983,191.31</b>	1,195,214,796.19

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 68. Earnings per share

	January to June 2022 RMB/share	January to June 2021 RMB/share
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	<b>1,835,550,026.14</b>	1,911,844,630.53
Less: the interests of other equity instrument	<b>438,386,070.84</b>	407,555,863.01
	<b><u>1,397,163,955.30</u></b>	<u>1,504,288,767.52</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<b><u>10,677,771,134.00</u></b>	<u>10,677,771,134.00</u>
Basic earnings per share -continuing operations	<b><u>0.13</u></b>	<u>0.14</u>

The calculation of the basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company (net of the interests of other equity instrument) divided by the weighted average number of outstanding ordinary shares in issue.

The Company did not have potentially dilutive ordinary shares, and the diluted earning per share was consistent with basic earnings per share. For earnings per share including other equity instruments, please refer to Supplementary Information to Financial Statements. 2.



## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 69. Notes to items of statement of cash flows

	January to June 2022	January to June 2021
Cash received relating to other operating activities		
Compensation received	–	104,218,917.07
Interest income received	<b>34,890,378.01</b>	79,414,621.21
Current accounts and other current account	<b>146,056,520.91</b>	78,702,138.68
	<b>180,946,898.92</b>	262,335,676.96
Cash paid relating to other operating activities		
Selling and administrative expenses etc. paid	<b>1,820,768,346.97</b>	2,110,024,809.61
Deposit and other amounts paid	<b>282,773,620.98</b>	309,777,994.43
Other current accounts	<b>729,855,480.56</b>	227,913,351.62
	<b>2,833,397,448.51</b>	2,647,716,155.66
Cash received relating to other investing activities		
Disposal of short-term debt instrument investment	<b>200,937,703.69</b>	927,858,957.51
Interest on financing sale-leaseback	<b>8,176,543.07</b>	24,136,708.52
Collection of the principal and interest of borrowings from associates	<b>2,613,807,982.07</b>	637,000,000.00
	<b>2,822,922,228.83</b>	1,588,995,666.03
Cash paid relating to other investing activities		
Payment of borrowings from associates	<b>1,247,816,333.86</b>	71,548,799.74
Principal on financing sale-leaseback	–	200,000,000.00
Purchase of short-term debt instrument investment	<b>460,000,000.00</b>	920,000,000.00
	<b>1,707,816,333.86</b>	1,191,548,799.74
Cash received relating to other financing activities		
Receipt of borrowings	<b>107,576,689.78</b>	–
Financial assets sold under repurchase agreements	–	754,000,000.00
Borrowings received from minority shareholders	<b>67,620,000.00</b>	–
	<b>175,196,689.78</b>	754,000,000.00
Cash paid relating to other financing activities		
Repayment of borrowings of minority shareholders	<b>1,880,057,297.71</b>	687,939,143.16
Principal and interest of lease liabilities	<b>112,102,401.40</b>	–
Payment for acquisition of minority interests	<b>294,703,543.59</b>	14,504,706.00
	<b>2,286,863,242.70</b>	702,443,849.16

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 69. 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 2022	January to June 2021
Net Profit	<b>2,419,497,673.53</b>	3,219,510,732.27
Add: Losses on credit impairment	<b>80,310,951.02</b>	128,142,938.49
Asset impairment losses	<b>31,906,481.38</b>	51,015,607.95
Depreciation of fixed assets	<b>1,912,966,844.82</b>	1,868,900,614.50
Depreciation of right-of-use assets	<b>78,268,194.14</b>	66,057,671.60
Amortisation of intangible assets	<b>252,009,691.66</b>	293,667,702.82
Amortisation of long-term deferred expenses	<b>141,550,824.52</b>	102,491,873.78
Gains from disposal of fixed assets, intangible assets and other long-term assets	<b>(1,289,994,781.86)</b>	(458,525,660.70)
Losses/(gains) on retirement of non-current assets	<b>24,761,303.86</b>	(257,763,062.39)
Gains from changes in fair value	<b>(308,853,821.23)</b>	(240,771,330.35)
Finance costs	<b>1,470,179,910.88</b>	1,365,037,468.32
Investment income	<b>(187,695,338.92)</b>	(353,176,232.00)
(Increase)/decrease in deferred income tax assets	<b>(64,670,437.52)</b>	132,299,002.30
Increase/(decrease) in deferred income tax liabilities	<b>36,751,426.52</b>	(43,686,396.00)
Decrease in inventories	<b>7,704,680,494.07</b>	4,832,627,069.19
Increase in operating receivables	<b>(2,500,953,372.21)</b>	(134,826,376.85)
(Decrease)/increase in operating payables	<b>(6,049,023,200.39)</b>	4,086,813.37
Net cash flows from operating activities	<b><u>3,751,692,844.27</u></b>	<u>10,575,088,436.30</u>
Material financing activities not involving cash:		
Endorsement and transfer of bank acceptance bills received from sale of goods or rendering of services	<b><u>5,035,583,978.21</u></b>	<u>5,130,529,869.39</u>
Net changes in cash and cash equivalents:		
Balance of cash at the end of the period	<b>13,461,571,841.53</b>	13,708,581,033.70
Less: Balances of cash at the beginning of the period	<b><u>15,245,962,910.56</u></b>	<u>22,149,845,547.97</u>
Net decrease in cash	<b><u>(1,784,391,069.03)</u></b>	<u>(8,441,264,514.27)</u>

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 69. Notes to items of statement of cash flows (continued)

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

Information on disposal of subsidiaries and other operating units

	January to June 2022	January to June 2021
Cash received from disposal of subsidiaries and other operating units	–	–
Less: Cash and cash equivalent held by subsidiaries and other operating units disposed of	<u>16,095,835.60</u>	<u>118,697,128.05</u>
(Decrease) in net cash/net cash received from disposal of subsidiaries and other operating units	<u>(16,095,835.60)</u>	<u>(118,697,128.05)</u>

Information on acquisition of subsidiaries and other operating units

	January to June 2022	January to June 2021
Cash and cash equivalents received from subsidiaries and other operating units acquired	<u>247,251,200.00</u>	–
Less: Cash and cash equivalents held by subsidiaries and other operating units acquired	<u>122,577,801.51</u>	–
Net cash payments for acquisition of subsidiaries and other operating units	<u>124,673,398.49</u>	–

##### (3) Cash and cash equivalents

	30 June 2022	31 December 2021
Cash		
Including: Cash on hand	256,296.68	455,219.88
Bank deposits on demand	13,379,713,711.93	15,217,591,153.40
Other monetary fund on demand	<u>81,601,832.92</u>	<u>27,916,537.28</u>
Balance of cash and cash equivalents at end of the period	<u>13,461,571,841.53</u>	<u>15,245,962,910.56</u>

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 70. Assets with restricted titles or right to use

	Notes	30 June 2022	31 December 2021
Pledged assets			
Cash and bank balances		<b>1,784,699,110.15</b>	1,757,601,265.59
Statutory deposit reserve placement with central bank by finance company	(1)	<b>1,206,325,361.82</b>	1,199,421,376.20
Guarantee deposits for letter of credit	(1)	<b>34,147,501.46</b>	22,354,507.33
Quality/performance deposits	(1)	<b>349,481,763.84</b>	342,176,075.77
Guarantee deposits for acceptance bills	(1)	<b>194,744,483.03</b>	193,649,306.29
Inventories	(2)	<b>29,677,593,820.86</b>	13,040,956,216.62
Bills receivable	(3)	<b>6,000,000.00</b>	–
Financing receivables	(3)	<b>52,078,698.48</b>	35,879,811.89
Fixed assets	(2), (5)	<b>1,146,284,013.01</b>	1,285,754,432.20
Investment properties	(2)	<b>10,456,222,806.05</b>	10,256,287,356.62
Construction in progress	(2)	<b>23,290,300.00</b>	–
Equity interests	(2)	<b>10,343,176,371.21</b>	10,343,176,371.21
Land use rights	(2), (5)	<b>223,930,888.09</b>	48,558,686.00
Cash and bank balances whose titles are restricted for other reasons			
Restricted cash arising from pre-sales of properties	(4)	<b>3,973,186,870.65</b>	4,518,459,281.36
Others		<b>201,583,629.60</b>	399,945,062.43
		<b>57,888,046,508.10</b>	41,686,618,483.92

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 70. Assets with restricted titles or right to use (continued)

Note 1: As at 30 June 2022, the total amount of the Group's pledged cash and bank balances was RMB1,784,699,110.15 (31 December 2021: RMB1,757,601,265.59), of which the amount paid by BBMG Finance Co., Ltd. to the People's Bank of China as statutory deposit reserve in accordance with relevant regulations which cannot be used for daily operations was RMB1,206,325,361.82 (31 December 2021: RMB1,199,421,376.20).

Note 2: As at 30 June 2022, the Group obtained long-term borrowings of RMB13,487,904,347.90 (31 December 2021: RMB12,501,712,089.24) secured by inventories with a carrying amount of RMB29,677,593,820.86 (31 December 2021: RMB13,040,956,216.62), fixed assets with a carrying amount of RMB1,144,195,951.63 (31 December 2021: RMB1,285,754,432.20), investment properties with a carrying amount of RMB10,456,222,806.05 (31 December 2021: RMB10,256,287,356.62), land use rights with a carrying amount of RMB89,441,438.32 (31 December 2021: RMB48,558,686.00), construction in progress with a carrying amount of RMB23,290,300.00 (2021: Nil) and equity investment in certain subsidiaries with a carrying amount of RMB10,343,176,371.21 (31 December 2021: RMB10,343,176,371.21).

Note 3: As at 30 June 2022, the Group obtained short-term borrowings of RMB2,169,683.32 by discounting commercial acceptance bills with a carrying amount of RMB2,169,683.32 (31 December 2021: the Group obtained short-term borrowings of RMB3,100,000.00 by discounting bank acceptance bills with a carrying amount of RMB3,100,000.00).

As at 30 June 2022, the Group pledged bank acceptance bills for invoicing of RMB49,909,015.16 (31 December 2021: RMB32,779,811.89), pledged commercial acceptance bills for invoicing of RMB6,000,000.00 (31 December 2021: Nil).

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 2022, 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.

Note 5: As at 30 June 2022, fixed assets with a carrying amount of RMB2,088,061.38 (31 December 2021: Nil), and land use rights with a carrying amount of RMB134,489,449.77 (31 December 2021: Nil) were seized by court for legal proceedings.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 71. Foreign currency monetary items

	30 June 2022			31 December 2021		
	Original currency	Exchange rate	As RMB	Original currency	Exchange rate	As RMB
Cash and bank balances						
USD	9,413,962.11	6.7114	63,180,865.31	17,431,833.98	6.3757	111,140,143.91
EUR	4,022,379.16	7.0084	28,190,442.10	–	–	–
HKD	6,505,200.03	0.8552	5,563,247.07	9,313,920.22	0.8176	7,615,061.17
ZAR	39,081,389.04	0.4133	16,152,338.09	38,696,287.72	0.4004	15,493,993.60
Accounts receivable						
USD	143,621.70	6.7114	963,902.68	1,512,792.70	6.3757	9,645,112.42
Other receivables						
USD	11,247,511.55	6.7114	75,486,549.02	14,703,172.40	6.3757	93,743,016.27
ZAR	367,288.90	0.4133	151,800.50	297,534.00	0.4004	119,132.61
HKD	24,000.00	0.8552	20,524.80	24,000.00	0.8176	19,622.40
Long-term receivables						
USD	37,204,822.00	6.7114	249,696,442.37	43,481,033.00	6.3757	277,222,022.10
Total foreign currency monetary assets			<u>439,406,111.94</u>			<u>514,998,104.48</u>
Accounts payable						
USD	35,711,591.41	6.7114	239,674,774.59	598,693.07	6.3757	3,817,087.41
ZAR	431,636.38	0.4133	178,395.32	43,148,734.92	0.4004	17,276,753.46
Bills payable						
USD	210,468,883.67	6.7114	1,412,540,865.86	169,082,191.33	6.3757	1,078,017,327.26
Other payables						
USD	181,486.81	6.7114	1,218,030.58	2,676,077.01	6.3757	17,061,864.19
ZAR	8,010,171.96	0.4133	3,310,604.07	15,022,308.56	0.4004	6,014,932.35
Long-term payables						
USD	7,649.00	6.7114	51,335.50	–	–	–
Total foreign currency monetary liabilities			<u>1,656,974,005.92</u>			<u>1,122,187,964.67</u>
Net foreign currency monetary liabilities			<u>1,217,567,893.98</u>			<u>607,189,860.19</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 72. Hedging

##### *Fair value hedge*

The Group is engaged in trading of commodities such as non-ferrous metals and ferrous metals (including copper, iron ore, coke and thermal coal futures). These commodities are subject to the risk of price changes. Therefore, the Group uses futures contracts of futures exchanges to manage its exposure to commodity price risks arising from trading commodities it holds. The standard indicators for the industrial products sold by the Group are the same as the corresponding delivery grades in the futures contract. The basic variables of the hedging instrument (futures contract) and the hedged item (certain commodities held by the Group) are all standard parameter prices. Through qualitative analysis, the Group determines that the ratio of the number of hedging instruments to the number of hedged items was 1:1. The ineffective portion of hedging mainly arose from the basis risk, the risk of changes in supply and demand in the spot or futures market, and other risks of uncertainties in the spot or futures market. The amount of ineffective hedges recognized during the period was not significant. The Group adopted fair value hedge for such hedging.

The time distribution and average price of the nominal amount of the hedging instruments are as follows:

##### January to June 2022

	Within 6 months	Total
Nominal amount of iron ore futures	<b>464,671,539.22</b>	464,671,539.22
Average price of iron ore futures	<b>856.85</b>	856.85
Nominal amount of steel billet futures	<b>59,316,140.00</b>	59,316,140.00
Average price of steel billet futures	<b>4,562.78</b>	4,562.78
Nominal amount of coke futures	<b>32,943,696.00</b>	32,943,696.00
Nominal amount of coke futures	<b>2,745.31</b>	2,745.31

##### January to June 2021

	Within 6 months	Total
Nominal amount of copper futures	<b>49,154,849.84</b>	49,154,849.84
Average price of copper futures	<b>54,616.50</b>	54,616.50

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 72. Hedging (continued)

##### *Fair value hedge (continued)*

Changes in the carrying amount and fair value of the hedging instruments are as follows:

##### January to June 2022

	Nominal amounts of the hedging instruments	Carrying amounts of the hedging instruments		Items on the balance sheet that contain hedging instruments	Changes in fair value of hedging instruments used as a basis for recognizing the ineffective portion of hedging for the period
		Assets	Liabilities		
Commodity price risk – inventories	556,931,375.22	537,131,865.68	-	Inventories	-

##### January to June 2021

	Nominal amounts of the hedging instruments	Carrying amounts of the hedging instruments		Items on the balance sheet that contain hedging instruments	Changes in fair value of hedging instruments used as a basis for recognizing the ineffective portion of hedging for the period
		Assets	Liabilities		
Commodity price risk – inventories	49,154,849.84	49,950,075.00	-	Inventories	-



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 72. Hedging (continued)

##### *Fair value hedge (continued)*

The carrying amount of hedged items and related adjustments are as follows:

##### January to June 2022

	Carrying amount of hedged items Assets	Cumulative amount of adjustments to fair value hedge of hedged items (included in carrying amount of hedged items) Assets	Items on the balance sheet that contain hedged items	Changes in fair value of hedged items used as a basis for recognizing the ineffective portion of hedging for the period
Commodity price risk – inventories	536,423,017.09	(20,236,539.46)	Inventories	-

##### January to June 2021

	Carrying amount of hedged items Assets	Cumulative amount of adjustments to fair value hedge of hedged items (included in carrying amount of hedged items) Assets	Items on the balance sheet that contain hedged items	Changes in fair value of hedged items used as a basis for recognizing the ineffective portion of hedging for the period
Commodity price risk – inventories	51,452,449.47	1,682,506.02	Inventories	-

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 72. Hedging (continued)

##### *Fair value hedge* (continued)

The ineffective portion of hedging in the changes in fair value of hedging instruments is set out below:

##### January to June 2022

	Ineffective portion of hedging included in profit or loss	Ineffective portion of hedging included in other comprehensive income	Items on the income statement that contain ineffective portion of hedging
Inventory price risk	(2,441,140.00)	–	–

##### January to June 2021

	Ineffective portion of hedging included in profit or loss	Ineffective portion of hedging included in other comprehensive income	Items on the income statement that contain ineffective portion of hedging
Inventory price risk	–	–	–

## Notes to Unaudited Interim Financial Statements

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### VI. CHANGE IN SCOPE OF CONSOLIDATION

#### 1. Disposal of subsidiaries

On 23 June 2022, BBMG Vanke Property Development Co., Ltd. (“BBMG Vanke”), a former subsidiary of the Group, amended its articles of association with the original statement “the matters considered by the Board of Directors shall be approved by three-fifths of all the directors by poll” amended to the statement “the matters considered by the Board of Directors shall be approved by more than four-fifths (inclusive) of all the directors by poll”. According to the revised articles of association, the Company lost its control over BBMG Vanke since 23 June 2022, which is jointly controlled by the Group and Beijing Vanke Co., Ltd.. The management of the Company considered that BBMG Vanke changed from a subsidiary to a joint venture from 23 June 2022, and shall be excluded from the consolidation, and calculated with equity method.

The financial information of BBMG Vanke is set forth below:

	Carrying amount on 23 June 2022	Carrying amount on 31 December 2021
Current assets	403,598,755.62	404,760,907.48
Non-current assets	661,402.67	597,371.88
Current liabilities	30,927,678.48	32,102,624.78
	<u>373,332,479.81</u>	<u>373,255,654.58</u>
Minority interests	182,932,915.11	182,895,270.74
Amount of remaining equity	<u>190,399,564.70</u>	<u>190,360,383.84</u>

The operating results included in the scope of consolidation in the period:

	From 1 January to 23 June 2022
Operating revenue	–
Operating cost	–
Net profit	<u>76,825.23</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 2. Business combinations not under common control

On 25 November 2021, Tangshan Jidong Cement Co., Ltd. ("Jidong Cement") held the 12th meeting of the 9th session of the Board of Directors, which considered and approved the Proposal on Bidding for Partial Equity of Shanxi China Resources Fulong Cement Limited, and agreed that Jidong Cement would acquire the 72% equity held by China Resources Cement Investment Co., Ltd. ("China Resources Cement") in Shanxi China Resources Fulong Cement Limited ("China Resources Fulong") with its own funds by bidding or exercising the preemptive right in the China Beijing Equity Exchange. On 1 March 2022, Jidong Cement paid all the acquisition amounts, and on 2 March, it obtained the equity transaction certificate issued by the China Beijing Equity Exchange. Jidong Cement has actually obtained the control right of China Resources Fulong, that is, 2 March 2022 is the purchase date of the 72% equity ("Purchase Date"). After the equity transaction was completed, Jidong Cement held 100% equity of China Resources Fulong (now renamed Shanxi BBGM Jidong Environmental Protection Technology Co., Ltd., hereinafter referred to as "Shanxi BBGM Environmental Protection") and became its controlling shareholder.

The fair value and carrying amount of the identifiable assets and liabilities of Shanxi BBGM Environmental Protection on the acquisition date are as follows:

	Fair value on 2 March 2022	Carrying amount on 2 March 2022
Cash and bank balances	122,577,801.51	122,577,801.51
Prepayments	1,272,504.84	1,272,504.84
Other receivables	8,354,454.48	8,354,454.48
Inventories	44,949,295.26	44,949,295.26
Other current assets	39,585.39	39,585.39
Long-term receivables	33,113,980.00	33,113,980.00
Fixed assets	1,194,988,868.32	1,124,510,952.94
Construction in progress	146,260.90	11,899,471.00
Intangible assets	457,567,125.95	266,114,109.59
Long-term deferred expenses	1,671,218.02	1,671,218.02
Other non-current assets	13,899,005.90	13,899,005.90
Amounts payables	(20,471,553.24)	(20,471,553.24)
Contract liabilities	(9,548,889.57)	(9,548,889.57)
Wages payable	(8,718,782.08)	(8,718,782.08)
Tax payable	(958,601.40)	(958,601.40)
Other payables	(1,337,978,659.83)	(1,337,978,659.83)
Long-term payables	(32,044,683.38)	(32,044,683.38)
Accrued liabilities	(10,225,243.64)	(10,225,243.64)
Deferred income tax liabilities	(62,544,430.41)	-
Identifiable net assets	<u>396,089,257.02</u>	<u>208,455,965.79</u>
	<u>396,089,257.02</u>	<u>208,455,965.79</u>
Goodwill on acquisition	<u>62,066,934.94</u>	
Consideration paid	<u>458,156,191.96</u>	

As at 30 June 2022, the purchase price allocation has not been completed and the fair values of the identifiable assets and liabilities are provisional.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

#### 2. Business combinations not under common control (continued)

Operating results and cash flows of Shanxi BBMG Environmental Protection from the date of acquisition to the end of the period are listed below:

	From 2 March to 30 June 2022
Operating revenue	213,012,396.99
Net profits	55,153,421.61
Net cash flows	<u>75,649,326.57</u>

#### 3. Deregistration of subsidiaries

The Group deregistered 7 subsidiaries during the period. Information of these subsidiaries is as follows:

	Proportion of shareholding of parent company before deregistration	Reason for not being subsidiary
Hangzhou BBMG Mountain Villa Property Development Co., Ltd.	100.00%	Absorption and merger
Hangzhou BBMG Guanchao Real Estate Development Co., Ltd.	100.00%	Absorption and merger
Tang County Jidong Gas Sales Co., Ltd. (唐縣冀東燃氣銷售有限公司)	57.69%	Deregistration
Tangshan Xinyan Building Materials Co., Ltd. (唐山市鑫研建材有限公司)	57.69%	Deregistration
BBMG Nanjing Real Estate Development Co., Ltd.	100.00%	Deregistration
Beijing BBMG Qianjing Environmental Protection Technology Co., Ltd.	67.00%	Deregistration
BBMG (Qingdao) Property Development Co., Ltd.	100.00%	Deregistration

#### 4. Establishment of new subsidiaries

	Acquired method
Beijing BBMG International Supply Chain Service Co., Ltd. (北京金隅國際供應鏈服務有限公司)	Establishment
Jiaozuo Jinyu Jidong New Materials Co., Ltd. (焦作金隅冀東新材料有限公司)	Establishment
Chongqing Jinyu Xintuo Hotel Management Co., Ltd. (重慶金隅新拓酒店管理有限公司)	Establishment

# Notes to Unaudited Interim Financial Statements

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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 RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment or investment</b>					
Beijing BBMG Concrete Co., Ltd.	Beijing	Processing of commodity concrete etc.	46,541.04	–	100.00
Handan BBMG Taihang Shangtong Technology Co., Ltd.	Hebei	Manufacture and sale of concrete	6,600.00	–	100.00
Wei County BBMG Concrete Co., Ltd.	Hebei	Manufacture and sale of concrete	1,000.00	–	92.00
Handan Hanshan BBMG Concrete Co. Ltd.	Hebei	Manufacture and sale of commercial concrete and crushed stone	3,000.00	–	92.00
Handan Jinyu Chenxiang Concrete Co., Ltd.	Hebei	Manufacture and sale of concrete	3,000.00	–	92.00
Beijing BBMG Coating Co., Ltd.	Beijing	Manufacture of coating; professional contracting	15,720.00	–	100.00
Beijing BBMG New Building Materials Industrialization Group Co., Ltd.	Beijing	Manufacture and sale of building materials	336,905.00	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.	Hebei	Manufacture and sale of building materials	17,000.00	–	100.00
Beijing Jiandu Design and Research Institute Co., Ltd.	Beijing	Design of modern building materials etc.	6,000.00	–	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	54,610.52	–	100.00
BBMG (Dachang) Modern Industrial Park Management Co., Ltd.	Hebei	Manufacture of various modern building materials etc.	98,528.00	–	100.00
Beijing BBMG Tiantan Furniture Co., Ltd. (Note 1)	Beijing	Manufacture, processing, and sale of furniture etc.	40,818.28	–	97.81
BBMG Residential Industrialization (Tangshan) Co., Ltd.	Hebei	Manufacture and sale of building materials	35,000.00	–	100.00

# Notes to Unaudited Interim Financial Statements

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RMB

## 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
<b>Subsidiaries acquired through establishment or investment <i>(continued)</i></b>					
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	43.38	44.15
Beijing BBMG Cement Environmental Protection Technology Co., Ltd.	Beijing	Construction general contracting and ecofriendly technology development etc	1,000.00	–	100.00
Beijing Concrete World Magazine Co., Ltd.	Beijing	Releasing and publishing of Concrete World Magazine; advertising design and production	30.00	–	100.00
Beijing Dacheng Changrun Properties Limited	Beijing	Property development and operation	1,000.00	–	91.00
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
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
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.	56,000.00	–	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.	Anhui	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

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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 RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment or investment <i>(continued)</i></b>					
Beijing Longyuan Real Estate Development Co., Ltd.	Beijing	Property development and operation	5,000.00	–	100.00
Qingdao Jinyu Chuangzhi 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 Development Co., Ltd.	Tianjin	Property development and operation	80,000.00	–	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 Jiahua Nanjing Real Estate Co., Ltd.	Nanjing	Property development	50,000.00	–	100.00
BBMG Zhixin (Hebei Xiong'an) Supply Chain Co., Ltd.	Xiong'an New Area	Supply Chain Management Services	5,000.00	–	100.00
Qianan BBMG Shougang Environmental Technology Co., Ltd.	Qianan	Promotion of new material technology	10,000.00	–	40.00
Tangshan Jinyu Dunshi Dacheng Real Estate Development Co., Ltd.	Tangshan	Real estate	10,000.00	–	100.00
Shaanxi Jinyu Energy-Saving Materials & Technology Co., Ltd. (陝西金隅節能保溫科技有限公司)	Weinan	Wholesale industry	12,000.00	–	100.00
Zhuxin (Hebei Xiong'an) Inspection and Testing Co., Ltd. (築信(河北雄安)檢驗檢測有限公司)	Baoding	Professional technical service industry	1,000.00	–	100.00
BBMG (Changzhou) Real Estate Development Co., Ltd. (金隅(常州)房地產開發有限公司)	Changzhou	Property development and operation	10,000.00	–	100.00



# Notes to Unaudited Interim Financial Statements

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## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in the subsidiaries (continued)

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

	Place of registration/ principal business		Registered capital RMB0'000	Percentage of shareholding (%)	
		Business nature		Direct	Indirect
<b>Subsidiaries acquired through establishment or investment (continued)</b>					
BBMG Yuechao (Hangzhou) Real Estate Development Co., Ltd. (金隅悅潮(杭州)房地產開發有限公司)	Hangzhou	Property development and operation	58,418.15	-	100.00
BBMG Technology Innovation Co., Ltd. (北京金隅科技創新有限公司)	Beijing	Business service industry	1,000.00	-	100.00
Ningbo Yinzhou BBMG Property Management Co., Ltd. (寧波鄞州金隅物業管理有限責任公司)	Ningbo	Real estate	100.00	-	100.00
Beijing BBMG Finance Lease Co., Ltd. (北京金隅融資租賃有限公司)	Beijing	Financial leasing	80,000.00	100.00	-
BBMG Taini (Dai County) Environmental Protection Technology Co., Ltd. (金隅台泥(代縣)環保科技有限公司)	Xinzhou	Technology promotion and application service industry	40,000.00	-	60.00
BBMG Tianjian Intelligent Logistics (Tianjin) Co., Ltd. (金隅天津智慧物流(天津)有限公司)	Tianjin	Road transportation	5,000.00	-	70.00
Hefei Jinzhongjingu Real Estate Development Co., Ltd. (合肥金中京湖房地產開發有限公司)	Hefei	Business service industry	71,200.00	-	100.00
Beijing Jincheng Property Investment Co., Ltd. (北京金垚置業有限公司)	Beijing	Property development and operation	1,000.00	-	100.00
Hebei Jince Testing and Certification Co., Ltd. (河北金測檢測認證有限公司)	Shijiazhuang	Professional technical service industry	1,000.00	-	100.00
BBMG (Hangzhou) Property Development Co., Ltd.	Hangzhou	Property development and operation	158,600.00	-	100.00
BBMG Jiaying 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
Qingdao BBMG Yangguang Property Development Co., Ltd.	Qingdao	Property development	60,000.00	-	100.00
BBMG China Railway Noble (Hangzhou) Property Development Co., Ltd.	Hangzhou	Property development and operation, etc.	50,000.00	-	51.00
Shanghai BBMG Jingcheng Property Development Co., Ltd.	Shanghai	Property development	5,000.00	-	100.00

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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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 RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment or investment <i>(continued)</i></b>					
BBMG GEM Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	650,000.00	100.00	-
Beijing BBMG Property Development Co., Ltd.	Beijing	Property development and sale etc.	5,000.00	-	100.00
Beijing Jinyu Chaoxin Tiandi Property Investment Co., Ltd.	Beijing	Property development and property management, etc.	1,000.00	-	100.00
Beijing BBMG Changyang GEM 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.	Inner Mongolia	Property development and operation etc.	20,000.00	-	100.00
Tangshan BBMG Julong Property Development Co., Ltd.	Hebei	Property development and operation etc.	5,000.00	-	80.00
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 enterprise	170,000.00	100.00	-
BBMG Property Management Co., Ltd.	Beijing	Hotel management	58,000.00	100.00	-
Beijing BBMG Culture Technology Development Co., Ltd.	Beijing	Technology development, transfer, consulting, service	3,000.00	-	68.00
BBMG Commercial Management Co., Ltd.	Beijing	Business 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 such as construction hardware	30,000.00	-	100.00
BBMG Fengshan Hot Spring Resort Co., Ltd.	Beijing	Accommodation and catering services, etc.	36,818.91	-	100.00

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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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
<b>Subsidiaries acquired through establishment or investment (continued)</b>					
Beijing Construction Machinery Asset Management Co., Ltd.	Beijing	Self-owned property rental, property management etc.	78,732.78	-	100.00
Beijing BBMG Xinggang Technology Development Co., Ltd.	Beijing	Manufacture and sales of aerated concrete panel	27,480.00	55.68	-
Beijing Woodworking Factory Co., Ltd.	Beijing	Manufacture and sale of woodbased panels, etc.	50,443.00	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.	5,000.00	-	100.00
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	Henan	Manufacture and distribution of refractory materials	4,000.00	-	100.00
Yangquan BBMG Tongda Fire-resistant Materials Co., Ltd.	Yangquan	Manufacture and sale of refractory ceramic etc.	13,500.00	-	100.00
Cheng'an BBMG Taihang Concrete Co., Ltd.	Hebei	Manufacture and sale of commodity concrete	1,000.00	-	100.00
Daming BBMG Taihang Concrete Co., Ltd.	Hebei	Sales of concrete and mortar	1,000.00	-	90.00
Guantao BBMG Yuzhen Concrete Co., Ltd.	Hebei	Sales of prefabricated part	1,000.00	-	100.00
Jinyu Han Chao (Hangzhou) Real Estate Development Co., Ltd.	Hangzhou	Property development and operation, etc.	5,000.00	-	100.00
Beijing Yucheng Real Estate Co., Ltd.	Beijing	Property development and operation, etc.	1,000.00	-	100.00
Beijing Jianyuan Hotel Co., Ltd.	Beijing	Accommodation and catering services	1,000.53	-	100.00
BBMG Badaling Hot Spring Resort Co., Ltd.	Beijing	Room rental	65,420.00	-	100.00
Beijing Chengyuan Real Estate Co., Ltd.	Beijing	Property development	10,000.00	-	100.00
Tangshan Jinyu Tiancai Pipe Technology Co., Ltd.	Tianjin	Manufacturing and sales of steel and iron pipes	50,000.00	-	100.00
Huanbohai (Tianjin) International Economic and Trade Co., Ltd.	Tianjin	Import or export of goods or technologies	20,000.00	-	100.00

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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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 RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment or investment <i>(continued)</i></b>					
Tianjin Jinyu Jincheng Real Estate Development Co., Ltd.	Tianjin	Property development and operation, etc.	50,000.00	–	100.00
Beijing BBMG Wangjing Real Estate Co., Ltd.	Beijing	Property management	5,000.00	–	100.00
Beijing BBMG Hotel Management Co., Ltd.	Beijing	Hotel management	1,000.00	–	100.00
BBMG (Tianjin) Investment Partnership (Limited Partnership) (Note 1)	Beijing	Investment	800,000.00	–	20.00
Chengde BBMG Real Estate Development Co., Ltd.	Chengde	Property development and operation	5,000.00	–	100.00
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan (Note 1)	Beijing	Investment	2,500,000.00	20.00	–
Ningbo BBMG Jingsheng Real Estate Development Co., Ltd.	Zhejiang	Property development and operation, etc.	5,000.00	–	100.00
Fuzhou Fuhua Concrete Co., Ltd.	Fujian	Manufacture of Cement products, etc.	3,000.00	–	56.00
Shaanxi Jinyu Aerated Assembly Parts Co., Ltd. (陝西金隅加氣裝配式部品有限公司)	Shaanxi	Manufacture and sale of aerated concrete products etc.	20,000.00	–	100.00
Beijing Yutai Real Estate Development Co., Ltd. (北京隅泰房地產開發有限公司)	Beijing	Property development and operation, etc.	5,000.00	–	60.00
Nanjing Jinjiarui Real Estate Development Co., Ltd. (南京金嘉瑞房地產開發有限公司)	Jiangsu	Property development and operation, etc.	10,000.00	–	34.00
Zanhuang BBMG Cement Co., Ltd.	Hebei	Manufacture and sales of cement and clinker	70,000.00	–	100.00
BBMG Cement Trading Co., Ltd.	Beijing	Wholesale cement and cement products, etc.	50,000.00	–	100.00
Beijing BBMG International Supply Chain Service Co., Ltd. (北京金隅國際供應鏈服務有限公司)	Beijing	Supply chain management services, etc.	50,000.00	–	100.00
Jiaozuo Jinyu Jidong New Materials Co., Ltd. (焦作金隅冀東新材料有限公司)	Henan	Manufacturing of lightweight building materials, etc.	6,000.00	–	70.00
Chongqing Jinyu Xintuo Hotel Management Co., Ltd. (重慶金隅新拓酒店管理有限公司)	Chongqing	Accommodation services, etc.	10,000.00	–	100.00

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

## 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
<b>Subsidiaries acquired in business combination not under common control</b>					
Tianjin BBMG Concrete Co., Ltd.	Tianjin	Concrete project construction and manufacturing, etc.	39,590.51	-	100.00
Beijing BBMG Xingfa Science and Technology Co., Ltd.	Beijing	Manufacture of cement and clinker, etc.	131,500.00	95.70	-
Jinyu Jingti (Beijing) 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.	Hebei	Manufacture and sale of commodity concrete	4,000.00	-	100.00
Jidong Development Group Co., Ltd.	Hebei	Building materials industry	247,950.41	55.00	-
Tangshan Jidong Cement Co., Ltd. (Note 1)	Hebei	Manufacture and sales of cement, clinker, relevant building materials and cement equipment	265,821.28	44.34	17.22
Jidong Sand Gravel Aggregate Co., Ltd.	Hebei	Aggregate	25,000.00	-	100.00
Hebei Jidong Development Group Hebei Mining Engineering Co., Ltd.	Hebei	Other construction and installation industry	2,000.00	-	100.00
Tangshan High Voltage Porcelain Insulator Works Co., Ltd.	Hebei	Manufacture and sales of high voltage porcelain insulator	28,000.00	-	100.00
Hebei Building Material Industry Design & Research Institution	Hebei	Building materials industry engineering design	3,387.92	-	100.00
Tangshan Qixin Cement Industry Museum	Hebei	Cultural relic collection and exhibition to promote national culture, etc.	15,624.00	-	100.00
Tangshan Qixin Jiyi Property Services Co., Ltd.	Hebei	Property service, retail of daily necessities, etc.	500.00	-	100.00
Tangshan Jidong Equipment & Engineering Co., Ltd. (Note 1)	Hebei	Machinery equipment and spare parts and civil installation	22,700.00	-	30.00
Tangshan Jidong Development Machinery and Equipment Manufacturing Co., Ltd.	Hebei	Manufacture and sales of machinery equipment and accessories	76,000.00	-	100.00
Jidong Rizhang Energy-Conserving Fan Manufacture Co., Ltd.	Hebei	State-owned enterprise (machinery manufacturing industry)	21,400.00	-	100.00

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

## 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
<b>Subsidiaries acquired in business combination</b>					
<b>not under common control <i>(continued)</i></b>					
Tangshan Jidong Development Yan Dong Construction Co., Ltd.	Hebei	Construction industry	20,000.00	–	59.00
Jidong Development International Trading Co., Ltd.	Beijing	Import and export and bulk commodity trade	43,000.00	–	100.00
Jidong Development (HK) International Co., Ltd.	Hong Kong	Commodities trading	6,294.36	–	100.00
Tangshan Dunshi Real Estate Development Co., Ltd.	Hebei	Real estate	60,000.00	–	100.00
Tangshan Jidong Cement Nanhu Property Development Co., Ltd.	Hebei	Real estate	75,000.00	–	100.00
Jidong Development Logistics Co., Ltd.	Hebei	Storage and operation of general goods as well as coal trade	10,000.00	–	100.00
Tangshan Jidong Property Services Co., Ltd.	Hebei	Property service	300.00	–	100.00
Huawai Wind Power Development Co., Ltd.	Hebei	Wind power equipment manufacturing	15,000.00	–	100.00
Tangshan Qixin Building Materials Co., Ltd.	Hebei	Manufacture of cement and cement products	16,747.00	–	100.00
Tangshan Qixin Cement Co., Ltd.	Hebei	Manufacture of limestone, cement and cement clinker, etc.	23,544.00	–	100.00
Jidong Development Group Tangshan Xinxing Knitting Factory	Hebei	Knitting processing	915.98	–	100.00
BBMG Jidong Caofeidian Supply Chain Management Co., Ltd.	Hebei	Supply chain management services	20,000.00	–	90.00
Tangshan Jinyu Dunshi Real Estate Development Co., Ltd.	Hebei	Real estate development and operation and property management services, etc.	35,000.00	–	100.00
China-Africa Jidong Building Materials Investment Co., Ltd.	Hebei	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, etc.	508,222.35	55.00	–

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

## 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
<b>Subsidiaries acquired in business combination</b>					
<b>not under common control <i>(continued)</i></b>					
Tianjin Jianyu Energy Development Co., Ltd.	Tianjin	Building materials and commerce and logistics	20,000.00	-	51.00
Tianjin Bodingmeite Import and Export Co., Ltd.	Tianjin	Building materials and commerce and logistics	3,200.00	-	100.00
Tianjin Tiancai Hengye Building Materials Co., Ltd.	Tianjin	Building materials and commerce and logistics	16,526.32	-	100.00
Huanbohai Jinan (Tianjin) Group Holding Co., Ltd. (Note 1)	Tianjin	Property investment management	19,634.40	-	51.66
Tianjin Xincai Property Development Co., Ltd.	Tianjin	Real estate	32,549.81	-	100.00
Tianjin Building Materials Scientific Study Co., Ltd.	Tianjin	Property investment management	16,129.64	-	100.00
Tianjin Tiancaiweiye Building Materials Co., Ltd.	Tianjin	Cement and ready-mixed concrete	26,275.03	-	100.00
Tianjin Tiancai Construction Investment Co., Ltd.	Tianjin	Property investment management	32,437.36	-	100.00
Tiancai Hongye (Tianjin) Building Materials Co., Ltd.	Tianjin	Property investment management	54,596.03	-	100.00
Tianjin Tiancai New Industry Assets Management Co., Ltd.	Tianjin	Property investment management	59,603.45	-	100.00
Tianjin Huanbohai International Home Living Co., Ltd.	Tianjin	Property investment management	12,127.91	-	100.00
Tianjin Cement Stone Mine Co., Ltd.	Tianjin	Cement and ready-mixed concrete	119,937.67	-	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
Beijing Bengpu Construction Machinery Operation Co., Ltd.	Beijing	Professional contracting; construction general contracting	6,450.00	-	100.00
Tianjin Binhai New Area Haoyu Investment Co., Ltd.	Tianjin	Real estate development and operation and property management	10,000.00	-	100.00
Beijing Mingzhu Glass Products Co., Ltd.	Beijing	Manufacturing, design and installment of glass products	50.00	-	100.00
Shanxi BBMG Jidong Environmental Protection Technology Co., Ltd.	Shanxi	Ferrous metal smelting and rolling processing industry, etc.	57,420.00	-	100.00

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

## 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 RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired in business combination</b>					
<b>not under common control <i>(continued)</i></b>					
Beijing Nanyuan Jiasheng Real Estate Co., Ltd. (北京南苑嘉盛置業有限公司)	Beijing	Real estate	60,000.00	-	100.00
Shanghai BBMG Jingpu Real Estate Development Co., Ltd.	Shanghai	Real estate	5,000.00	-	100.00
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd.	Tangshan	Manufacturing and sale of concrete and concrete-based products	401,584.26	55.00	45.00
Beijing Jidong Haiqiang Concrete Co., Ltd.	Beijing	Ready-mix commodity concrete, etc.	2,980.00	-	70.00
Beijing Chengwu Concrete Co., Ltd.	Beijing	Manufacturing of concrete and concrete-based products, etc.	2,000.00	-	66.00
Beijing Hanxin Concrete Co., Ltd.	Beijing	Production of concrete, etc.	4,509.97	-	70.00
Beijing Hengkun Concrete Co., Ltd.	Beijing	Special goods transportation (in tank), etc.	5,000.00	-	100.00
Tianjin Jidong Haifeng Concrete Co., Ltd.	Tianjin	Wholesale and retail of commodity concrete, etc.	2,500.00	-	100.00
Tianjin Jidong Jinpujiye Concrete Co., Ltd.	Tianjin	Processing, sales and pouring of ready-mixed concrete	2,900.00	-	100.00
Jidong Concrete (Tianjin) Co., Ltd.	Tianjin	Production, processing and sale of ready-mixed concrete	3,000.00	-	100.00
Tangshan Jidong Cement Xujian Concrete Co., Ltd.	Tangshan	Production of ready-mixed concrete, etc.	3,500.00	-	70.00
Tangshan Qianxi Jidong Concrete Co., Ltd.	Tangshan	Production of commodity concrete etc.	1,200.00	-	100.00
Tangshan Jidong Xingang Concrete Co., Ltd.	Tangshan	Manufacture and sales of commercial concrete, etc.	3,360.00	-	100.00
Chengde Jidong Hengsheng Concrete Co., Ltd.	Chengde	Construction equipment templates lease, etc.	2,000.00	-	100.00
Hohhot Jidong Cement Concrete Co., Ltd.	Hohhot	Special goods transportation (in tanks)	6,000.00	-	100.00
Liaoning Ruifeng Concrete Co., Ltd.	Shenyang	Production of commodity concrete and additive for concrete, etc.	2,500.00	-	100.00
Shenyang Aohuaxing Concrete Co., Ltd.	Shenyang	Special goods transportation (tank, pump), etc.	3,100.00	-	100.00



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

### 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
<b>Subsidiaries acquired in business combination</b>					
<b>not under common control <i>(continued)</i></b>					
Shenyang Landing Concrete Co., Ltd.	Shenyang	Special goods transportation (tank, pump), etc.	2,008.00	-	100.00
Jilin Jidong Concrete Co., Ltd.	Jilin	Production of concrete components and products, etc.	2,000.00	-	100.00
Chongqing Jushi New Building Materials Co., Ltd.	Chongqing	Class III Qualification for ready-mixed commodity concrete professional contracting	2,100.00	-	100.00
Xinxingzhan (Chongqing) Building Materials Co., Ltd.	Chongqing	Manufacture and sale of commodity concrete	7,563.07	-	100.00
Jidong Cement (Chongqing) Concrete Co., Ltd.	Chongqing	Special goods transportation (in tank), etc.	3,000.00	-	100.00
Baoji Jidong Dunshi Concrete Co., Ltd.	Baoji	Ready-mixed concrete and pouring projects	6,000.00	-	100.00
Shenzhou Jidong Concrete Co., Ltd.	Shenzhou	Manufacture and sales of ready-mixed commercial concrete, etc.	3,000.00	-	100.00
Datong Dunshi Concrete Co., Ltd.	Datong	Sales and transportation of ready-mixed concrete, etc.	3,600.00	-	100.00
Datong Jinlong Commodity Concrete Co., Ltd.	Datong	Sales and transportation of ready-mixed concrete, etc.	3,000.00	-	100.00
Changchun Jidong Cement & Concrete Co., Ltd.	Changchun	Production of concrete, etc.	1,000.00	-	100.00
Huanghua BBMG Jidong Concrete Co., Ltd.	Huanghua	Sales and transportation of ready-mixed concrete, etc.	2,500.00	-	100.00
Cangzhou Lingang BBMG Jidong Concrete Co., Ltd.	Cangzhou	Sales and transportation of ready-mixed concrete, etc.	2,500.00	-	100.00
Shijiazhuang BBMG Concrete Co., Ltd.	Shijiazhuang	Sales and transportation of ready-mixed concrete, etc.	20,000.00	-	100.00
Tianjin Binhai BBMG Concrete Co., Ltd.	Tianjin	Manufacturing and sale of cement-based products, etc.	12,000.00	-	100.00
Jiayu Shangqin Property Management (Tianjin) Co., Ltd.	Tianjin	Property management, etc.	1,000.00	-	100.00
Hebei BBMG Dingxin Cement Co., Ltd.	Hebei	Manufacture and sales of cement and clinker, etc.	131,700.00	-	100.00

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

## 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
<b>Subsidiaries acquired in business combination under common control</b>					
Beijing Building Decoration and Design Engineering Co., Ltd.	Beijing	Design of projects' decoration and furniture decoration, etc.	20,000.00	-	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
Beijing BBMG Property Development Group Co., Ltd.	Beijing	Property development and operation	771,500.00	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	1,000.00	-	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	Rental of properties held	(HK\$) 100.00	100.00	-
Beijing Yanshui Asset Management Co., Ltd.	Beijing	Production of concrete	6,266.85	100.00	-
Beijing BBMG Tongda Fire-resistant Technology Co., Ltd.	Beijing	R&D and manufacture of various new refractory materials etc.	28,517.14	100.00	-

Note 1: Among the subsidiaries of the Group, Beijing BBMG Tiantan Furniture Co., Ltd., Tangshan Jidong Cement Co., Ltd., Tangshan Jidong Equipment & Engineering Co., Ltd. and Huanbohai Jinan (Tianjin) Group Holding Co., Ltd. are joint stock companies (股份有限公司), BBMG (Tianjin) Investment Partnership (Limited Partnership) is a limited partnership (有限合伙企业). Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan is a trust plan, and other subsidiaries are limited liability companies (有限责任公司).

Note 2: Due to the large number of subsidiaries of the Group, the above tables only list the subsidiaries that have a significant impact on the Group's consolidated financial statements, and do not list all subsidiaries one by one.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### VII. INTERESTS IN OTHER ENTITIES (continued)

#### 1. Interests in the subsidiaries (continued)

Subsidiaries with significant minority interests are as follows:

##### January to June 2022

	Percentage of minority shareholding	Profit or loss attributable to minority shareholders	Dividend payment to minority shareholders	Accumulated equity attributable to minority shareholders at the end of the period
Jidong Development Group Co., Ltd.	45%	(71,546,206.38)	–	412,962,332.80
Tianjin Building Materials (Holding) Co., Ltd.	45%	1,766,601.06	18,981,018.80	4,707,756,608.88
Tangshan Jidong Cement Co., Ltd.	46%	482,326,417.82	899,845,656.86	17,392,765,610.85
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan	80%	44,411,909.67	44,412,163.33	2,000,004,882.14
BBMG (Tianjin) Investment Partnership (Limited Partnership)	80%	134,737,095.53	134,737,095.53	6,400,000,000.00

##### 2021

	Percentage of minority shareholding	Profit or loss attributable to minority shareholders	Dividend payment to minority shareholders	Accumulated equity attributable to minority shareholders at the end of the year
Jidong Development Group Co., Ltd.	45%	(47,781,062.99)	8,196,942.83	530,956,119.75
Tianjin Building Materials (Holding) Co., Ltd.	45%	(29,109,689.30)	12,477,946.17	4,718,971,209.34
Tangshan Jidong Cement Co., Ltd.	46%	1,882,617,209.64	657,514,129.31	17,681,825,284.30
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan	80%	89,070,788.93	89,068,349.53	2,000,003,948.87
BBMG (Tianjin) Investment Partnership (Limited Partnership)	80%	271,077,460.40	271,077,460.40	6,400,000,000.00

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

The following table sets forth the major financial information of the above-mentioned subsidiaries. Relevant figures represent amounts before intragroup offsetting:

30 June 2022

	Jidong Development Group Co., Ltd.	Tianjin Building Materials (Holding) Co., Ltd.	Tangshan Jidong Cement Co., Ltd.	Jiangsu Trust- Longyuan No.2 Assemble Fund Trust Plan	BBMG (Tianjin) Investment Partnership (Limited Partnership)
Current assets	14,623,103,042.13	9,508,441,369.98	15,549,993,192.05	2,500,006,102.67	5,031,054.42
Non-current assets	<u>7,118,642,210.24</u>	<u>11,226,271,940.69</u>	<u>48,956,352,303.24</u>	-	<u>7,994,968,945.58</u>
Total assets	<u>21,741,745,252.37</u>	<u>20,734,713,310.67</u>	<u>64,506,345,495.29</u>	<u>2,500,006,102.67</u>	<u>8,000,000,000.00</u>
Current liabilities	20,396,756,167.32	8,694,118,180.45	16,878,928,220.31	-	-
Non-current liabilities	<u>548,218,895.45</u>	<u>2,666,610,011.91</u>	<u>12,826,468,077.77</u>	-	-
Total liabilities	<u>20,944,975,062.77</u>	<u>11,360,728,192.36</u>	<u>29,705,396,298.08</u>	-	-
Operating revenue	14,202,653,703.06	3,935,292,884.89	16,896,222,944.33	58,093,998.08	171,216,324.69
Net profit/(loss)	23,019,693.97	(16,843,529.29)	1,089,393,724.66	55,514,887.09	168,421,369.41
Total comprehensive income	16,069,522.21	(16,843,529.29)	1,008,673,683.20	55,514,887.09	168,421,369.41
Net cash flows from operating activities	(379,568,303.94)	(228,052,709.95)	813,549,454.76	55,516,370.74	159,254,073.89

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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## VII. INTERESTS IN OTHER ENTITIES *(continued)*

### 1. Interests in the subsidiaries *(continued)*

31 December 2021

	Tangshan Jidong Cement Co., Ltd.	Jidong Development Group Co., Ltd.	Tianjin Building Materials (Holding) Co., Ltd.	Jiangsu Trust- Longyuan No.2 Assemble Fund Trust Plan	BBMG (Tianjin) Investment Partnership (Limited Partnership)
Current assets	15,934,726,765.25	13,306,824,342.73	8,855,451,608.16	2,500,004,936.09	14,533,342.57
Non-current assets	<u>47,767,348,891.74</u>	<u>7,314,128,957.58</u>	<u>11,756,882,154.19</u>	<u>–</u>	<u>7,985,466,657.43</u>
Total assets	<u>63,702,075,656.99</u>	<u>20,620,953,300.31</u>	<u>20,612,333,762.35</u>	<u>2,500,004,936.09</u>	<u>8,000,000,000.00</u>
Current liabilities	13,718,720,676.43	19,269,706,363.64	7,114,410,760.31	–	–
Non-current liabilities	<u>13,798,610,699.76</u>	<u>552,461,172.98</u>	<u>4,094,113,335.66</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>27,517,331,376.19</u>	<u>19,822,167,536.62</u>	<u>11,208,524,095.97</u>	<u>–</u>	<u>–</u>
Operating revenue	36,369,371,510.07	29,994,706,501.26	7,735,416,456.42	116,508,087.10	344,404,201.46
Net profit/(loss)	3,915,709,180.08	(162,329,947.22)	(144,479,814.35)	111,338,486.16	338,846,825.50
Total comprehensive income	3,928,165,445.00	(185,288,558.65)	(143,670,814.35)	111,338,486.16	338,846,825.50
Net cash flows from operating activities	6,211,451,232.26	(1,141,433,708.85)	(1,684,560,180.12)	111,338,486.16	319,321,858.87

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 2. Major transactions resulting in changes in equity attributable to shareholders in subsidiaries with no effect on right of control

- a. On 22 June 2022, Hefei Jinzhongjinghu Real Estate Development Co., Ltd. (“Jinzhongjinghu”), a subsidiary of Beijing BBGM Property Development Group Co., Ltd. (“BBGM Property”), received the capital increase amounts from shareholders, of which the capital increase amount of the parent company BBGM Property was RMB313,444,392.32, and the capital increase amount of the minority shareholder CCCG Real Estate Corporation Limited was RMB349,241,439.68. After the completion of this transaction, the proportion of the equity held by BBGM Property in Jinzhongjinghu was changed from 100% to 51%. This transaction resulted in the increase of the minority shareholders’ equity of the Group by RMB349,241,439.68.
- b. On 17 February 2022, Nanjing Jinjiarui Real Estate Development Co., Ltd., a subsidiary of Beijing BBGM Property Development Group Co., Ltd. (“BBGM Property”), received capital increase amounts from shareholders, of which the capital increase amount of the parent company BBGM Property was RMB29,450,655.00, the capital increase amount of the minority shareholder Anhui Zhuorui Real Estate Co., Ltd. was RMB23,074,740.00, and the capital increase amount of the minority shareholder Nanjing Junfa Real Estate Development Co., Ltd. was RMB28,438,605.00. After the completion of this transaction, the shareholding ratio of BBGM Property was changed from 25% to 34%. This transaction resulted in the increase of the minority shareholders’ equity of the Group by RMB51,513,345.00.
- c. On 27 May 2022, Jidong Development International Trading Co., Ltd. (“Jidong International Trading”) acquired 41% equity of Inner Mongolia Dunshi Yuanzhihan Coal Industry Co., Ltd. (“Yuanzhihan”) at the agreed price of RMB15,358,789.63. After the completion of this transaction, Yuanzhihan became a wholly-owned subsidiary of Jidong International Trading. This transaction resulted in the decrease of the minority shareholders’ equity of the Group by RMB22,331,911.67 and the increase of the capital reserves of the Group by RMB6,973,122.04.
- d. In June 2022, Tangshan Jidong Cement Co., Ltd. (“Jidong Cement”) repurchased 26,580,000 A-share public shares by means of centralized bidding, with a total repurchase amount of RMB279,344,753.96. This transaction resulted in the decrease of the minority shareholders’ equity of the Group by RMB306,925,979.90 and the increase of the capital reserves of the Group by RMB27,581,225.94.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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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 (RMB0'000)	Percentage of shareholding (%)	
				Direct	Indirect
<b>Joint ventures</b>					
STAR-USG Building Materials Co., Ltd.	Dachang County	Production of mineral wool acoustic board, etc.	USD54,520	50.00	–
BBMG TUS Technology Incubator Co., Ltd.	Beijing	Incubating technology business, enterprise management, etc.	8,000.00	–	50.00
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Baoji	Manufacture and sales of cement and clinker, etc.	489,875.00	–	46.99
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Xianyang	Manufacture and sales of cement and clinker, etc.	458,960.00	–	50.00
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Tangshan	Manufacture and sales of slag fine powder and by-product	200,000.00	–	50.00
Anshan Jidong Cement Co., Ltd.	Anshan	Manufacture and sales of cement and clinker, etc.	300,000.00	–	50.00
Cross Point Trading 274 (Pty) Ltd (RF)	South Africa	Investment in building materials industry, ect.	ZAR300,000.00	–	56.10
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建 設發展有限公司)	Beijing	Property development and sale of self-developed commercial housing	100,000.00	–	60.00
Hebei Xiongan Zhitong Technology Co., Ltd.	Baoding	New material technology promotion service and concrete technology development, etc.	20,000.00	–	51.00
Beijing Jinyu Vanke Real Estate Development Co., Ltd. (北京金隅萬科 房地產開發有限公司)	Beijing	Property development and sale of self-developed commercial housing	19,000.00	–	51.00
Nanjing Jinjiazhuo Decoration Co., Ltd. (南京金嘉卓裝飾有限公司)	Nanjing	Building decoration, decoration and other construction industry	200.00		34.00

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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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 (RMB0'000)	Percentage of shareholding (%)	
				Direct	Indirect
<b>Associates</b>					
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	276,000.00	20.00	–
Beijing Sinobaide Technology Co., Ltd.	Beijing	Design and production of equipment	10,000.00	–	23.00
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	Chengde	Technology research and testing for comprehensive utilization of solid waste, etc.	53,739.00	–	44.17
Tangshan Conch Profiles Co., Ltd.	Tangshan	Manufacture and sales of architectural profiles	160,000.00	40.00	–
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	Beijing	Education technology promotion services, etc.	10,000.00	–	30.00
Beijing Chenyu Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	200,000.00	–	49.00
Toto Machinery (Beijing) Company Limited	Beijing	Production of sanitary ceramics, ect.	USD24,000	20.00	–
Beijing Toto Co., Ltd.	Beijing	Production of sanitary ceramics, ect.	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.	10,000.00	–	40.00
Jidong Cement Fufeng Transportation Co., Ltd.	Baoji	Automobile transportation, etc.	16,000.00	–	23.75
Jilin Changjitu Investment Co., Ltd.	Jilin	Service industry, etc.	500,000.00	–	30.00
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Tianjin	Undertaking the construction of various types of projects, etc.	100,000.00	–	30.00
Tianjin Yaopi Glass Co., Ltd.	Tianjin	Manufacture and sale of various types of plate glass, etc.	736,166.00	–	22.75
Beijing Innovation Industry Investment Co., Ltd.	Note 1 Beijing	Investment management, asset management, etc.	2,000,000.00	10.00	–
Liaoning Yunding Cement Group Co., Ltd.	Shenyang	Production and sales of cement clinker	32,990.00	–	3.47
Nanjing Huayu Real Estate Development Co., Ltd. (南京緯陽房地產開發有限公司)	Nanjing	Property development and sale of self-developed commercial housing	1,000,000.00	–	50.00
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	Beijing	Property development and sale of self-developed commercial housing	1,092,537.00	–	33.00
Beijing Jinhaicheng Management Consulting Partnership LLP (北京金海誠管理諮詢合夥企業(有限合夥))	Beijing	Business management	2,000.00	–	30.00
Beijing Jinhaicheng Technology Innovation Investment Partnership LLP (北京金海誠科創投資合夥企業(有限合夥))	Beijing	Asset management, investment consultation	198,000.00	–	70.42
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. (北京京西生態文旅投資有限公司)	Beijing	Cultural industry investment, project development and operation	1,000,000.00	10.00	–
Beijing Zhongtai Jinjian Real Estate Development Co., Ltd.	Beijing	Property development and operation; sale of self-developed commercial housing	1,800,000.00	–	34.00
Tianjin Shubulok Cement Block Co., Ltd.	Tianjin	Development, production and sales of new building materials	USD4,350.00	–	21.38
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	Tianjin	Manufacturing and processing of plastic pipes and pipe fittings, composite pipes and pipe fittings, as well as mining pipes and pipe fittings	50,000.00	–	15.00
Nanjing Huayu Decoration Engineering Co., Ltd. (南京緯陽裝飾工程有限公司)	Nanjing	Licensed items: residential interior decoration; construction engineering construction	2,000.00	–	51.00



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 3. Interests in joint ventures and associates *(continued)*

The Group adopts the equity method for interests in joint ventures and associates.

Note 1: The Group holds 10% equity interests in Beijing Innovation Industry Investment Co., Ltd., therefore, the Group has a significant influence on it. According to the Articles of Association, the board of directors of Beijing Innovation Industry Investment Co., Ltd. consists of 9 directors, of which 2 directors are nominated by State-owned Assets Management Center and the director appointed by State-owned Assets Management Center serves as the Chairman, so it is concluded that the Group has a significant influence.

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 2022	2021
<b>Joint ventures</b>		
Total carrying amount of investments	<b>1,800,389,094.28</b>	1,844,340,891.05
Total amount calculated based on shareholding		
Net profit	<b>158,591,145.63</b>	436,629,119.85
Total comprehensive income	<b>144,990,001.95</b>	425,274,909.28
<b>Associates</b>		
Total carrying amount of investments	<b>5,020,484,022.23</b>	4,579,808,028.50
Total amount calculated based on shareholding		
Net loss	<b>(10,273,019.94)</b>	(36,259,755.71)
Total comprehensive income	<b>(10,273,019.94)</b>	(36,259,755.71)

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### 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 2022

##### Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised costs	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	–	19,421,041,451.93	–	19,421,041,451.93
Financial assets held for trading	1,172,408,171.34	–	–	1,172,408,171.34
Bills receivable	–	1,020,580,527.10	–	1,020,580,527.10
Accounts receivable	–	9,076,535,956.83	–	9,076,535,956.83
Financing receivables	–	–	1,866,581,286.89	1,866,581,286.89
Other receivables	–	6,086,312,583.79	–	6,086,312,583.79
Non-current assets due within one year	–	895,152,906.13	–	895,152,906.13
Debt investments	–	1,152,134,374.14	–	1,152,134,374.14
Long-term receivables	–	3,625,356,925.94	–	3,625,356,925.94
Investment in other equity instruments	–	–	985,073,910.61	985,073,910.61
Other non-current financial assets	260,000,000.00	–	–	260,000,000.00
	<u>1,432,408,171.34</u>	<u>41,277,114,725.86</u>	<u>2,851,655,197.50</u>	<u>45,561,178,094.70</u>

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

### 1. Financial instruments by category *(continued)*

30 June 2022 *(continued)*

#### *Financial liabilities*

	Financial liabilities at amortised costs
Short-term loans	27,609,479,683.32
Bills payable	3,377,574,620.77
Accounts payable	18,346,532,162.41
Other payables	10,619,806,253.17
Non-current liabilities due within one year	12,491,226,384.40
Short-term financing bonds payable	7,500,000,000.00
Long-term borrowings	32,691,949,030.99
Bonds payable	29,237,360,976.29
Lease liabilities	431,718,655.60
Long-term payables	439,113,720.10
	<b>142,744,761,487.05</b>

31 December 2021

#### *Financial assets*

	Financial assets at fair value through profit or loss	Financial assets at amortised costs	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	–	21,921,968,519.94	–	21,921,968,519.94
Financial assets held for trading	1,152,240,648.45	–	–	1,152,240,648.45
Bills receivable	–	705,691,610.82	–	705,691,610.82
Accounts receivable	–	7,523,927,513.40	–	7,523,927,513.40
Financing receivables	–	–	2,514,575,159.07	2,514,575,159.07
Other receivables	–	7,913,946,527.77	–	7,913,946,527.77
Long-term receivables due within one year	–	127,377,276.90	–	127,377,276.90
Debt investments	–	490,902,028.26	–	490,902,028.26
Long-term receivables	–	1,004,712,317.80	–	1,004,712,317.80
Investment in other equity instruments	–	–	596,774,849.44	596,774,849.44
	<b>1,152,240,648.45</b>	<b>39,688,525,794.89</b>	<b>3,111,350,008.51</b>	<b>43,952,116,451.85</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 1. Financial instruments by category *(continued)*

31 December 2021

##### *Financial liabilities*

	Financial liabilities at amortised costs
Short-term loans	25,140,608,000.00
Bills payable	3,217,498,008.45
Accounts payable	19,796,622,282.33
Other payables	9,309,630,643.31
Non-current liabilities due within one year	15,125,801,960.37
Short-term financing bonds payable	7,500,000,000.00
Long-term borrowings	29,001,712,449.80
Bonds payable	33,499,674,504.50
Lease liabilities	395,211,550.60
Long-term payables	<u>345,169,768.56</u>
	<u>143,331,929,167.92</u>

#### 2. Transfers of financial assets

##### *Financial assets transferred but not yet fully derecognised*

As at 30 June 2022, the Group endorsed undue bank acceptance bills and commercial acceptance bills with a carrying amount of RMB100,997,040.94 and RMB303,701,216.73 respectively (31 December 2021: RMB86,561,875.68 and RMB193,990,605.34) to its suppliers for settlement of accounts payable, and discounted commercial acceptance bills with a carrying amount of RMB2,169,683.32 (31 December 2021: discounted bank acceptance bills with a carrying amount of RMB3,100,000.00) to the banks. 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 in full and the settled accounts payable or short-term loans associated therewith. After the endorsement or discount, the Group no longer reserves the rights to use these financial assets, including the rights to sell, transfer or pledge to any other third parties. As at 30 June 2022, the carrying amount of accounts payable settled or short-term loans secured by the Group through these financial assets amounted to RMB404,698,257.67 and RMB2,169,683.32 respectively (31 December 2021: RMB280,552,481.02 and RMB3,100,000.00).

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 2. Transfers of financial assets *(continued)*

##### ***Transferred financial assets fully derecognised but with continuing involvement***

As at 30 June 2022, the carrying amount of undue bank acceptance bills endorsed to its suppliers for settlement of accounts payable or discounted to the banks by the Group was RMB6,031,735,163.14 (31 December 2021: RMB6,645,552,460.43, including the portion included in bills receivable and financing receivables). As at 30 June 2022, 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.

As at 30 June 2022, 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.

#### 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. For transactions that are not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control of the Group.

As the counterparties of cash and bank balances and bank acceptance bills receivable are banks with good reputations and higher credit ratings, these financial instruments have lower credit risk.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### *Credit risk (continued)*

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.

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

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.

##### *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.

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:

- (1) 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;
- (2) 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.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

### 3. Financial Instruments Risks *(continued)*

#### **Credit risk** *(continued)*

##### *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:

- (1) Significant financial difficulty of the issuer or the debtor;
- (2) Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- (3) 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;
- (4) It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;
- (6) 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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### *Liquidity risk*

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and the projected cash flows from the Group's operations

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of 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.

The table below summarises the maturity analysis of financial liabilities based on the undiscounted contractual cash flows:

##### 30 June 2022

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term loans	28,047,240,089.80	-	-	-	28,047,240,089.80
Bills payable	3,377,574,620.77	-	-	-	3,377,574,620.77
Accounts payable	18,346,532,162.41	-	-	-	18,346,532,162.41
Other payables	10,619,806,253.17	-	-	-	10,619,806,253.17
Short-term financing					
bonds	7,577,262,465.75	-	-	-	7,577,262,465.75
Long-term					
borrowings	9,068,969,718.70	10,796,122,780.95	18,483,786,692.30	7,163,573,802.17	45,512,452,994.12
Bonds payable	4,083,551,656.00	7,241,547,656.00	27,225,040,000.00	1,554,600,000.00	40,104,739,312.00
Lease liabilities	164,902,186.39	96,351,456.55	163,640,443.51	297,641,407.22	722,535,493.67
Long-term payables	39,548,294.09	62,792,790.12	227,521,690.41	148,799,239.57	478,662,014.19
	<u>81,325,387,447.08</u>	<u>18,196,814,683.62</u>	<u>46,099,988,826.22</u>	<u>9,164,614,448.96</u>	<u>154,786,805,405.88</u>



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### *Liquidity risk (continued)*

31 December 2021

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term loans	25,753,881,661.17	–	–	–	25,753,881,661.17
Bills payable	3,217,498,008.45	–	–	–	3,217,498,008.45
Accounts payable	19,796,622,282.33	–	–	–	19,796,622,282.33
Other payables	9,309,630,643.31	–	–	–	9,309,630,643.31
Short-term financing					
bonds	7,626,687,671.23	–	–	–	7,626,687,671.23
Long-term borrowings	16,056,217,165.82	15,184,751,403.18	15,996,854,423.29	13,121,026,029.18	60,358,849,021.47
Bonds payable	5,991,636,782.00	9,199,626,782.00	25,608,880,000.00	4,679,550,000.00	45,479,693,564.00
Lease liabilities	153,239,068.57	93,131,715.59	148,461,058.91	272,656,297.32	667,488,140.39
Long-term payables	<u>40,040,615.47</u>	<u>68,318,215.69</u>	<u>167,025,711.18</u>	<u>109,825,841.69</u>	<u>385,210,384.03</u>
	<u>87,945,453,898.35</u>	<u>24,545,828,116.46</u>	<u>41,921,221,193.38</u>	<u>18,183,058,168.19</u>	<u>172,595,561,376.38</u>

##### **Market risk**

###### *Interest rate risk*

The Group's exposure to the changes in market interest rates is mainly related to the floating-rate long-term liabilities of the Group. The Group manages its interest cost 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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### **Market risk** *(continued)*

##### *Interest rate risk (continued)*

January to June 2022

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
RMB	100.00	(73,178,650.90)	–	(73,178,650.90)

January to June 2021

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
RMB	100.00	(11,830,070.75)	–	(11,830,070.75)

##### *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 and ZAR.

The table below demonstrates the sensitivity analysis of foreign exchange risk to a possible change in exchange rates of USD against RMB, with all other variables held constant, with respect to the impact on net profit or loss and net other comprehensive income after tax.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### **Market risk** *(continued)*

*Foreign exchange risk (continued)*

January to June 2022

	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	1.00	(9,481,179.35)	–	(9,481,179.35)

January to June 2021

	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	1.00	(3,224,379.90)	–	(3,224,379.90)

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 4. Capital management

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

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. As at 30 June 2022 and 30 June 2021, 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 2022	31 December 2021
Total liabilities	<b>185,808,289,333.15</b>	190,823,004,007.16
Total assets	<b>283,932,219,018.89</b>	286,356,810,441.58
Debt ratio	<b>65.44%</b>	66.64%

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### IX. DISCLOSURE OF FAIR VALUE

#### 1. Assets and liabilities measured at fair value

##### *Hierarchies of fair value*

30 June 2022

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets held for trading	12,599,400.00	1,159,808,771.34	–	1,172,408,171.34
Financing receivables	–	1,866,581,286.89	–	1,866,581,286.89
Other non-current financial assets	–	–	260,000,000.00	260,000,000.00
Investment in other equity instruments	741,949,006.62	–	243,124,903.99	985,073,910.61
Investment properties	–	1,165,127,345.61	33,078,335,175.83	34,243,462,521.44
	<b>754,548,406.62</b>	<b>4,191,517,403.84</b>	<b>33,581,460,079.82</b>	<b>38,527,525,890.28</b>

31 December 2021

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets held for trading	11,663,300.00	1,140,577,348.45	–	1,152,240,648.45
Financing receivables	–	2,514,575,159.07	–	2,514,575,159.07
Investment in other equity instruments	352,567,696.00	–	244,207,153.44	596,774,849.44
Investment properties	–	1,086,888,156.55	31,899,582,686.71	32,986,470,843.26
	<b>364,230,996.00</b>	<b>4,742,040,664.07</b>	<b>32,143,789,840.15</b>	<b>37,250,061,500.22</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

### IX. DISCLOSURE OF FAIR VALUE *(continued)*

#### 2. Assets and liabilities disclosed at fair value

30 June 2022

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Debt investments (including amounts due within one year)	–	–	1,842,911,974.14	1,842,911,974.14
Long-term receivables (including amounts due within one year)	–	–	4,512,326,032.07	4,512,326,032.07
Long-term borrowings	–	–	32,691,949,030.99	32,691,949,030.99
Bonds payable	–	–	29,237,360,976.29	29,237,360,976.29
Lease liabilities	–	–	431,718,655.60	431,718,655.60
Long-term payables	–	–	439,113,720.10	439,113,720.10
	–	–	<b>69,155,380,389.19</b>	<b>69,155,380,389.19</b>

31 December 2021

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Debt investments	–	–	490,902,028.26	490,902,028.26
Long-term receivables (including amounts due within one year)	–	–	1,132,089,594.70	1,132,089,594.70
Long-term borrowings	–	–	29,001,712,449.80	29,001,712,449.80
Bonds payable	–	–	33,499,674,504.50	33,499,674,504.50
Lease liabilities	–	–	395,211,550.60	395,211,550.60
Long-term payables	–	–	345,169,768.56	345,169,768.56
	–	–	<b>64,864,759,896.42</b>	<b>64,864,759,896.42</b>

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

## IX. DISCLOSURE OF FAIR VALUE *(continued)*

### 3. Valuation of 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, financing receivables, 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 debt investments, 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 2022, the Group's exposure to non-performance risk associated with debt investments, 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 investments in unlisted available-for-sale equity instruments have been estimated using a market multiple approach.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

### IX. DISCLOSURE OF FAIR VALUE *(continued)*

#### 3. Valuation of fair value *(continued)*

##### *The fair value of investment properties measured through fair value model*

Following is a comparison between carrying values and fair values of various categories of financial instruments of the Group other than the financial instruments with a minor difference between carrying value and fair value:

The following table sets forth the changes in Level 2 and Level 3 fair value of the investment properties of the Group as at 30 June 2022:

	Commercial properties Level 2	Commercial properties Level 3
Value as at 31 December 2021	1,086,888,156.55	31,899,582,686.71
Acquisition for the year	–	21,329,498.51
Transfer from construction in progress	–	996,740,660.23
Disposal for the year	–	(50,871,698.75)
Changes in fair value	<u>78,239,189.06</u>	<u>211,554,029.13</u>
Value as at 30 June 2022	<u>1,165,127,345.61</u>	<u>33,078,335,175.83</u>

Details of removed from investment properties are set out in Note V. 17.

For the six months ended 30 June 2022, 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 six months ended 30 June 2022:

Valuation method	Significant unobservable inputs	Range of variation
Income approach	Unit rental (RMB/sq.m./day)	0.33-10.49
	Return on investment within the lease term	2%-7.0%
	Return on investment outside the lease term	2.5%-8%

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

For the six months ended 30 June 2022

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## IX. DISCLOSURE OF FAIR VALUE (continued)

### 4. Adjustment on fair values measurement

Information on adjustment of persistent measurement of level-3 fair value is as follows:

30 June 2022

	Opening balance	Transfer into level 3	Transfer out of level 3	Total profit or loss for the current period		Purchase	Sale	Closing balance
				Included in profit or loss	Included in other comprehensive income			
Other non-current financial assets	-	-	-	-	-	260,000,000.00	-	260,000,000.00
Equity instrument investment	244,207,153.44	-	-	-	(569,927.85)	-	(512,321.60)	243,124,903.99
Investment properties	31,899,582,686.71	996,740,660.23	-	211,554,029.13	-	21,329,498.51	(50,871,698.75)	33,078,335,175.83
	<u>32,143,789,840.15</u>	<u>996,740,660.23</u>	<u>-</u>	<u>211,554,029.13</u>	<u>(569,927.85)</u>	<u>281,329,498.51</u>	<u>(51,384,020.35)</u>	<u>33,581,460,079.82</u>

31 December 2021

	Opening balance	Transfer into level 3	Transfer out of level 3	Total profit or loss for the current period		Purchase	Sale	Closing balance
				Included in profit or loss	Included in other comprehensive income			
Equity instrument investment	244,081,146.61	-	-	-	196,006.83	-	(70,000.00)	244,207,153.44
Investment properties	28,381,891,596.64	2,501,271,740.00	-	608,157,684.73	-	627,744,989.52	(219,483,324.18)	31,899,582,686.71
	<u>28,625,972,743.25</u>	<u>2,501,271,740.00</u>	<u>-</u>	<u>608,157,684.73</u>	<u>196,006.83</u>	<u>627,744,989.52</u>	<u>(219,553,324.18)</u>	<u>32,143,789,840.15</u>

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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## X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### 1. Parent company

Parent company name	Place of registration	Business nature	Registered capital RMB'000	Over the Company	
				Proportion of shareholding (%)	Proportion of votes (%)
Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司)	Beijing	Investment and investment management, assets management, as well as the organization of the restructuring or merger of assets of enterprises	50,000,000.00	44.93	44.93

### 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 joint ventures and associates, please refer to Note VII. 3.

### 4. Other related parties

	Relationship with related parties
Tangshan Hangdao Marine Heavy Industry Co., Ltd.	Associates
Beijing XinYuan Concrete Co., Ltd.	Associates
Fuxin Jidong Xianghe Concrete Co., Ltd.	Associates
Xianyang Jidong High-New Concrete Co., Ltd.	Associates
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Subsidiary of a joint venture
Mamba Cement Company (Pty) Ltd (RF)	Subsidiary of a joint venture

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

Purchase of goods and receipt of services from related parties

Type of goods or services	January to June 2022	January to June 2021
<b>Transactions with joint ventures and associates</b>		
Tianjin Xingye Longxiang Construction Engineering Co., Ltd. Receipt of services	6,000,000.00	6,000,000.00
Tangshan Conch Profiles Co., Ltd. Purchase of raw materials	711,056.31	5,670,170.19
Jidong Heidelberg (Jingyang) Cement Co., Ltd. Purchase of raw materials	14,125.13	1,380,977.91
Jidong Heidelberg (Fufeng) Cement Co., Ltd. Purchase of raw materials	8,864,914.16	1,261,282.75
Jidong Cement Fufeng Transportation Co., Ltd. Purchase of goods	253,687.40	1,245,129.60
Zehnder (China) Indoor Climate Co., Ltd. Purchase of raw materials	9,775.23	1,077,763.96
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd. Receipt of services	91,455.66	960,537.27
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd. Receipt of services	709,700.40	872,550.28
Zhangjiakou Xingpai Youshiji Building Materials Co., Ltd. Purchase of raw materials	-	35,840.71
Shangrao Sinoma Machinery Co., Ltd. Purchase of raw materials	5,015,119.44	-
Tianjin Cement Industry Design and Research Institute Co., Ltd. Receipt of services	99,387.09	-
	<b>21,769,220.82</b>	<b>18,504,252.67</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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)*

*Sale of goods and rendering of services to related parties*

	Type of goods or services	January to June 2022	January to June 2021
<b>Transactions with joint ventures and associates</b>			
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Sale of goods/rendering of services	<b>188,301,069.41</b>	176,357,503.21
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Sale of goods	<b>249,086,606.34</b>	170,981,577.28
Anshan Jidong Cement Co., Ltd.	Sale of goods/rendering of services	<b>53,928,429.16</b>	46,529,594.66
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Sale of goods/rendering of services	<b>1,897,828.68</b>	3,722,695.92
Mamba Cement Company (Pty) Ltd (RF)	Sale of goods/rendering of services	<b>3,040,389.61</b>	3,555,828.98
Beijing Gaoqiang Concrete Co., Ltd.	Sale of goods/rendering of services	-	2,092,754.00
Jidong Cement Fufeng Transportation Co., Ltd.	Sale of goods/rendering of services	<b>457,129.45</b>	745,665.13
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Sale of goods/rendering of services	-	434,244.51
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Sale of goods/rendering of services	<b>623,224.18</b>	27,062.74
STAR-USG Building Materials Co., Ltd.	Sale of goods/rendering of services	<b>8,902.66</b>	24,274.34
OCV Reinforcements (Beijing) Co., Ltd.	Sale of goods/rendering of services	<b>11,761.07</b>	22,351.32
Tianjin Yaopi Glass Co., Ltd.	Sale of goods	<b>414,996.00</b>	-
Sinoma Construction Co., Ltd.	Sale of goods/rendering of services	<b>843.37</b>	-
		<b>497,771,179.93</b>	404,493,552.09

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 2022

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. Major transactions between the Group and related parties *(continued)*

##### (2) Leases with related parties

*As lessor*

Name of the lessee	Category of leased assets	January to June 2022 Rental income	January to June 2021 Rental income
STAR-USG Building Materials Co., Ltd.	Building	<b>4,525,341.19</b>	4,542,127.36

*As lessee*

Name of the lessor	Category of leased assets	January to June 2022 Leasing expenses	January to June 2021 Leasing expenses
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Building	<b>119,078.46</b>	506,895.57
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Building	<b>142,857.12</b>	142,857.14
Jidong Cement Fufeng Transportation Co., Ltd.	Building	–	15,929.24
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Building	–	15,044.26
		<b>261,935.58</b>	680,726.21

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 2022

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. Major transactions between the Group and related parties *(continued)*

##### (3) Guarantees received from/provided to related parties

*Guarantees provided to related parties*

January to June 2022

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
Jidong Cement	Anshan Jidong Cement	20,000,000.00	29 July 2021	28 July 2022	No
Jidong Cement	Anshan Jidong Cement	32,000,000.00	28 December 2021	21 December 2022	No
		52,000,000.00			

January to June 2021

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
Jidong Cement	Anshan Jidong Cement	20,000,000.00	25 November 2020	25 November 2021	No
Jidong Cement	Anshan Jidong Cement	32,000,000.00	31 December 2020	30 July 2021	No
		52,000,000.00			

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. Major transactions between the Group and related parties *(continued)*

##### (4) Lending to/borrowing from related parties

*Borrowings*

January to June 2022

	Amount of lending/borrowing	Commencement date	Maturity date
Beijing State-owned Capital Operation and Management Company Limited	110,000,000.00	28 June 2022	28 June 2023
Beijing State-owned Capital Operation and Management Company Limited	40,000,000.00	29 July 2021	29 July 2022
Beijing State-owned Capital Operation and Management Company Limited	20,550,000.00	20 October 2021	19 October 2022
Beijing State-owned Capital Operation and Management Company Limited	158,260,000.00	17 December 2021	16 December 2022
Beijing State-owned Capital Operation and Management Company Limited	142,500,000.00	29 December 2021	28 December 2022
	<b>471,310,000.00</b>		

January to June 2021

	Amount of lending/ borrowing	Commencement date	Maturity date
Beijing State-owned Capital Operation and Management Company Limited	40,000,000.00	29 July 2020	28 July 2021
Beijing State-owned Capital Operation and Management Company Limited	20,550,000.00	20 December 2020	20 October 2021
Beijing State-owned Capital Operation and Management Company Limited	12,000,000.00	28 December 2020	28 December 2021
Beijing State-owned Capital Operation and Management Company Limited	130,500,000.00	29 December 2020	29 December 2021
	<b>203,050,000.00</b>		

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. Major transactions between the Group and related parties *(continued)*

##### (4) Lending to/borrowing from related parties *(continued)*

*Lending:*

As at 30 June 2022, there was no new lending to Cross Point Trading 274 (Pty) Ltd (RF), and the outstanding lending amounted to RMB228,693,711.24, and the interest rate was 8.25% per annum (2021: RMB232,154,651.84 at an annual interest rate of 7%).

As at 30 June 2022, there was no new lending to Mamba Cement Company (Pty) Ltd (RF), and the outstanding lending amounted to RMB21,002,731.13, and the interest rate was 7.25% per annum (2021: RMB103,238,182.05 at an annual interest rate of 7%).

	January to June 2022	January to June 2021
Interest income from lending		
Cross Point Trading 274 (Pty) Ltd (RF)	<b>8,568,663.74</b>	9,541,622.68
Mamba Cement Company (Pty) Ltd (RF)	<b>1,270,808.78</b>	3,696,297.18
STAR-USG Building Materials Co., Ltd.	<b>763,179.41</b>	1,022,008.01
	<b>10,602,651.93</b>	14,259,927.87
Interest expenses from borrowing		
Beijing State-owned Capital Operation and Management Company Limited	<b>8,181,713.93</b>	3,463,286.33

#### 6. Balances of receivables and payables from related parties

##### (1) Financing receivables

	30 June 2022	31 December 2021
Due from associates		
Jidong Cement Fufeng Transportation Co., Ltd.	<b>100,000.00</b>	200,000.00
Due from joint ventures		
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<b>1,010,000.00</b>	2,170,000.00
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	<b>2,000,000.00</b>	300,000.00
Anshan Jidong Cement Co., Ltd.	<b>100,000.00</b>	100,000.00
	<b>3,110,000.00</b>	2,570,000.00
	<b>3,210,000.00</b>	2,770,000.00



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables and payables from related parties *(continued)*

##### (2) *Accounts receivable*

	30 June 2022	31 December 2021
Due from associates		
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	<b>17,229,292.23</b>	16,493,615.66
OCV Reinforcements (Beijing) Co., Ltd.	–	11,037.63
Jidong Cement Fufeng Transportation Co., Ltd.	<b>153,258.61</b>	–
Nanjing Huayu Real Estate Development Co., Ltd. (南京錫隅房地產開發有限公司)	<b>8,400.15</b>	–
Toto Machinery (Beijing) Company Limited	<b>972.00</b>	–
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	<b>137,147.39</b>	387,535.00
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	<b>119,288.00</b>	11,974.00
	<b>17,648,358.38</b>	16,904,162.29
Due from joint ventures		
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	<b>9,509,913.81</b>	4,305,769.66
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<b>18,343,158.23</b>	5,311,195.38
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	<b>546,973.92</b>	232,583.35
Anshan Jidong Cement Co., Ltd.	<b>5,037,550.57</b>	1,091,433.62
STAR-USG Building Materials Co., Ltd.	<b>2,218,204.24</b>	3,600.00
BBMG TUS Technology Incubator Co., Ltd.	<b>210,712.03</b>	210,712.03
	<b>35,866,512.80</b>	11,155,294.04
	<b>53,514,871.18</b>	28,059,456.33

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables and payables from related parties *(continued)*

##### (3) Prepayments

	30 June 2022	31 December 2021
Prepayments to associates		
Zehnder (China) Indoor Climate Co., Ltd.	—	31,849.58
Prepayments to joint ventures		
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	584,854.80	602,207.80
Anshan Jidong Cement Co., Ltd.	155,433.96	155,433.96
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	20,000.00	20,000.00
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	7,122,539.15	8,912,453.80
	<b>7,882,827.91</b>	9,690,095.56
	<b>7,882,827.91</b>	9,721,945.14

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### 6. Balances of receivables and payables from related parties (continued)

##### (4) Other receivables

	30 June 2022	31 December 2021
Due from associates		
Beijing Chenyu Real Estate Development Co., Ltd.	933,706.10	1,385,625.82
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	441,146,151.11	440,299,082.10
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	7,722,573.51	10,353,000.00
Tangshan Conch Profiles Co., Ltd.	363,576.56	336,551.12
Zehnder (China) Indoor Climate Co., Ltd.	-	9,500.00
Nanjing Huayu Real Estate Development Co., Ltd. (南京鐸隅房地產開發有限公司)	15,413,491.57	1,043,375,251.26
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	30,388,391.39	896,164,329.85
Tianjin Huanbohai Technology Development Co., Ltd. (天津市環渤海科技發展有限公司)	340,000.00	340,000.00
Beijing XinYuan Concrete Co., Ltd.	100,000.00	-
Beijing Toto Co., Ltd.	85,120.54	-
Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司)	38,663,299.08	-
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	6,500.00	-
	<b>535,162,809.86</b>	<b>2,392,263,340.15</b>
Due from joint ventures		
STAR-USG Building Materials Co., Ltd.	23,613,919.00	25,639,307.00
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	120,940.00	603,034.40
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	559,000.00	3,592,324.20
Anshan Jidong Cement Co., Ltd.	19,000.00	78,000.00
BBMG Landao Commercial Operation Management Co., Ltd.	-	337,125.00
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	-	50,000.00
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	802,921,928.00	-
Hebei Xiongan Zhitong Technology Co., Ltd.	45,530.15	-
	<b>827,280,317.15</b>	<b>30,299,790.60</b>
	<b>1,362,443,127.01</b>	<b>2,422,563,130.75</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables and payables from related parties *(continued)*

##### (5) Long-term receivables

	30 June 2022	31 December 2021
Due from associates		
Nanjing Huayu Real Estate Development Co., Ltd. (南京鐸隅房地產開發有限公司)	<b>473,916,913.00</b>	–
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	<b>513,720,686.57</b>	–
Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產 開發有限公司)	<b>1,026,303,307.26</b>	–
	<b>2,013,940,906.83</b>	–
Due from joint ventures		
Cross Point Trading 274 (Pty) Ltd (RF)	<b>228,693,711.24</b>	213,922,154.55
Mamba Cement Company (Pty) Ltd (RF)	<b>21,002,731.13</b>	63,299,867.55
	<b>249,696,442.37</b>	277,222,022.10
	<b>2,263,637,349.20</b>	277,222,022.10

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables and payables from related parties *(continued)*

##### (6) *Accounts payable*

	30 June 2022	31 December 2021
Due to associates		
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	<b>5,061,573.71</b>	3,531,615.31
Beijing Sinobaide Technology Co., Ltd.	<b>507,854.31</b>	2,995,619.38
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	<b>15,889,736.39</b>	21,898,736.39
Beijing XinYuan Concrete Co., Ltd.	<b>96,015.25</b>	96,015.25
Zehnder (China) Indoor Climate Co., Ltd.	<b>2,406,227.98</b>	2,604,216.67
Jidong Cement Fufeng Transportation Co., Ltd.	<b>25,045.82</b>	–
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	<b>185,326.14</b>	185,326.14
Tangshan Conch Profiles Co., Ltd.	<b>3,880,858.23</b>	6,677,522.03
	<b>28,052,637.83</b>	37,989,051.17
Due to joint ventures		
Anshan Jidong Cement Co., Ltd.	<b>2,639,027.94</b>	2,639,027.94
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	<b>1,205.40</b>	14,744.70
Sinoma (Henan) Environmental Protection Co., Ltd.	–	1,247,040.00
Sinoma International Engineering Co. Ltd.	–	70,000.00
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<b>11,118.00</b>	503,034.40
	<b>2,651,351.34</b>	4,473,847.04
	<b>30,703,989.17</b>	42,462,898.21

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables and payables from related parties *(continued)*

##### (7) Contract liabilities

	30 June 2022	31 December 2021
Associates		
Beijing Gaoqiang Concrete Co., Ltd.	–	103,318.33
Tangshan Conch Profiles Co., Ltd.	<b>75,230.22</b>	–
	<b>75,230.22</b>	103,318.33
Joint ventures		
Anshan Jidong Cement Co., Ltd.	<b>3,131,372.28</b>	1,149,292.52
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<b>6,296,660.91</b>	24,139,538.45
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	<b>4,137,262.29</b>	7,442,190.69
Jidong Cement Fufeng Transportation Co., Ltd.	<b>20,345.40</b>	–
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	<b>189,607.33</b>	–
Mamba Cement Company (Pty) Ltd (RF)	<b>1,414,561.26</b>	–
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	<b>1,252,800.00</b>	–
	<b>16,442,609.47</b>	32,731,021.66
	<b>16,517,839.69</b>	32,834,339.99

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables and payables from related parties *(continued)*

##### (8) Other payables

	30 June 2022	31 December 2021
Due to associates		
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	5,900,000.00	10,910,000.00
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	1,386,323.95	1,386,323.95
Tianjin Gangbei Concrete Industry Co., Ltd.	–	2,226,329.86
OCV Reinforcements (Beijing) Co., Ltd.	134,200.00	134,200.00
Jidong Cement Fufeng Transportation Co., Ltd.	50,000.00	50,000.00
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	60,000.00	60,000.00
Zehnder (China) Indoor Climate Co., Ltd.	18,711,000.00	18,711,000.00
Beijing Chenyu Real Estate Development Co., Ltd.	294,000,000.00	–
	<b>320,241,523.95</b>	<b>33,477,853.81</b>
Due to joint ventures		
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	29,938.41	53,394.66
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	50,000.00	50,000.00
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	192,341.65	152,316.67
BBMG TUS Technology Incubator Co., Ltd.	14,117.00	–
Beijing Jinyu Vanke Real Estate Development Co., Ltd. (北京金隅萬科房地產開發有限公司)	184,852,832.07	–
	<b>185,139,229.13</b>	<b>255,711.33</b>
	<b>505,380,753.08</b>	<b>33,733,565.14</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables and payables from related parties *(continued)*

##### (9) Short-term loans

	30 June 2022	31 December 2021
Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司)	<b>471,310,000.00</b>	471,310,000.00

As at 30 June 2022, except for the balances of short-term loans and the balances of due from STAR-USG Building Materials Co., Ltd. in other receivables, and the balances of due from Cross Point Trading 274 (Pty) Ltd (RF) and Mamba Cement Company (Pty) Ltd (RF) in long-term receivables, other amounts due from and due to related parties are interest free, unsecured and have no fixed terms of repayment.

#### 7. Remuneration for key management personnel

	January to June 2022	January to June 2021
Remuneration for key management personnel	<b>3,548,315.60</b>	3,363,989.16



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### XI. CONTINGENCIES

		30 June 2022	31 December 2021
Provision of guarantee on housing mortgage to third parties	Note 1	<b>11,898,881,810.40</b>	9,453,598,185.99
Provision of guarantee on loans and others to third parties	Note 2	<b>870,000,000.00</b>	890,000,000.00
Provision of guarantee on loans and others to related parties	Note 3	<b>52,000,000.00</b>	52,000,000.00
		<b><u>12,820,881,810.40</u></b>	<u>10,395,598,185.99</u>

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 still sufficient to cover the outstanding mortgage principals together with the accrued interests and penalties, and therefore no provision for the guarantees has been made in the financial statements.

Note 2: Jidong Group, a subsidiary of the Group, provided guarantee with joint obligations on the borrowings of RMB870,000,000.00 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: Tangshan Jidong Cement Co., Ltd., a subsidiary of the Group, provided guarantees with joint obligations on two borrowings of RMB32,000,000.00 and RMB20,000,000.00 for Anshan Jidong Cement Co., Ltd. The guarantees will expire on 28 July 2022 and 21 December 2022, respectively.

### XII. COMMITMENTS

		30 June 2022	31 December 2021
Asset acquisition or construction contracts entered into but not completed		<b>1,339,305,532.24</b>	268,713,794.64
Property development contracts entered into and being executed or will be executed		<b>8,342,869,294.04</b>	9,126,628,410.92
		<b><u>9,682,174,826.28</u></b>	<u>9,395,342,205.56</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### XIII. OTHER SIGNIFICANT MATTERS

#### 1. Lease

##### (1) As lessor

*Operating leases*

The profit or loss relating to operating leases is as follows:

	January to June 2022	January to June 2021
Rental income	<b>893,330,446.59</b>	864,843,837.25

According to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable leases are as follows:

	30 June 2022	31 December 2021
Within 1 year (inclusive of 1 year)	<b>406,926,981.88</b>	342,320,496.49
1 to 2 years (inclusive of 2 years)	<b>379,200,890.48</b>	347,324,158.70
2 to 3 years (inclusive of 3 years)	<b>339,045,747.19</b>	350,153,864.02
3 to 4 years (inclusive of 4 years)	<b>336,879,544.55</b>	339,221,307.50
4 to 5 years (inclusive of 5 years)	<b>243,334,362.15</b>	341,700,561.26
Over 5 years	<b>955,328,201.29</b>	1,240,142,779.10
	<b>2,660,715,727.54</b>	2,960,863,167.07

Please refer to Note V. 17 and Note V. 18 for details of investment properties and fixed assets leased under operating leases.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

### XIII. OTHER SIGNIFICANT MATTERS (continued)

#### 1. Lease (continued)

##### (1) As lessor (continued)

Finance leases

The profit or loss relating to finance leases is as follows:

	January to June 2022	2021
Finance income on the net investment in the lease	<b>13,449,316.48</b>	9,214,357.93

As at 30 June 2022, the balance of unearned finance income was RMB78,271,048.36 (31 December 2021: RMB31,214,253.24), which was allocated to each period during the lease term using the effective interest rate method. According to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable leases are as follows:

	30 June 2022	31 December 2021
Within 1 year (inclusive of 1 year)	<b>136,878,921.26</b>	158,591,530.11
1 to 2 years (inclusive of 2 years)	<b>144,511,979.73</b>	136,862,083.12
2 to 3 years (inclusive of 3 years)	<b>114,737,592.49</b>	86,100,091.02
3 to 4 years (inclusive of 4 years)	<b>84,822,463.64</b>	–
4 to 5 years (inclusive of 5 years)	<b>70,984,919.32</b>	–
	<b>551,935,876.44</b>	381,553,704.25
Less: Unearned finance income	<b>78,271,048.36</b>	31,214,253.24
Net investment in the lease	<b>473,664,828.08</b>	350,339,451.01

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### XIII. OTHER SIGNIFICANT MATTERS *(continued)*

#### 1. Lease *(continued)*

##### (2) As lessee

	January to June 2022	January to June 2021
Interest expense of leasing liabilities	<b>15,390,611.24</b>	13,404,652.22
Expenses relating to short-term leases accounted for current profit or loss under the simplified approach	<b>157,158,087.59</b>	162,042,961.98
Lease expenses relating to low value asset accounted for current profit or loss under the simplified approach (other than short-term leases)	<b>3,120,297.96</b>	194,092.34
Variable lease payments that are not included in the measurement of the lease liabilities	<b>403,078.23</b>	–
Income from sub-leasing right-of-use assets		
Total cash outflow for leases	<b><u>217,139,100.42</u></b>	<u>246,640,328.29</u>

##### *Renewal option and termination option*

As at 30 June 2022, the Group recognized decrease in lease liabilities of RMB10,513,124.20 (2021: decrease of RMB21,220,451.30), which was due to changes in lease term resulting from changes in the evaluation results or actual exercise of the renewal option or termination option.

#### 2. Segment reporting

For management purposes, the Group is organised into business units based on their products and services. In order to enhance the advantage and realise an industrial synergy effect, the Group adjusted reportable segments in 2022 from four reportable segments (i.e. cement segment, building materials and commerce and logistics segment, property development segment, and property investment and management segment) to two segments (i.e. green building materials segment and property development and operation segment). The former cement segment and building materials and commerce and logistics segment was mainly consolidated into the new green building materials segment, and the former property development segment and property investment and management segment were consolidated into the new property development and operation segment. The comparative figures from January to June 2021 has been restated, and particulars of the two reportable segments after adjustment are as follows:

- (1) green building materials segment engages in the manufacture and sale of cement and concrete, the manufacture and sale of building materials and furniture and commerce and logistics and services.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

### XIII. OTHER SIGNIFICANT MATTERS (continued)

#### 2. Segment reporting (continued)

- (2) property development and operation segment engages in property development and sales, invests in properties for their potential rental income and/or for capital appreciation, and provides management and security services to residential and commercial properties.

The management manages the operating results of each operating segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment results are evaluated based on the profits of reportable segment. 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 attributable to the headquarters as these assets and liabilities are under the unified management by the Group.

The prices for transfer between operating segments are determined with reference to the fair prices adopted for transactions with third parties and by negotiation between the parties.

#### For the six months ended 30 June 2022

	Green building materials	Property development and operation	Unallocated assets/liabilities/expenses of the headquarters	Adjustments and eliminations	Total
Revenue from external transactions	38,628,745,435.92	16,404,376,094.97	-	-	55,033,121,530.89
Revenue from inter-segment transactions	646,417,408.33	309,014,898.74	-	(955,432,307.07)	-
	<b>39,275,162,844.25</b>	<b>16,713,390,993.71</b>	<b>-</b>	<b>(955,432,307.07)</b>	<b>55,033,121,530.89</b>
Gains on investment in joint ventures and associates	165,025,132.36	(16,707,006.67)	-	-	148,318,125.69
Asset impairment losses	(16,641,116.73)	(15,265,364.65)	-	-	(31,906,481.38)
Credit impairment losses	(76,016,822.52)	(4,294,128.50)	-	-	(80,310,951.02)
Depreciation and amortisation	2,130,391,766.97	211,820,495.91	42,583,292.26	-	2,384,795,555.14
Total profits	2,066,496,853.38	1,914,165,513.96	(592,999,463.18)	(13,182,039.32)	3,374,480,864.84
Income tax expense	390,364,835.71	716,163,731.22	(148,249,865.79)	(3,295,509.83)	954,983,191.31
Total assets	127,463,484,551.64	208,228,596,604.78	161,577,035.81	(51,921,439,173.34)	283,932,219,018.89
Total liabilities	68,258,152,486.43	145,845,780,486.95	23,502,959,456.15	(51,798,603,096.38)	185,808,289,333.15
Long-term equity investment in joint ventures and associates	1,723,651,554.48	5,097,221,562.03	-	-	6,820,873,116.51
Increase in other non-current assets, excluding long-term equity investments	2,071,856,468.64	1,092,221,934.45	-	-	3,164,078,403.09

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### XIII. OTHER SIGNIFICANT MATTERS *(continued)*

#### 2. Segment reporting *(continued)*

For the six months ended 30 June 2021

	Green building materials	Property development and operation	Unallocated assets/ liabilities/expenses of the headquarters	Adjustments and eliminations	Total
Revenue from external transactions	38,254,525,917.89	19,459,130,958.38	-	-	57,713,656,876.27
Revenue from inter-segment transactions	<u>1,072,534,349.98</u>	<u>325,222,234.65</u>	<u>-</u>	<u>(1,397,756,584.63)</u>	<u>-</u>
	<u>39,327,060,267.87</u>	<u>19,784,353,193.03</u>	<u>-</u>	<u>(1,397,756,584.63)</u>	<u>57,713,656,876.27</u>
Gains on investment in joint ventures and associates	265,439,676.05	32,652,224.56	-	-	298,091,900.61
Asset impairment losses	(51,047,074.22)	31,466.27	-	-	(51,015,607.95)
Credit impairment losses	(124,668,394.60)	(3,474,543.89)	-	-	(128,142,938.49)
Depreciation and amortisation	2,040,087,591.90	249,983,953.35	41,046,317.45	-	2,331,117,862.70
Total profits	2,850,247,137.77	2,305,378,845.98	(752,004,451.38)	11,103,996.09	4,414,725,528.46
Income tax expense	591,220,319.10	789,219,590.92	(188,001,112.85)	2,775,999.02	1,195,214,796.19
Total assets	127,584,038,725.57	200,422,952,842.87	1,629,703,411.61	(50,973,262,646.87)	278,663,432,333.18
Total liabilities	69,311,861,592.51	144,403,903,968.86	22,368,675,976.11	(50,877,502,505.79)	185,206,939,031.69
Long-term equity investment in joint ventures and associates	2,211,042,738.15	1,631,106,881.61	-	-	3,842,149,619.76
Increase in other non-current assets, excluding long-term equity investments	2,687,867,633.55	721,730,978.91	-	-	3,409,598,612.46

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### XIII. 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. 52.

##### *Geographic information*

	January to June 2022	January to June 2021
Asia	<b>54,938,408,871.55</b>	57,589,642,827.35
Europe	<b>85,898,935.33</b>	114,922,198.27
Africa	<b>8,813,724.01</b>	9,091,850.65
	<b><u>55,033,121,530.89</u></b>	<u>57,713,656,876.27</u>

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 2021 and for the six months ended 30 June 2022, 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 2022

RMB

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

#### 1. Other receivables

	30 June 2022	31 December 2021
Interests receivable	<b>976,126,482.58</b>	702,117,150.94
Dividends receivable	<b>87,607,184.41</b>	88,656,882.41
Amounts due from subsidiaries	<b>74,233,024,721.15</b>	74,564,937,553.11
Due from associates and joint ventures	<b>32,727,904.00</b>	34,753,292.00
Other current account	<b>191,891,479.77</b>	224,957,788.81
	<b>75,521,377,771.91</b>	75,615,422,667.27
Less: Provision for bad debts of other receivables	<b>23,606,351.62</b>	23,606,351.62
	<b>75,497,771,420.29</b>	75,591,816,315.65

An aging analysis of other receivables is as follows:

	30 June 2022	31 December 2021
Within 1 year	<b>10,213,277,260.72</b>	31,345,657,022.94
1-2 years	<b>27,003,745,768.06</b>	26,501,758,586.30
2 to 3 years	<b>23,084,445,373.10</b>	8,471,600,286.00
3 to 4 years	<b>6,545,528,486.00</b>	2,556,980,000.00
4 to 5 years	<b>2,546,980,000.00</b>	6,676,906,065.97
Over 5 years	<b>6,127,400,884.03</b>	62,520,706.06
	<b>75,521,377,771.91</b>	75,615,422,667.27
Less: Provision for bad debts of other receivables	<b>23,606,351.62</b>	23,606,351.62
	<b>75,497,771,420.29</b>	75,591,816,315.65



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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### XIV. 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:

For the six months ended 30 June 2022:

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit-impaired financial assets (lifetime expected credit loss)	Total
Opening and closing balance	–	–	23,606,351.62	23,606,351.62

2021:

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit-impaired financial assets (lifetime expected credit loss)	Total
Opening and closing balance	–	–	23,606,351.62	23,606,351.62

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

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

(continued)

#### 1. Other receivables (continued)

As at 30 June 2022, 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 for provision
First	32,727,904.00	9,113,985.00	27.85	Partly uncollectible

As at 31 December 2021, 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 for provision
First	34,753,292.00	9,113,985.00	26.22	Partly uncollectible

As at 30 June 2022, the top five of other receivables were as follows:

	Closing balance	Percentage of Proportion (%)	Nature	Aging
First	17,390,768,271.81	23.03	Amounts due from subsidiaries	Within 1 year, 1-2 years
Second	6,717,734,269.85	8.90	Amounts due from subsidiaries	1-2 years, 2-3 years
Third	5,795,838,792.00	7.67	Amounts due from subsidiaries	Within 1 year, 2-3 years, 3-4 years
Fourth	4,749,720,000.00	6.29	Amounts due from subsidiaries	Within 1 year, over 5 years
Fifth	3,977,151,500.00	5.27	Amounts due from subsidiaries	Within 1 year, 1-2 years
	<u>38,631,212,833.66</u>	<u>51.16</u>		

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 1. Other receivables (continued)

As at 31 December 2021, the top five of other receivables were as follows:

	Closing balance	Percentage of Proportion (%)	Nature	Aging
First	14,188,768,271.81	18.76	Amounts due from subsidiaries	Within 1 year
Second	6,717,734,269.85	8.88	Amounts due from subsidiaries	Within 1 year, 1-2 years
Third	5,652,518,792.00	7.48	Amounts due from subsidiaries	Within 1 year, 2-3 years
Fourth	5,087,494,804.41	6.73	Amounts due from subsidiaries	Within 1 year, 1-2 years, 2-3 years
Fifth	4,375,000,000.00	5.79	Amounts due from subsidiaries	4-5 years
	<u>36,021,516,138.07</u>	<u>47.64</u>		

#### 2. Other current assets

	30 June 2022	31 December 2021
Entrusted loans	<u>602,310,000.00</u>	<u>591,650,000.00</u>

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

### 3. Long-term equity investments

Cost method:

	Investment cost	Opening balance	Increase/ decrease for the period	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the period
Beijing BBMG Qianjing Environmental Protection Technology Co., Ltd.	67,600,000.00	67,600,000.00	(67,600,000.00)	-	67	67	33,500,000.00
Beijing BBMG Xingfa Science and Technology Co., Ltd.	464,740,918.29	1,421,740,918.29	-	1,421,740,918.29	96	96	-
Beijing Woodworking Factory Co., Ltd.	54,556,261.17	342,001,954.50	-	342,001,954.50	100	100	-
Tongda Refractory Technology Co., Ltd.	537,421,261.73	537,421,261.73	-	537,421,261.73	93	100	17,000,000.00
BBMG New Building Materials Industrialization Group Co., Ltd.	3,428,029,200.49	5,067,859,192.79	-	5,067,859,192.79	100	100	-
Beijing BBMG Xinggang Technology Development Co., Ltd.	166,166,021.38	166,166,021.38	-	166,166,021.38	68	68	1,861,737.18
Beijing Building Materials Academy Co., Ltd.	194,167,784.68	194,167,784.68	-	194,167,784.68	100	100	-
BBMG GEM Real Estate Development Co., Ltd.	6,165,138,411.45	6,165,138,411.45	-	6,165,138,411.45	100	100	214,000,000.00
BBMG Investment Property Management Co., Ltd.	2,746,329,327.93	2,746,329,327.93	-	2,746,329,327.93	100	100	-
Beijing BBMG Real Estate Development Group Co., Ltd.	6,608,721,838.38	8,323,721,838.38	-	8,323,721,838.38	100	100	28,000,000.00
Beijing Yanshui Asset Management Co., Ltd.	32,707,342.45	32,707,342.45	-	32,707,342.45	100	100	40,000,000.00
BBMG Hong Kong Limited	288,057,387.91	288,057,387.91	-	288,057,387.91	100	100	2,000,000.00
Beijing BBMG Innovation and Technology Incubator Co., Ltd.	1,000,000,048.47	1,700,000,048.47	-	1,700,000,048.47	100	100	-
BBMG Finance Co., Ltd.	3,000,000,000.00	3,000,000,000.00	-	3,000,000,000.00	100	100	300,000,000.00
BBMG Finance Lease Co., Ltd.	393,876,000.00	393,876,000.00	-	393,876,000.00	30	30	6,000,000.00
Jidong Development Group Co., Ltd.	5,225,000,000.00	5,225,000,000.00	-	5,225,000,000.00	55	55	-
Beijing Doors and Windows Co., Ltd.	430,370,700.00	430,370,700.00	-	430,370,700.00	100	100	3,000,000.00
Jinyu Jingti (Beijing) Sports Culture Co., Ltd.	25,359,900.00	25,359,900.00	-	25,359,900.00	67	67	-
Tangshan Jidong Cement Co., Ltd.	1,091,264,397.20	9,535,955,770.27	-	9,535,955,770.27	54	54	883,983,792.75
Tianjin Building Materials Group (Holding) Co., Ltd.	5,118,176,371.21	5,118,176,371.21	-	5,118,176,371.21	55	55	-
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd.	1,419,515,156.27	1,419,515,156.27	-	1,419,515,156.27	45	45	-
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan	500,000,000.00	500,000,000.00	-	500,000,000.00	20	75	11,103,040.84
Beijing Jingcai Talent Development Center Co., Ltd. (北京京才人才開發中心有限公司)	141,480,261.00	141,480,261.00	-	141,480,261.00	100	100	3,000,000.00
Beijing Building Materials Testing Academy Co., Ltd.	68,139,760.78	68,139,760.78	-	68,139,760.78	60	60	-
Beijing BBMG Finance Lease Co., Ltd. (北京金隅融資租賃有限公司)	800,000,000.00	800,000,000.00	-	800,000,000.00	100	100	-
Total under cost method	39,966,818,350.79	53,710,785,409.49	(67,600,000.00)	53,643,185,409.49			1,543,448,570.77

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

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

##### Equity method:

	Movements during the period							Impairment provision at the end of the period	
	Opening balance	Increase investment	Decrease investment	Investment profit or loss under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		Closing balance
Joint ventures									
STAR-USG Building Materials Co., Ltd.	55,211,000.26	-	-	90,374.46	-	-	-	55,301,374.72	-
Associates									
Zehnder (China) Indoor Climate Co., Ltd.	106,132,496.24	-	-	1,784,039.39	-	-	-	107,916,535.63	-
OCV Reinforcements (Beijing) Co., Ltd.	82,357,852.02	-	-	796,994.03	-	-	-	83,154,846.05	-
Tangshan Conch Profiles Co., Ltd.	174,715,216.10	-	-	(4,305,978.04)	-	-	(2,800,000.00)	167,609,238.06	-
Toto Machinery (Beijing) Company Limited	151,716,557.93	-	-	(5,715,093.55)	-	-	-	146,001,464.38	-
Beijing Toto Co., Ltd.	146,398,625.63	-	-	174,211.21	-	-	-	146,572,836.84	(60,000,000.00)
Beijing Innovation Industry Investment Co., Ltd.	208,198,341.14	-	-	10,738,203.08	-	-	-	218,936,544.22	-
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd.	10,000,503.03	-	-	(1,626,324.76)	-	-	-	8,374,178.27	-
Subtotal for associates	879,519,592.09	-	-	1,846,051.36	-	-	(2,800,000.00)	878,565,643.45	(60,000,000.00)
Total under equity method	934,730,592.35	-	-	1,936,425.82	-	-	(2,800,000.00)	933,867,018.17	(60,000,000.00)

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 4. Investment properties

*Measured subsequently through fair value model:*

30 June 2022

	Buildings
Opening balance	13,068,045,425.39
Changes in fair value	<u>217,545,305.53</u>
Closing balance	<u>13,285,590,730.92</u>

31 December 2021

	Buildings
Opening balance	12,453,723,312.06
Changes in fair value	<u>614,322,113.33</u>
Closing balance	<u>13,068,045,425.39</u>

All the above investment properties are located in the PRC, and leased out in form of operating leases.

As at 30 June 2022 and 31 December 2021, there was no investment property for which the procedures for obtaining title certificates were incomplete.

#### 5. Operating revenue and cost

	January to June 2022		January to June 2021	
	Revenue	Cost	Revenue	Cost
Rental income	497,374,170.85	44,989,170.08	473,170,007.67	34,947,957.25
Others	<u>2,391,158.07</u>	<u>756,739.97</u>	<u>2,218,777.18</u>	<u>550,223.51</u>
	<u>499,765,328.92</u>	<u>45,745,910.05</u>	<u>475,388,784.85</u>	<u>35,498,180.76</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 6. Investment gains

	January to June 2022	January to June 2021
Gains from long-term equity investments under cost method	<b>1,543,448,570.77</b>	2,149,997,551.87
Investment loss from disposal of subsidiaries	<b>16,350,702.21</b>	(2,531,371.39)
Gains from long-term equity investments under equity method	<b>1,936,425.82</b>	24,641,572.79
Investment gains from financial assets held for trading during the holding Period	<b>438,234.46</b>	–
Investment loss from conversion of convertible bonds	–	(25,268,830.29)
	<b><u>1,562,173,933.26</u></b>	<b><u>2,146,838,922.98</u></b>

#### 7. Notes to items of statement of cash flows

	January to June 2022	January to June 2021
Cash received from other operating activities		
Cash received from superior units	<b>9,594,196,095.57</b>	36,294,630,969.87
Cash received from internal borrowings among subsidiaries	<b>2,217,483,809.82</b>	2,425,955,558.11
Interest income	<b>58,873,286.20</b>	77,658,735.45
	<b><u>11,870,553,191.59</u></b>	<b><u>38,798,245,263.43</u></b>
Cash paid for other operating activities		
Cash paid to subordinate units	<b>9,920,204,615.91</b>	23,493,894,606.00
Current accounts of subsidiaries	<b>298,808,326.86</b>	5,610,225,448.11
Expenses of the headquarters	<b>99,027,840.08</b>	321,785,357.35
	<b><u>10,318,040,782.85</u></b>	<b><u>29,425,905,411.46</u></b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

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

(continued)

#### 8. Supplemental information to statement of cash flows

##### (1) Reconciliation of net profit to cash flows from operating activities:

	January to June 2022	January to June 2021
Net profit	<b>1,486,164,805.41</b>	1,852,605,529.01
Add: Depreciation of fixed assets	<b>35,291,043.33</b>	33,728,024.91
Amortisation of intangible assets	<b>8,280,518.23</b>	7,318,292.55
Amortisation of long-term deferred expenses	<b>1,327,342.38</b>	1,711,264.92
Losses on disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")	<b>(105,223.68)</b>	-
Losses on retirement of fixed assets	<b>127,154.89</b>	-
Gains from changes in fair value	<b>(217,545,305.53)</b>	(176,690,507.70)
Finance costs	<b>1,886,695,675.46</b>	2,079,888,588.26
Investment gains	<b>(1,562,173,933.26)</b>	(2,146,838,922.98)
Increase in deferred income tax assets	<b>(16,000,000.00)</b>	
Increase in deferred income tax liabilities	<b>54,386,326.38</b>	50,933,477.60
Decrease in operating receivables	<b>131,292,532.55</b>	7,994,706,058.13
Increase in operating payables	<b>92,466,499.68</b>	704,606.55
Net cash flows from operating activities	<b>1,900,207,435.84</b>	9,698,066,411.25

##### (2) Cash and cash equivalents

	30 June 2022	31 December 2021
Cash	<b>8,105,963,354.10</b>	7,179,017,853.85
Including: Bank deposits on demand	<b>8,105,963,354.10</b>	7,179,017,853.85
	<b>8,105,963,354.10</b>	7,179,017,853.85



## Supplementary Information to Unaudited Interim Financial Statements

For the six months ended 30 June 2022

RMB

### I. SUPPLEMENTARY INFORMATION

#### 1. Breakdown of Non-recurring Profit and Loss Item

	January to June 2022
Net income from disposal of non-current assets	80,072,474.55
Investment gains from disposal of subsidiaries, associates and joint venture	(3,264,532.29)
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)	99,736,136.91
Capital occupancy fee from non-financial enterprises recognized through profit or loss for the current period	9,839,472.52
Profit or loss from debt restructuring	1,148,535.80
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	267,414.61
Reversal of provisions for impairment of receivables that are individually tested for impairment	20,146,189.43
Profit and loss from fair value change of investment properties measured subsequently through fair value model	289,793,218.19
Other non-operating income and expenses other than the above items	<u>1,154,307,921.61</u>
Total non-recurring profit and loss	1,652,046,831.33
Less: Impact of income tax	331,328,054.93
Less: Impact of minority interests	<u>83,627,036.21</u>
	<u><u>1,237,091,740.19</u></u>

## Supplementary Information to Unaudited Interim Financial Statements (continued)

For the six months ended 30 June 2022

RMB

### I. SUPPLEMENTARY INFORMATION *(continued)*

#### 2. Return on Net Assets and Earnings per Share

January to June 2022

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Excluding other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	<b>3.23</b>	<b>0.13</b>	<b>0.13</b>
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	<b>0.37</b>	<b>0.01</b>	<b>0.01</b>
Before deducting other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	<b>2.81</b>	<b>0.17</b>	<b>0.17</b>
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	<b>0.92</b>	<b>0.06</b>	<b>0.06</b>

January to June 2021

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Excluding other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	3.18	0.14	0.14
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	2.25	0.10	0.10
Before deducting other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	3.00	0.18	0.18
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	2.31	0.14	0.14

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.

**北京金隅集團股份有限公司**  
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