

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

FINANCIAL HIGHLIGHTS

- Operating revenue of approximately RMB55,033.1 million, decreased by approximately 4.6% from the interim period of 2021
- Gross profit margin from principal business of approximately 14.9%, decreased by approximately 1.3 percentage point from the interim period of 2021
- Net profit of approximately RMB2,419.5 million, decreased by approximately 24.8% from the interim period of 2021
- Net profit attributable to shareholders of the parent company of approximately RMB1,835.6 million, decreased by approximately 4.0% from the interim period of 2021
- Core net profit attributable to the shareholders of the parent company (excluding the net gains after tax on the fair value of investment properties) of approximately RMB1,618.2 million, decreased by approximately RMB118.3 million or 6.8% from the interim period of 2021
- Basic earnings per share attributable to the shareholders of the parent company was approximately RMB0.13

* For identification purposes only

The board of directors (the “**Board**”) of BBMG Corporation (the “**Company**” or “**BBMG**”) is pleased to announce the unaudited interim financial results and financial position of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”), prepared in accordance with the China Accounting Standards for Business Enterprises, together with the comparative figures for the corresponding period of 2021. These interim financial results have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and Ernst & Young Hua Ming LLP, the auditor of the Company.

RESULTS OF OPERATIONS

During the Reporting Period, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB1,835.6 million, representing a decrease of approximately RMB76.3 million or approximately 4.0% over the corresponding period of last year; basic earnings per share was approximately RMB0.13 (for the six months ended 30 June 2021: RMB0.14), representing a decrease of approximately RMB0.01 per share over the corresponding period of last year; total equity attributable to the shareholders of the parent company was approximately RMB67,001.7 million at the end of the Reporting Period, representing a decrease of approximately RMB3,284.2 million from the beginning of the Reporting Period.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend in respect of the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

UNAUDITED CONSOLIDATED INCOME STATEMENT

Unit: RMB

		For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
	Notes		
Operating revenue	3	55,033,121,530.89	57,713,656,876.27
Less: Operating costs	4	46,646,807,462.05	47,972,860,648.91
Tax and surcharges		814,069,108.33	806,539,225.36
Selling expenses	5	1,130,350,447.37	1,162,216,370.72
Administrative expenses	6	3,224,908,186.31	3,008,828,902.65
Research and development expenses	7	196,413,341.28	179,590,663.30
Finance costs	8	1,515,177,756.22	1,363,664,870.30
Including: Interest expense		1,518,860,577.73	1,363,388,158.02
Interest income		102,038,167.45	86,343,253.25
Add: Other gains	9	244,215,001.18	369,908,307.33
Investment gains	10	187,695,338.92	353,176,232.00
Including: Gains from investment in associates and joint ventures		148,318,125.69	298,091,900.61
Gains from changes of fair value	11	308,853,821.23	240,771,330.35
Credit impairment losses	12	(80,310,951.02)	(128,142,938.49)
Asset impairment losses	13	(31,906,481.38)	(51,015,607.95)
Gains on disposal of assets		44,535,928.04	36,938,729.99
Operating profit		2,178,477,886.30	4,041,592,248.26
Add: Non-operating revenue	3	1,261,016,989.61	511,748,047.45
Less: Non-operating expenses	4	65,014,011.07	138,614,767.25
Total profit		3,374,480,864.84	4,414,725,528.46
Less: Income tax expenses	14	954,983,191.31	1,195,214,796.19
Net profit		2,419,497,673.53	3,219,510,732.27
Classified by continuing operations			
Net profit from continuing operations		2,419,497,673.53	3,219,510,732.27
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		1,835,550,026.15	1,911,844,630.53
Minority interests		583,947,647.38	1,307,666,101.74

UNAUDITED CONSOLIDATED INCOME STATEMENT (Continued)

Unit: RMB

	Note	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Net other comprehensive income after tax		(82,550,921.12)	105,280,392.27
Net other comprehensive income after tax attributable to shareholders of the parent company		(44,447,249.01)	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		3,000.00	(8,041,627.00)
Changes in fair value of investment in other equity instruments		(44,694,275.44)	(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 the equity method		(4,488,377.41)	–
Cash flow hedging reserves		733,367.25	–
Exchange differences on foreign currency translation		3,999,036.59	(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		(38,103,672.11)	(23,156,913.03)
Total comprehensive income		<u>2,336,946,752.41</u>	<u>3,324,791,124.54</u>
Including:			
Total comprehensive income attributable to the shareholders of the parent company		<u>1,791,102,777.14</u>	<u>2,040,281,935.83</u>
Total comprehensive income attributable to minority interests		<u>545,843,975.27</u>	<u>1,284,509,188.71</u>
Earnings per share	15		
Basic earnings per share (RMB/share)		<u>0.13</u>	<u>0.14</u>
Diluted earnings per share (RMB/share)		<u>0.13</u>	<u>0.14</u>

UNAUDITED CONSOLIDATED BALANCE SHEET

Unit: RMB

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

UNAUDITED CONSOLIDATED BALANCE SHEET (Continued)*Unit: RMB*

	<i>Notes</i>	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	19	27,609,479,683.32	25,140,608,000.00
Bills payable	20	3,377,574,620.77	3,217,498,008.45
Accounts payable	21	18,346,532,162.41	19,796,622,282.33
Receipts in advance		276,622,576.89	328,325,876.17
Contract liabilities		22,891,413,417.45	26,822,950,419.07
Wages payable		240,350,110.82	436,570,855.28
Tax payable		2,274,447,952.95	2,356,197,065.16
Other payables		11,089,986,034.33	9,701,552,654.69
Non-current liabilities due within one year		12,491,226,384.40	15,125,801,960.37
Short-term financing bonds	22	7,500,000,000.00	7,500,000,000.00
Other current liabilities		<u>9,039,114,694.11</u>	<u>9,307,669,006.30</u>
Total current liabilities		<u>115,136,747,637.45</u>	<u>119,733,796,127.82</u>
Non-current liabilities			
Long-term loans	23	32,691,949,030.99	29,001,712,449.80
Bonds payable	22	29,237,360,976.29	33,499,674,504.50
Lease liabilities		431,718,655.60	395,211,550.60
Long-term payables		439,113,720.10	345,169,768.56
Long-term wages payable		494,353,722.53	498,937,107.96
Accrued liabilities		480,563,252.23	503,461,378.37
Deferred income		775,188,555.78	795,357,234.52
Deferred income tax liabilities		6,116,543,782.17	6,044,933,885.02
Other non-current liabilities		<u>4,750,000.01</u>	<u>4,750,000.01</u>
Total non-current liabilities		<u>70,671,541,695.70</u>	<u>71,089,207,879.34</u>
Total liabilities		<u>185,808,289,333.15</u>	<u>190,823,004,007.16</u>

UNAUDITED CONSOLIDATED BALANCE SHEET (Continued)*Unit: RMB*

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Equity attributable to shareholders		
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	5,260,966,453.99	5,229,289,084.34
Other comprehensive income	698,763,929.86	743,211,178.87
Specific reserve	56,166,234.73	45,874,273.14
Surplus reserve	2,470,978,188.48	2,470,978,188.48
General risk reserve	457,650,791.76	457,650,791.76
Retained earnings	<u>28,390,393,567.58</u>	<u>28,103,717,810.21</u>
 Total equity attributable to the shareholders of the parent company	 67,001,690,300.40	 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>

Notes:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS, MAJOR ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

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

The financial statements are presented on a going concern basis.

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

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

Changes in accounting policies

The Ministry of Finance promulgated the Q&A of implementation of the revenue standard in 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	47,477,841,587.33	354,581,552.12	47,832,423,139.45

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.

2. OPERATING SEGMENT INFORMATION

Operating segments

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 were 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 have 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.
- (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 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 liabilities exclude unallocated assets and liabilities attributable to headquarters as these assets and liabilities are under integrated management by the Group.

The prices for transfers 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 (Unaudited)

Unit: RMB

	Green building materials segment	Property development and operation segment	Unallocated assets/ liabilities/expenses of 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	<u>646,417,408.33</u>	<u>309,014,898.74</u>	<u>-</u>	<u>(955,432,307.07)</u>	<u>-</u>
	<u>39,275,162,844.25</u>	<u>16,713,390,993.71</u>	<u>-</u>	<u>(955,432,307.07)</u>	<u>55,033,121,530.89</u>
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 current assets, excluding long-term equity investment	2,071,856,468.64	1,092,221,934.45	-	-	3,164,078,403.09

For the six months ended 30 June 2021 (Unaudited)

Unit: RMB

	Green building materials segment	Property development and operation segment	Unallocated assets/ liabilities/expenses of headquarters	Adjustments and eliminations	Total
Revenues from external transactions	38,254,525,917.89	19,459,130,958.38	–	–	57,713,656,876.27
Revenues 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 investments 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 amortization	2,040,087,591.90	249,983,953.35	41,046,317.45	–	2,331,117,862.70
Total profit	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 expenses	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

Geographical information

	For the six months ended 30 June 2022 RMB (Unaudited)	For the six months ended 30 June 2021 RMB (Unaudited)
Operating revenue		
Asia	54,938,408,871.55	57,589,642,827.35
Europe	85,898,935.33	114,922,198.27
Africa	8,813,724.01	9,091,850.65
	<u>55,033,121,530.89</u>	<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

For the six months ended 30 June 2022 and the six months ended 30 June 2021, none of sales income arising from any single customer of the Group exceeds 10% of the Group's total revenues.

3. OPERATING REVENUE AND NON-OPERATING REVENUE

Unit: RMB

Operating revenue is presented as follows:

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Operating revenue from principal business	54,557,415,139.00	57,065,979,701.66
Operating revenue from other business	475,706,391.89	647,677,174.61
	<u>55,033,121,530.89</u>	<u>57,713,656,876.27</u>

Operating revenue is presented as follows:

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Revenue from contracts with customers	53,907,999,815.35	56,651,557,667.42
Rental income	893,330,446.59	864,843,837.25
<i>Including: Rental income from investment properties</i>	806,759,260.48	771,416,346.64
<i>Other rental income</i>	86,571,186.11	93,427,490.61
Interest income	231,791,268.95	197,255,371.60
	<u>55,033,121,530.89</u>	<u>57,713,656,876.27</u>

Disaggregated operating revenue from contracts with customers is as follows:

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Revenue recognition time		
Revenue recognized at a point in time		
Sale of products	19,475,988,637.39	20,493,554,921.23
Bulk commodity trade	16,776,281,131.80	15,893,389,251.08
Sale of properties	14,864,653,648.72	17,718,310,320.24
Others	984,028,580.45	855,601,747.61
Revenue recognized over time		
Property management	531,617,229.27	494,492,190.31
Hotel operation	120,836,945.23	149,558,704.95
Income from decoration	620,513,987.07	427,549,891.31
Treatment of solid wastes	534,079,655.42	619,100,640.69
	53,907,999,815.35	56,651,557,667.42

Non-operating revenue is presented as follows:

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Net income from fines	18,718,050.09	9,267,542.89
Relocation compensation/government grants	1,104,171,614.06	54,251,485.17
Amounts not required for payment	21,671,892.29	59,722,410.18
Gains on disposal of non-current assets	60,297,850.37	328,468,392.76
Others	56,157,582.80	60,038,216.45
	1,261,016,989.61	511,748,047.45

4. OPERATING COSTS AND NON-OPERATING EXPENSES

Unit: RMB

Operating costs are presented as follows:

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Operating costs for principal business	46,407,799,098.68	47,832,423,139.45
Operating costs for other business	239,008,363.37	140,437,509.46
	46,646,807,462.05	47,972,860,648.91

Non-operating expenses are presented as follows:

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Losses on disposal of non-current assets	24,761,303.86	70,705,330.37
Including: Losses on disposal of fixed assets	24,760,969.51	70,006,703.28
Loss on disposal of other non-current assets	334.35	698,627.09
Abnormal losses	—	824,640.19
Expenses on charity donation	2,690,000.00	100,000.00
Losses on compensation, penalties and fines	16,868,306.25	24,027,038.93
Other expenses	20,694,400.96	42,957,757.76
	65,014,011.07	138,614,767.25

5. SELLING EXPENSES

Unit: RMB

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Employee remuneration	450,752,756.93	467,730,945.35
Office and service expenses	220,222,451.59	220,162,940.32
Lease fee	39,345,800.78	26,775,767.43
Agency intermediary fee	218,420,855.71	258,526,483.99
Advertisement fee	148,694,975.61	133,751,113.89
Transportation expenses	13,771,968.56	23,682,721.76
Others	39,141,638.19	31,586,397.98
	1,130,350,447.37	1,162,216,370.72

6. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Employee remuneration	1,348,893,876.04	1,264,367,945.06
Office and service expenses	498,326,795.48	509,745,971.21
Intermediary service fees	132,530,577.37	107,301,888.87
Lease fees	113,658,049.18	112,893,727.78
Sewage and afforestation fees	30,697,314.17	13,721,811.78
Losses on suspension of operations	412,754,909.96	449,687,419.93
Others	688,046,664.11	551,110,138.02
	<u>3,224,908,186.31</u>	<u>3,008,828,902.65</u>

7. RESEARCH AND DEVELOPMENT EXPENSES

Unit: RMB

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Employee remunerations	128,203,949.76	102,653,747.02
Material and equipment cost	28,710,709.54	37,146,824.75
Others	39,498,681.98	39,790,091.53
	<u>196,413,341.28</u>	<u>179,590,663.30</u>

8. FINANCE COSTS

Unit: RMB

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Interest expenses	2,574,969,635.64	2,610,217,224.37
<i>Including: Interests on bank loans and other loans fully repayable within five years</i>	2,073,537,425.43	2,287,614,411.83
<i>Interests on bank loans and other loans fully repayable over five years</i>	75,414,536.17	70,221,152.36
<i>Interest expenses on lease liabilities</i>	76,092,639.73	22,371,620.17
<i>Interest expenses on significant financing component</i>	349,925,034.31	230,010,040.02
Less: Interest income	102,038,167.45	86,343,253.25
Less: Amount of interest capitalized	1,056,109,057.91	1,246,829,066.35
Exchange losses	16,820,984.90	1,649,310.31
Handling charges	65,968,601.72	66,434,632.07
Others	15,565,759.32	18,536,023.15
	1,515,177,756.22	1,363,664,870.30

Note: From January to June in 2022, the amount of capitalised borrowing costs has been included in construction in progress of RMB8,187,119.61 (from January to June in 2021: RMB34,008,873.36) and costs for properties under development of RMB1,047,921,938.30 (from January to June in 2021: RMB1,212,820,192.99).

The breakdown of interest income was as follows:

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Cash and bank balances	49,579,830.33	18,496,215.79
Interest income from financing component	41,855,685.19	53,587,109.59
Other debt investments	10,602,651.93	14,259,927.87
Total	102,038,167.45	86,343,253.25

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

9. OTHER GAINS

Unit: RMB

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)	Related to assets/gains
Refunds of VAT	146,280,213.03	278,012,806.45	Related to gains
Income from relocation compensation	4,385,450.54	4,497,816.05	Related to assets/gains
Grants of sale of heat	3,000,000.00	1,800,000.00	Related to gains
Income from other subsidies	90,549,337.61	85,597,684.83	Related to assets/gains
	<u>244,215,001.18</u>	<u>369,908,307.33</u>	

10. INVESTMENT GAINS

Unit: RMB

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Gains from long-term equity investments under equity method	148,318,125.69	298,091,900.61
Investment (losses)/gains from disposal of subsidiaries	(594,049.17)	17,871,948.45
Investment (losses)/gains from disposal of associates	(2,670,483.12)	–
Investment gains from financial assets held for trading during the period of holding	1,100,974.76	4,177,738.76
Investment gains from financial assets at amortised cost during the period of holding	17,856,531.53	13,417,692.30
Investment gains from disposal of financial assets held for trading	937,703.69	7,858,957.51
Investment gains from other equity instrument during the period of holding	18,345,801.58	6,246,924.90
Gains on derecognition of financial assets measured at amortized cost	5,083,445.71	–
Others	(682,711.75)	5,511,069.47
	<u>187,695,338.92</u>	<u>353,176,232.00</u>

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 (For the six months ended 31 June 2021: Nil).

11. GAINS FROM CHANGES OF FAIR VALUE

Unit: RMB

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Financial assets at fair value through profit or loss	20,167,522.89	6,163,594.74
Investment properties measured at fair value	289,793,218.19	233,720,454.75
Hedging business	(1,106,919.85)	887,280.86
	<u>308,853,821.23</u>	<u>240,771,330.35</u>

12. CREDIT IMPAIRMENT LOSSES

Unit: RMB

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Reversal of bad debt of bills receivable	16,297,059.75	3,685,745.62
Bad debt losses on accounts receivable	(108,840,388.90)	(23,296,159.95)
Reversal of/(losses on) bad debt of other accounts receivable	11,993,841.45	(113,416,655.12)
Reversal of bad debt of long-term accounts receivable	238,536.68	4,890,130.96
Others	—	(6,000.00)
	<u>(80,310,951.02)</u>	<u>(128,142,938.49)</u>

13. ASSET IMPAIRMENT LOSSES

Unit: RMB

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Losses on decline in value of inventory	(28,313,491.98)	(8,126,788.86)
Losses on impairment of contract assets	(3,127,795.51)	(1,624,343.69)
Losses on impairment of fixed assets	—	(14,050,031.51)
Losses on impairment of goodwill	—	(26,595,000.00)
Others	(465,193.89)	(619,443.89)
	<u>(31,906,481.38)</u>	<u>(51,015,607.95)</u>

14. INCOME TAX EXPENSES

Unit: RMB

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Current income tax expenses	988,678,691.22	1,119,448,741.56
Deferred income tax expenses	<u>(33,695,499.91)</u>	<u>75,766,054.63</u>
	<u>954,983,191.31</u>	<u>1,195,214,796.19</u>

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

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Total profit	3,374,480,864.84	4,414,725,528.46
Income tax expenses at the statutory tax rate	843,620,216.21	1,103,681,382.12
Effect of different tax rates applicable to some subsidiaries	(26,100,625.63)	(87,680,034.94)
Adjustments on the current income tax of previous periods	(6,306,619.08)	(2,387,021.17)
Share of profits and losses of joint ventures and associates	(39,695,314.45)	(68,771,281.01)
Income not subject to tax	(9,706,801.62)	(47,694,749.13)
Expenses not deductible	6,234,798.55	12,513,260.82
Impact of deductible temporary difference and deductible losses not recognized	<u>186,937,537.33</u>	<u>285,553,239.51</u>
Income tax expenses at the effective tax rate of the Group	<u>954,983,191.31</u>	<u>1,195,214,796.19</u>

15. BASIC EARNINGS PER SHARE

The basic earnings per share is calculated based on the net profit of the current period attributable to ordinary shareholders of the Company divided by the weighted average number of issued ordinary shares during the period. The number of newly issued ordinary shares is calculated and determined from the date of consideration receivable according to specific terms of the issuance agreement.

The calculation of basic earnings per share is as follows:

Unit: RMB

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Earnings		
Net profit of the year attributable to ordinary shareholders of the Company	1,835,550,026.14	1,911,844,630.53
Less: the interests of other equity instrument	438,386,070.84	407,555,863.01
	<u>1,397,163,955.30</u>	<u>1,504,288,767.52</u>
Shares		
Weighted average number of issued ordinary shares of the Company	<u>10,677,771,134.00</u>	<u>10,677,771,134.00</u>
Basic earnings per share	<u>0.13</u>	<u>0.14</u>

The calculation of the basic earnings per share is based on the net profit of the current 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 diluted earnings per share and basic earnings per share are the same.

16. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend (for the six months ended 30 June 2021: Nil).

17. BILLS RECEIVABLE

Unit: RMB

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

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).

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

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

18. 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.

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 is issued. An aging analysis of accounts receivable is as follows:

Unit: RMB

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

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

Unit: RMB

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

	As at 30 June 2022				
	Book balance		Provision for bad debts		
		Proportion		Proportion	
	Amount	(%)	Amount	(%)	Carrying value
Separate 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	<u>10,406,127,628.31</u>	<u>88.21</u>	<u>1,924,064,182.50</u>	<u>18.49</u>	<u>8,482,063,445.81</u>
	<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>

	As at 31 December 2021				Carrying value
	Book balance	Proportion	Provision for bad debts		
	Amount		Amount	Proportion	
		(%)		(%)	
Separate 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	<u>8,935,379,868.74</u>	<u>88.20</u>	<u>1,864,387,831.36</u>	20.87	<u>7,070,992,037.38</u>
	<u>10,131,249,466.97</u>	<u>100.00</u>	<u>2,607,321,953.57</u>	25.74	<u>7,523,927,513.40</u>

19. SHORT-TERM LOANS

Unit: RMB

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

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

As at 30 June 2022, the interest rates of the above short-term loans were 2.75%-4.35% per annum (as at 31 December 2021: 3.00%-4.35%).

All short-term loans would be due within one year. As at 30 June 2022, the Group had no outstanding loans that were due.

20. BILLS PAYABLE

Unit: RMB

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

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

21. ACCOUNTS PAYABLE

Accounts payable are non-interest bearing and shall generally be paid within 30-360 days. The Aging of accounts receivable is calculated from the date of receipt of goods delivered by the suppliers or rendering of services from the suppliers. An aging analysis of accounts payable based on invoice date is as follows:

Unit: RMB

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

22. SHORT-TERM FINANCING BONDS AND BONDS PAYABLE

Unit: RMB

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

As at the balance sheet date, the short-term financing bonds above would be due within one year.

- (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.
- (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%.

- (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%.
- (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%.
- (12) 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 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 term of conversion of convertible bonds is from 11 May 2021 to 4 November 2026.

- (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.
- (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.
- (20) As approved by the document (Zhong Shi Xie Zhu [2021] No. DFI10) (中市協註[2021] DFI10 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.

23. LONG-TERM LOANS

Unit: RMB

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

Note: As at 30 June 2022, the guaranteed loans of the Group were guaranteed by entities within the Group.

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

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

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

24. NET CURRENT ASSETS

Unit: RMB

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Current assets	161,583,382,524.04	169,958,731,337.37
Less: current liabilities	<u>115,136,747,637.45</u>	<u>119,733,796,127.82</u>
Net current assets	<u>46,446,634,886.59</u>	<u>50,224,935,209.55</u>

25. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Total assets	283,932,219,018.89	286,356,810,441.58
Less: current liabilities	<u>115,136,747,637.45</u>	<u>119,733,796,127.82</u>
Total assets less current liabilities	<u>168,795,471,381.44</u>	<u>166,623,014,313.76</u>

STATEMENT FROM THE GENERAL MANAGER

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 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 equipment manufacturing business,** the Company benchmarked against the first-class industry, strengthened refined management and further enhanced market competitiveness. **For 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.

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 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 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.

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 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.

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.

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%.

Summary of Financial Information

Unit: RMB'000

	For the six months ended 30 June		Change
	2022 (Unaudited)	2021 (Unaudited)	
Operating revenue	55,033,122	57,713,657	-4.6%
Operating revenue from principal business	54,557,415	57,065,980	-4.4%
Gross profit from principal business	8,149,616	9,233,557	-11.7%
Gross profit margin from principal business (%)	14.9	16.2	a decrease of 1.3 percentage point
Total profit	3,374,481	4,414,726	-23.6%
Net profit	2,419,498	3,219,511	-24.8%
Net profit attributable to the shareholders of the parent company	1,835,550	1,911,845	-4.0%
Basic earnings per share attributable to the shareholders of the parent company (RMB)	0.13	0.14	-7.1%
	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)	Change
Cash and bank balances	19,421,041	21,921,969	-11.4%
Current assets	161,583,383	169,958,731	-4.9%
Current liabilities	115,136,748	119,733,796	-3.8%
Net current assets	46,446,635	50,224,935	-7.5%
Non-current assets	122,348,836	116,398,079	5.1%
Non-current liabilities	70,671,542	71,089,208	-0.6%
Total assets	283,932,219	286,356,810	-0.8%
Equity attributable to the shareholders of the parent company	67,001,690	63,717,492	5.2%
Debt ratio (total liabilities to total assets) (%)	65.4	66.6	a decrease of 1.2 percentage point

Summary of Business Information

	For the six months ended		
	30 June		
	2022	2021	Change
Green building materials segment			
Sales volume of cement (in million tonnes)	38.43	48.00	-19.9%
Sales volume of ready-mixed concrete (in million cubic metres)	5.13	7.20	-28.8%
Stone wool boards (in thousand tonnes)	43.4	48.2	-10.0%
Property development and operation segment			
Booked GFA (in thousand sq.m.)	774.2	763.7	1.4%
Contracted sales GFA (in thousand sq.m.)	368.5	885.9	-58.4%
Gross GFA of investment properties (in million sq.m.)	2.24	2.14 ⁽¹⁾	4.7%

(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%.

(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 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%.

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 ²)	Planned plot ratio area (m ²)	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				<u>34,502</u>	<u>86,256</u>	<u>3,880.0</u>			

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.

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				<u>1,180.0</u>	<u>25,160.0</u>				
Other properties	Beijing Municipality			<u>980.1</u>	<u>12,025.7</u>				
Total				<u>2,160.1</u>	<u>37,185.7</u>	<u>5.4</u>	<u>81%</u>	<u>17,215</u>	

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.

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	<u>-925.8</u>	<u>-613.2</u>				Decrease of approximately 1.3 percentage point
Total	<u>54,557.4</u>	<u>46,407.8</u>	<u>14.9</u>	<u>-4.4</u>	<u>-3.0</u>	

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.

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.
- (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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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 announcement, 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.

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

ENVIRONMENTAL PROTECTION

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_x 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_x 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.

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.

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.

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

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 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

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.

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.

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 CO₂ 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.

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.

COMMITMENTS

Unit: RMB

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

CONTINGENCIES

Unit: RMB

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

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 announcement, the Group did not have any significant event after balance sheet date required to be disclosed.

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) (<i>Note</i>)	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 (<i>Note</i>)	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.

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.

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 announcement, 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.

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.

As at the date of this announcement, 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.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE HONG KONG STOCK EXCHANGE

The electronic version of this announcement will be published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company (<http://www.bbmng.com.cn/listco>). The 2022 interim financial report of the Company for the six months ended 30 June 2022 prepared in accordance with the China Accounting Standards for Business Enterprises, which contains the applicable information required under Appendix 16 to the Listing Rules, will be despatched to the Shareholders and published on the websites of the Hong Kong Stock Exchange and the Company in due course. The PRC domestic interim results report for the six months ended 30 June 2022 and its abstract will be released on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of the Company (<http://www.bbmng.com.cn/listco>) around the same time as this interim results announcement.

ACKNOWLEDGEMENTS

On behalf of the Board and the management, I would like to take this opportunity to express my sincere gratitude to our shareholders, regulators, customers, partners and friends from all walks of life for their continued trust, as well as to the Board and Supervisory Board of the Company for their diligence and hard work, and also to all the staff of the Company for their commitments and dedication. In the new journey, the Company will continue to work together to win a better future!

By order of the Board
BBMG Corporation*
Jiang Yingwu
Executive Director

Beijing, the PRC, 29 August 2022

As at the date of this announcement, the executive directors of the Company are Jiang Yingwu, Wu Dong and Zheng Baojin; the non-executive directors are Gu Tiemin and Wang Zhaojia; and the independent non-executive directors are Yu Fei, Liu Taigang, Li Xiaohui, Hong Yongmiao and Tan Kin Fong.

* *For identification purposes only*