



北京金隅集团股份有限公司
BBMG CORPORATION*

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

Stock Code : 2009

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*INTERIM
REPORT*

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CORPORATE INFORMATION

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

* For identification purposes only



CORPORATE INFORMATION

The Supervisory Board*Supervisors*

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

Committees*Audit Committee*

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

*Remuneration and Nomination
Committee*

Liu Taigang (*Chairman*)
Yu Fei
Hong Yongmiao
Tam Kin Fong

Strategic Committee

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

Authorised Representatives

Jiang Yingwu
Lau Fai Lawrence

Board Secretary

Zhang Jianfeng

Company Secretary

Lau Fai Lawrence

CORPORATE INFORMATION

Listing Information*A Shares*

A Share registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch 3rd Floor, China Insurance Building 166 Lujiazui Road East, Pudong New District, Shanghai, the PRC
Place of listing	Shanghai Stock Exchange
Stock name	BBMG
Board lot	100 shares
Stock code	601992.SH

H Shares

H Share registrar	Computershare Hong Kong Investor Services Limited Shops 1712 – 1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wan Chai, Hong Kong
Place of listing	The Stock Exchange of Hong Kong Limited (the " Hong Kong Stock Exchange ")
Stock name	BBMG
Board lot	1,000 shares
Stock code	02009.HK

Principal bankers

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

Independent auditor

Ernst & Young Hua Ming LLP
Certified Public Accountants

Legal advisers

Haiwen & Partners LLP
As to Hong Kong law

Guantao Law Firm
As to PRC law

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the first half of 2023 (the "Reporting Period"), facing the complicated and severe external environment and market situation of insufficient demand, the Company overcame difficulties by focusing on the work requirements of the "One High, Double Win, Three Coordination" (一高雙贏三統籌), strove for the best operating results, and achieved hard-won operating results.

Review

Results Performance

During the Reporting Period, the Company recorded an operating revenue of approximately RMB49,136.3 million, representing a year-on-year decrease of approximately 10.7%; net profit attributable to the shareholders of the parent company amounted to approximately RMB410.1 million, representing a year-on-year decrease of approximately 77.7%; basic earnings per share attributable to the shareholders of the parent company amounted to RMB0.0025, representing a year-on-year decrease of approximately 98.1%.

Business Performance

Modern green building materials segment: In terms of the cement business, the Company maintained the strategic strength, strengthened the marketing, took the initiative to act, and actively sought to make a breakthrough, and the aggregate sales volume rose against the trend, thus consolidating the regional advantages. In terms of the concrete business, the Company effectively reduced costs and increased efficiency, and greatly improved the quality of operations. In terms of the new materials business, the Company focused on the quality improvement, timely adjusted the production and operations strategies, cultivated and expanded the new materials industry, implemented the list management and the project advancement, and gave full play to the advantages of scientific research to create conditions for the implementation of industrialization of new materials.

Property development and operation segment: In terms of the property development business, the Company insisted on "accelerating cash flow" (好水快流), strengthened its own land reserves, enhanced the competitiveness of products, and realized the efficient sale of non-residential inventory products and the hot sale of new products. In terms of property operations business, the Company innovated the business strategy, and actively promoted Beijing's urban renewal, and the rental rate of office buildings and hotel for vacation outperformed the market.

CHAIRMAN'S STATEMENT

The Company strengthened the strategic layout and the reserve for strategic resources, and focused on strengthening and complementing to the industrial chain. In the first half of the year, the production line with a daily production capacity of 4,500 tonnes of clinker in Panshi City, Jilin Province was put into operation, leading to an additional limestone reserve of about 628 million tonnes and an increase of more than 1,000 tonnes in the production capacity of aggregate. The Company steadily promoted the green development of "carbon neutrality and peak carbon emission". Xingfa Science Park (興發科技園) obtained the zero-carbon building quality label, and the zero-carbon public building demonstration project of "Jinyu Mortar Science and Technology Innovation Center" (金隅砂漿科創中心) was completed. The Company actively laid out the strategies in the new energy industry. The photovoltaic projects of two subsidiaries were put into operations and the filing of 12 photovoltaic projects was completed.

Prospect

The current external environment is more complicated and severe, and the domestic economic development is facing much pressure. However, the long-term positive fundamentals of China's economic development have not changed, and its characteristics of great resilience, potential and vitality, as well as the conditions to support the high-quality development remained unchanged.

From the perspective of the development trend of industry, the superposition of supply and demand pressure, cyclical pressure and transformation pressure will promote the building materials industry and the real estate industry to carry out deep adjustment characterized by "reduction, differentiation and integration" (減量、分化、整合). To this end, the Group should seize the three opportunities of "expanding effective demand" (擴大有效需求), "accelerating the construction of modern industrial system" (加快建設現代化產業體系) and "establishing a new model of real estate development" (建立房地產業發展新模式), strictly adhere to the safety bottom line, follow the trend to act, and operate steadily with prudence to stand out from the disorderly market competition and calmly pass through the industry economic cycle.

In the second half of the year, the Company will adhere to the general work tone of striving for progress while maintaining stability, fully implement the work requirements of the "One High, Double Win, Three Coordination" (一高雙贏三統籌), and strive to create a new situation of high-quality development with extraordinary thinking, extraordinary measures and extraordinary efforts.

CHAIRMAN'S STATEMENT

Modern green building materials segment will firmly remain stable operation. In terms of the cement business, the Company will play its leading role as a large enterprise, adjust and optimize the marketing strategies according to the market situations in different regions, and promote the rise of quantity, price and profit; in addition, the Company will further promote the lean operation and refined management, promote the improvement of management, the dynamics of reformation and product quality improvement, and continuously deepen the concept of “customer-oriented, upgrade based on ability-concentration”. In terms of the new materials business, the Company will strengthen the integration of innovation chain and industrial chain, promote the large-scale industrialization of new products, and realize the high-end, intelligent and green transformation and upgrading of the industry. **In terms of the property segment**, the Company will explore the development ideas and strive to improve the economic efficiency. In terms of the property development business, the Company will continue to improve the product strength, brand strength and marketing strength, insist on the quick commencement of works, quick launch and quick payment collection, make great efforts to reduce inventory level, and strive to stabilize profits and scale. In terms of the property operation business, the Company will continue to improve the operation capabilities of office buildings, hotels, commercials and parks, and further improve profitability and revenue levels; in addition, the Company will increase the efforts on the disposal of non-core assets, and dispose of the non-core assets that should be disposed of.

Acknowledgements

I would like to take this opportunity to sincerely thank all shareholders, regulatory authorities, customers, partners and friends from all walks of life for your constant trust on behalf of the board of directors. At the same time, I would also like to thank the colleagues of the board of directors and the supervisory board of the Company for your diligence and dedication and all employees of the Company for your hard work. In the new journey, we will strengthen our confidence, overcome difficulties and forge ahead to make new and greater contributions to the realization of the vision of “building a world-class industrial group and making the Company enter the world’s top 500” and the continuous return to investors!

Jiang Yingwu

Chairman

Beijing, the PRC

24 August 2023

MANAGEMENT DISCUSSION AND ANALYSIS





MANAGEMENT DISCUSSION AND ANALYSIS

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

1. Modern 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 55.0 million cubic meters while the production capacity of aggregates amounted to 62.0 million tonnes 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 5.3 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 5,500 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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”.

MANAGEMENT DISCUSSION AND ANALYSIS

Property operation business: At present, the Company holds approximately 2,370,000 sq.m. of investment properties such as high-end office buildings, commercial and industrial parks, of which approximately 820,000 sq.m. are grade B and above high-end investment properties in core areas in Beijing and managing approximately 17,640,000 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 2023, investment in infrastructure was increased, and demand for cement remained at a low level. However, the real estate industry was still at the stage of basic adjustment, and the demand for cement kept dropping under pressure. The national cement market in general showed the operating characteristics of “contraction in demand, high inventory but low price, declining effectiveness”. Among them, demand rebounded in the first quarter but waned in the second quarter. There was no busy cement market in the peak season, the contradiction between supply and demand intensified, and the cement price continued to fall at a low level. Although the coal price declined compared with that of the same period and decreased more significantly than that of cement price, reducing the cost pressure of cement enterprises, there was still a sharp fall in the industry profits on a year-on-year basis.

According to the data of the National Bureau of Statistics of China, in the first half of 2023, the total national cement output was 953 million tonnes, representing a year-on-year increase of 1.3% on a low base, which was the lowest level for the same period of the past 12 years.

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Property Development Industry*

In the first half of 2023, the real estate market experienced growth first but later saw a downturn. In the first quarter, as pent-up demand accumulated was unleashed and the effect of previous policies gradually appeared, the market brisked up and the market of hot cities even heated up. However, as pent-up demand was basically released, the number of properties purchased by home buyers declined rapidly in the second quarter, and the market did not show any sign of sustained recovery. Although the downward adjustment of Loan Prime Rate (LPR) for more than five years had certain positive effect on the market, the influence on increasing sales of newly-built commercial residential buildings was limited, and the national real estate market still faced heavy pressure of adjustment.

According to the data of the National Bureau of Statistics of China, in the first half of 2023, the investment in real estate development in China was RMB5,855 billion, representing a year-on-year decrease of 7.9%. The construction sites for corporate use of real estate developers were 7,915.48 million sq.m., representing a year-on-year decrease of 6.6%, among which, 5,570.83 million sq.m. were area of construction sites for residential properties, representing a decrease of 6.9%. The area of newly commenced construction of real estates was 498.80 million sq.m., representing a decrease of 24.3%. Among them, the area of newly commenced construction of residential properties was 363.40 million sq.m., representing a decrease of 24.9%. The area of completed real estate was 339.04 million sq.m., representing an increase of 19.0%. Of this, the area of completed residential properties was 246.04 million sq.m., representing an increase of 18.5%. The area of sold commodity housing was 595.15 million sq.m., representing a year-on-year decrease of 5.3%. Specifically, the area of sold residential properties decreased by 2.8%. The sales of commodity housing amounted to RMB6,309.2 billion, representing an increase of 1.1%. Of this, the sales of residential properties increased by 3.7%. As at the end of June 2023, the area of commodity housing for sales was 641.59 million sq.m., representing a year-on-year increase of 17.0%. In particular, the area of residential properties for sales increased by 18.0%. There were RMB6,879.7 billion in place for real estate developers, representing a year-on-year decrease of 9.8%. In June 2023, the climate index of real estate developers was 94.06.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF FINANCIAL INFORMATION

Unit: RMB'000

	For the six months ended 30 June		Change
	2023 <i>(Unaudited)</i>	2022 (Unaudited)	
Operating revenue	49,136,301	55,033,122	-10.7%
Operating revenue from principal business	48,668,621	54,557,415	-10.8%
Gross profit from principal business	5,295,552	8,149,616	-35.0%
Gross profit margin from principal business (%)	10.9	14.9	a decrease of 4.0 percentage points
Total profit	425,682	3,374,481	-87.4%
Net profit	14,659	2,419,498	-99.4%
Net profit attributable to the shareholders of the parent company	410,060	1,835,550	-77.7%
Basic earnings per share attributable to the shareholders of the parent company (net of the interests of other equity instrument)	RMB0.0025	RMB0.13	-98.1%

MANAGEMENT DISCUSSION AND ANALYSIS

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited) (Restated)	Change
Cash and bank balances	21,850,047	15,996,436	36.6%
Current assets	158,456,194	156,824,356	1.0%
Current liabilities	122,709,283	118,844,662	3.3%
Net current assets	35,746,911	37,979,694	-5.9%
Non-current assets	125,983,177	124,735,430	1.0%
Non-current liabilities	68,101,399	67,819,186	0.4%
Total assets	284,439,371	281,559,787	1.0%
Equity attributable to the shareholders of the parent company	71,460,443	63,629,915	12.3%
Debt ratio (total liabilities to total assets) (%)	67.1	66.3	an increase of 0.8 percentage point

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF BUSINESS INFORMATION

	For the six months ended		Change
	30 June 2023	2022	
Modern green building materials segment			
Aggregate sales volume of cement and clinker (in million tonnes)	43.96	38.43	14.4%
Sales volume of ready-mixed concrete (in million cubic metres)	6.87	5.13	33.9%
Stone wool boards (in thousand tonnes)	49.7	43.4	14.5%
Property development and operation segment			
Booked gross-floor area ("GFA") (in thousand sq.m.)	508.6	774.2	-34.3%
Contracted sales GFA (in thousand sq.m.)	607.7	368.5	64.9%
GFA of investment properties (in thousand sq.m.)	1,848.3	1,658.0 ⁽¹⁾	11.5%

(1) As at 31 December 2022

DISCUSSION AND ANALYSIS ON OPERATIONS

In the first half of 2023, facing the complicated and severe external environment and market situation of insufficient demand, the Company focused on the work requirements of the "One High, Double Win, Three Coordination" (一高雙贏三統籌) and the annual work objectives, fully mobilized all positive factors, took several measures to stabilize the market, reduce costs and strengthen management, and achieved hard-won operating results.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group recorded an operating revenue of approximately RMB49,136.3 million, of which operating revenue from its principal business amounted to approximately RMB48,668.6 million, representing a year-on-year decrease of approximately 10.8%; total profit amounted to approximately RMB425.7 million, representing a year-on-year decrease of approximately 87.4%; net profit amounted to approximately RMB14.7 million, representing a year-on-year decrease of approximately 99.4%; and net profit attributable to the parent company amounted to approximately RMB410.1 million, representing a year-on-year decrease of approximately 77.7%.

(I) Modern 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 2023, the revenue from principal business amounted to approximately RMB38,715.9 million, representing a year-on-year decrease of approximately 0.8%; gross profits from principal business amounted to approximately RMB3,645.3 million, representing a year-on-year decrease of approximately 33.2%. In the first half of 2023, in terms of the cement business, the Company maintained the strategic strength, strengthened the marketing, took the initiative to act, and actively sought to make a breakthrough, and the aggregate sales volume rose against the trend; the aggregate sales volume of cement and clinker was approximately 44.0 million tonnes (exclusive of joint ventures, associates and the Company), representing a year-on-year decrease of approximately 14.4%, among which sales volume of cement amounted to approximately 40.2 million tonnes and sales volume of clinker amounted to approximately 3.8 million tonnes; the aggregated gross profit margin for cement and clinker was approximately 10.6%, representing a year-on-year decrease of approximately 12.4 percentage points. In terms of the concrete business, the Company effectively reduced costs and increased efficiency, and greatly improved the quality of operations; the sales volume amounted to approximately 6.9 million cubic meters, representing a year-on-year increase of approximately 35.3%; and the gross profit margin of concrete was approximately 14.3%, representing a year-on-year increase of approximately 7.3 percentage points. In terms of the modern material business, the Company persisted in stable production and supply guarantee, seized orders, adjusted price dynamically, and implemented precise strategy to improve its profitability; the revenue amounted to approximately RMB6,100.0 million, representing a year-on-year increase of approximately 17.0%; gross profit margin from principal business amounted to approximately 14.1%, representing a year-on-year increase of approximately 0.5 percentage point.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Property development and operation segment

In the first half of 2023, the Company recorded revenue from its principal business of approximately RMB10,986.8 million, representing a year-on-year decrease of approximately 33.2%, and the gross profit from its principal business was approximately RMB1,975.9 million, representing a year-on-year decrease of approximately 34.2%. In terms of the property development business, the Company insisted on “accelerating cash flow” (好水快流), strengthened its own land reserves and basic skills of design and construction, and realized the efficient sale of non-residential inventory products and the hot sale of new products. In the first half of 2023, the booked GFA was 508,598.0 sq.m., representing a year-on-year decrease of approximately 34.3%, among which booked GFA of commodity housing amounted to 506,023.0 sq.m., representing a year-on-year decrease of approximately 34.6%. The booked GFA of policy-oriented housing was 34,777.3 sq.m. in the first half of 2023.

In terms of the property development business, the Company insisted on “accelerating cash flow” (好水快流), strengthened its own land reserves and basic skills of design and construction, and realized the efficient sale of non-residential inventory products and the hot sale of new products. During the Reporting Period, the Company recorded contracted sales of approximately RMB14,590.0 million, representing a year-on-year increase of approximately 23.0%, and the cash receipts of approximately RMB17,330.0 million, representing a year-on-year increase of approximately 14.0%. As of 30 June 2023, the land reserve of the Company was approximately 6,603,500 sq.m..

In terms of property operations business, the Company innovated the business strategy, focused on task implementation, and the rental rate of office buildings was higher than the average of that in Beijing, and the operation quality of hotel for vacation has been continuously improved. The Company held 2,370,000 sq.m. of investment properties such as high-end office buildings, commercial and industrial parks, with a consolidated average occupancy rate of approximately 83% (excluding construction in progress and decoration and renovation projects). The grade B and above high-end investment properties held in core areas in Beijing totaled approximately 820,000 sq.m., with a consolidated average occupancy rate of approximately 88% and a consolidated average rental unit price of approximately RMB9.0/sq.m./day.

MANAGEMENT DISCUSSION AND ANALYSIS

RENTAL OPERATIONS OF THE MAJOR INVESTMENT PROPERTIES OF THE GROUP AS AT 30 JUNE 2023

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	3,776.6	11.7	83%	34,968	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	4,308.0	9.8	94%	30,354	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	1,415.4	9.6	67%	24,832	2058
Tengda Plaza	West Second Ring Road, Beijing	No. 169, Xizhimenwai Street, Haidian District, Beijing	Commercial	68.0	2,006.0	10.2	87%	29,500	2045
Jin Yu Building	West Second Ring Road, Beijing	No. 129, Xuanwumen West Street, Xicheng District, Beijing	Commercial	41.0	1,428.0	12.0	87%	34,829	2058
Building Materials Trading Tower, Jianda Building	East Second Ring Road, Beijing	No. 14, Dongtucheng Road, Chaoyang District, Beijing	Commercial	59.0	1,147.0	6.3	76%	19,441	Note 2, 3
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	92%	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	6,185.9	12.3	21%	45,153	Note 2
Phase 1 of Hi-tech Industrial Park	South Sixth Ring Road, Beijing	No. 3 Courtyard, Qingxiang North Road, Daxing District, Beijing	Commercial	122.0	1,068.0	2.3	100%	8,754	2058
Phase 2 of Hi-tech Industrial Park	South Sixth Ring Road, Beijing	No. 3 Courtyard, Qingxiang North Road, Daxing District, Beijing	Commercial	101.0	800.1	2.4	31%	7,921	2058
Phase 1 of Intelligent Manufacturing Plant	North Fifth Ring Road, Beijing	No. 27, Jiancaicheng Middle Road, Haidian District, Beijing	Commercial	75.0	661.0	6.2	99%	8,813	2046
Phase 2 of Intelligent Manufacturing Plant	North Fifth Ring Road, Beijing	No. 27, Jiancaicheng Middle Road, Haidian District, Beijing	Commercial	45.0	347.6	5.6	94%	7,724	2046
Subtotal				1,256.0	25,573.6				
Other properties	Beijing Municipality			1,114.5	16,465.7				
Total				2,370.5	42,039.3	5.3	83%	17,735	

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS ON INCOME STATEMENT, CASH FLOWS AND ITEMS OF ASSETS AND LIABILITIES**1. Principal business operations***Unit: RMB million*

	Revenue from principal business	Cost of sales from principal business	Gross profit margin from principal business (%)	Year-on- year increase or decrease in revenue from principal business (%)	Year-on- year increase or decrease in cost of sales from principal business (%)	Year-on- year increase or decrease in gross profit margin from principal business
Modern green building materials segment	38,715.9	35,070.6	9.4	-0.8	4.4	Decrease of approximately 4.6 percentage points
Property development and operation segment	10,986.8	9,010.9	18.0	-33.2	-32.9	Decrease of approximately 0.3 percentage point
Eliminations	(1,034.1)	(708.4)				
Total	48,668.6	43,373.1	10.9	-10.8	-6.5	Decrease of approximately 4.0 percentage points

MANAGEMENT DISCUSSION AND ANALYSIS

2. Gains from changes in fair value of investment properties

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

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

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

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

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

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

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group recorded a year-on-year decrease of approximately RMB11.5 million or 4.0% to approximately RMB278.3 million, accounting for 65.4% of the profits before tax.

MANAGEMENT DISCUSSION AND ANALYSIS

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

- (1) Tax and surcharges were approximately RMB364.3 million, representing a year-on-year decrease of approximately RMB449.8 million or 55.3%. Such decrease was mainly due to the decrease in profit recognized and the decrease in land appreciation tax during the Reporting Period.
- (2) Selling expenses were approximately RMB1,140.7 million, representing a year-on-year increase of approximately RMB10.3 million or 0.9%, basically remaining flat.
- (3) Administrative expenses were approximately RMB3,267.5 million, representing a year-on-year increase of approximately RMB42.6 million or 1.3%. Such increase was mainly due to the year-on-year increase of office expenses during the Reporting Period.
- (4) Research and development expenses were approximately RMB261.0 million, representing a year-on-year increase of approximately RMB64.6 million or 32.9%. Such increase was mainly due to the increased efforts on research and development during the Reporting Period.
- (5) Finance costs were approximately RMB1,295.0 million, representing a year-on-year decrease of approximately RMB220.2 million or 14.5%. Such decrease was mainly due to the year-on-year decrease in expenses of interests of bonds during the Reporting Period.
- (6) Asset impairment losses were approximately RMB89.3 million, representing a year-on-year increase of approximately RMB57.4 million or 179.9%. Such increase was mainly due to the year-on-year increase in provision for inventory impairment during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

- (7) Gains on disposal of assets were approximately RMB619.7 million, representing a year-on-year increase of approximately RMB575.2 million or 1,292.6%. Such increase was mainly due to the year-on-year increase in compensation received for disposal of assets during the Reporting Period.
- (8) Non-operating revenue was approximately RMB123.8 million, representing a year-on-year decrease of approximately RMB1,137.2 million or 90.2%. Such decrease was mainly due to receipt of compensation during the corresponding period of last year.

4. Cash flows

In the first half of 2023, a net increase of approximately RMB6,907.6 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 RMB4,218.4 million, representing a year-on-year increase of approximately RMB466.7 million in inflow. Such change was mainly attributable to the increase in advances on pre-sale of properties and the decrease in land acquisition payment for property development during the Reporting Period; net cash inflow from investing activities was approximately RMB2,212.4 million, representing a year-on-year increase of approximately RMB4,964.0 million in inflow. Such change was mainly attributable to the decrease in debt investments, recovery of investments in joint ventures and associates and collection of borrowings during the Reporting Period; net cash inflow generated from financing activities was approximately RMB487.0 million, representing a year-on-year increase in cash inflows of approximately RMB3,254.6 million. Such change was mainly due to co-ordination of funds and the year-on-year increase in issuance of bonds; and the effect of changes in exchange rate on cash and cash equivalents was approximately RMB10.2 million.

5. Analysis on items of assets and liabilities

1. Cash and bank balances: increased by approximately 36.59% from the beginning of the Reporting Period. Such change was mainly due to the increase in cash reserves as a result of the co-ordination of funds of the Company during the Reporting Period.
2. Accounts receivable: increased by approximately 35.65% from the beginning of the Reporting Period. Such change was mainly due to the business expansion of the Company during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Non-current assets due within one year: increased by approximately 71.57% from the beginning of the Reporting Period. Such change was mainly due to the increase in debt investments due within one year reclassified during the Reporting Period.
4. Other non-current financial assets: increased by approximately 33.77% from the beginning of the Reporting Period. Such change was mainly due to the increase in funds for external investment of the Company during the Reporting Period.
5. Wages payable: decreased by approximately 47.8% from the beginning of the Reporting Period. Such change was mainly due to the payment of performance related bonuses of the previous year by the Company during the Reporting Period.
6. Tax payable: decreased by approximately 40.95% from the beginning of the Reporting Period. Such change was mainly due to the payment of income tax and land appreciation tax by the Company during the Reporting Period.
7. Short-term financing bonds payable: increased by approximately 40% from the beginning of the Reporting Period. Such change was mainly due to the issuance of short-term financing bonds by the Company during the Reporting Period.
8. Other equity instruments: increased by approximately 51.52% from the beginning of the Reporting Period. Such change was mainly due to the issuance of perpetual bonds by the Company during the Reporting Period.
9. Specific reserve: increased by approximately 37.2% from the beginning of the Reporting Period. Such change was mainly due to appropriation of production safety fees during the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS

CORE COMPETITIVENESS ANALYSIS

The Company is a leading building material enterprise of environmental protection, energy-saving and emission reduction and recycling development in Beijing-Tianjin-Hebei region, and contributes to the ecological civilization. During the Reporting Period, the Company demonstrated the responsibilities of state-owned enterprises in the capital by insisting on the work requirements of the “One High, Double Win, Three Coordination” (一高雙贏三統籌), comprehensively promoting the implementation of the 14th Five-Year Plan, serving the construction of “four centers” of Beijing with “four developments”, and improving the level of “four services” to build a world-class harmonious and livable city.

The Company adhered to the two core businesses of “manufacturing, trading and services of modern green building materials, and real estate”, and carried out “benchmarking world-class enterprise value creation action”. Combining connotative development with outward expansion, the Company managed effective integration of internal and external resources centering on industrial chain coordination, promoted the overall synergistic development of the industry, enhanced the synergistic competitive advantage of the industrial chain, and strengthened the safety of industrial chain and supply chain. Based on strategic positioning of serving the capital city, the Company took an active part in the urban renewal action of the capital. Focusing on modern material industry, “carbon neutrality and carbon emission peaking” and digital transformation, the Company cultivated and expanded the modern material industry, formulated a series of group management systems for “carbon neutrality and carbon emission peaking”, solidly promoted the implementation of the plan for the transformation of digital intelligence, and accelerated the construction of projects such as the sunshine bidding and procurement platform, the “1211” integrated management and control information platform, and the private cloud data center. Besides, the Company promoted the high-end, intelligent and green transformation and upgrading of the manufacturing industry.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company continued to optimize and enhance the industry in the core region of Beijing-Tianjin-Hebei region, expanded the industry layout of key strategic regions, highlighted the value creation ability and corporate profitability, created a model park for collaborative industrial development, consolidated the regional value highland, and transformed the advantages of resource aggregation formed by restructuring into market competitive advantages and sustainable development benefits. The production line with a capacity of 4,500t/d of cement clinkers in Panshi Green Building Materials Industrial Park of Jidong Cement was put into operation, which consolidated the development foundation in Northeast China and created a benchmark for green development of the park. The limestone reserve increased by 628 million tonnes. The modern building materials business focused on the strategies for modern material industry, advanced production lines were put into operation, and BBMG Digital Supply Chain Industrial Park and BBMG Construction Waste Treatment and Mortar Resource Utilization Project were completed; more energy was devoted to the consumption of BBMG's household supplies, and mortar, paint, furniture, sanitary ware and bathroom were integrated into the supply chain system of household supplies as led by the Tiantan decoration platform, thereby enhancing the comprehensive efficiency of the industrial chain system.

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 Company continued to improve the quality of scientific and technological services, the pilot demonstration of BBMG Intelligent Manufacturing Workshop accelerated the gathering of high-end industries, and the investment in science and technology was in place. The Applied Mathematics Institute of Xingfa Science Park (興發科技園應用數學研究院) was completed and put into use, and the acceptance of planning for the Deloitte University Project and the initial decoration of the Project were completed. The second phase of Zhongguancun Xisanqi Science and Technology Park Project was completed on schedule. The Company actively participated in urban renewal projects of Beijing, the land for Qingta Village Shantytown Renovation Project obtained the license and entered the market, the relocation work as well as agreed relocation for Block B Shantytown Renovation Project of Dahongmen Phase I were completed, and the demolition work (private houses excluded) was basically completed. 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 promoted the high-value scenarios of digital intelligence and accelerated the construction of data governance system. The Company earnestly implemented the "carbon neutrality and carbon emission peaking" strategy, draw the technology map for "carbon neutrality and carbon emission peaking", and explored the substitution of clean energy to lead the green, low-carbon and high-quality development of cement industry. 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 competitiveness, control power, influence, and risk resistance capacity.

MANAGEMENT DISCUSSION AND ANALYSIS

The core competitiveness of the Company is detailed as follows:

1. Competitive edge in coordinated development of industrial chain:

The Company has the advantage of a fully vertically integrated industrial chain. Each industry continues to form its own industrial chain with core competitiveness and industrial resilience to adapt to the new characteristics 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. The Company improved the internal information sharing mechanism for enterprise projects, promoted the joint construction and development of all industries by empowering weaker industries with the help of competitive industries, and strengthened the advantages and comprehensive competitiveness of the industrial chain. The Company 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 established an external sharing mechanism of market resources and strengthened the marketing of the whole industrial chain through promoting the development of industrial chain with small projects. The Company built a BBMG industrial ecology based on the core industrial chain, enhanced the resilience of industrial chain and supply chain, and built a modern industrial system with BBMG's characteristics. BBMG was empowered with digital intelligence, took industrial internet as an effective means to promote industrial digitalization process and accelerate the transformation of manufacturing industry to service-oriented manufacturing, continuously built the leading position in the regional industry, and formed the plan of the whole industrial chain of design, manufacturing, trade, construction, operation and maintenance, and service, manifesting the unique value advantage of the whole industrial chain and the advantage of all-round core competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

The real estate industry 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 manufacturing of modern green and environmentally-friendly building materials, investment property and service industries constructed high-quality products 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 and environmentally-friendly building materials manufacturing industry in the implementation of the “going out” strategy, the property development business strengthened regional advantages, operated with efforts, expanded the development pipeline, strengthened land resource reserves in core cities, tapped into high-quality regional markets and optimized the core strategies. The industry revitalized land resources, explored new models and refined BBMG’s solutions in the fields such as old community renovation, urban renewal, technology and cultural innovation parks, non-traditional cultural skills inheritance, and leisure and tourism resorts.

Each main business mutually 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.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Competitive edge in science and technology innovation engine:

The Company highlighted the core engine of innovation, continued to strengthen the leading role of innovation, took science and technology innovation as an important strategic focus, and carried out the special plan for science and technology innovation. While ensuring the completion of the three-year action plan for scientific and technological innovation, the Company formulated new action plans for innovations with the focus on the new materials industry, the “carbon neutrality and carbon emission peaking” strategy and the transformation of digital intelligence. The Company compiled and implemented the action plan for the development of new materials industry (2023-2025) to lay a solid foundation for the development of new materials industry. The Company stimulated the science and technology innovation ecosystem resources, and carried out collaborative tackling of key problems centering on key matters such as “bottleneck” technology and industry-wide technology. The Company strengthened the synergy and cooperation among “1+N+X” science and technology innovation complexes of the Group, and opened up channels for transformation of scientific and technological achievements of “R&D side – demand side – market side”. The Company built an efficient innovation model with enterprises as the leader, forming a sound situation of upstream and downstream, production, supply and marketing, and large, medium and small enterprises developing in a coordinated way. The Company accelerated the cultivation of new industries and new businesses, took the initiative to provide application scenarios to ecosystem partners and advanced universities in the capital, and cultivated more “technologically advanced” enterprises, invisible champions and individual champion enterprise step by step. The Company promoted the high-quality development of innovative business with the help of the multi-tier capital market, and realized the steady growth of revenues from high-tech industries such as energy conservation and environmental protection, intelligent equipment, new materials, R&D design and inspection, and innovation incubation services. Jidong Cement is the first in the industry to obtain the highest “AAA” rating of the national integration system of IT application with industrialization. The Company successfully issued the first phase of RMB2.0 billion renewable corporate bonds for scientific and technological innovation. Five science and technology projects and a total of 21 key research projects have been launched, and the investment in R&D in the first half of the year surpassed the outstanding performance of enterprises in building materials industry. The relevant enterprises of the Company won 4 provincial and ministerial level science and technology awards; the Group was granted 245 patents, including 55 invention patents and 13 software copyrights.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company continued to deepen the construction of science and technology innovation system, and formulated the Detailed Rules for the Assessment and Evaluation of “1+N+X” Science and Technology Innovation Complexes and the Administrative Measures for the Transformation of Scientific and Technological Achievements (Trial) to improve the linkage system of science and technology innovation. The transformation of scientific and technological achievements was completed successfully. Mass production of high-performance concrete was realized in Tianjin and Chongqing; new refractory of Beijing BBMG Tongda Fire-resistant Technology Co., Ltd. was promoted and applied in Hebei BBMG Dingxin Cement Co., Ltd.; special cement and customized cement were successfully applied to key projects such as Dongzhuang Key Water Control Project in Shaanxi Province and the Xi’an Airport expansion.

3. Leading competitive edge in green development:

The Company promoted clean production as a new pollution prevention measure and environmental protection concept, and strictly implemented the clean production principle of “energy saving, carbon reduction, consumption reduction, pollution reduction and efficiency enhancement”, achieving the alignment of economic, social and environmental benefits of industrial production. The Company strengthened the top-level design of environmental management, formulated guidelines on enterprise environmental management and annual implementation plan for green and low-carbon transformation to provide guidance for the green transformation and development of enterprises.

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, built a green industry chain supply chain, led green transformation of production and consumption mode, and achieved pollution reduction, carbon reduction, synergy and efficiency improvement. The Company promoted green technology innovation, carried out green design, created green factories and green parks, and promoted ecological restoration and green mine construction. The scale of collaborative disposal of cement kilns ranked in the forefront of the industry, and the business radiated to Beijing-Tianjin-Hebei, Shanxi, Shaanxi, Northeast China and other regions, which constantly enhanced the social value of “urban purifier and good helper of the government”, and strengthened the pace of green and sustainable development. Through stable running and control, the Company’s pollutant emission level was significantly below the emission control requirements stipulated by the State, and the pollutant emission concentration of enterprises in key areas such as Beijing-Tianjin-Hebei and Fenwei Plain was significantly lower than the special emission limit set by the State. In the first half of 2023, the Company implemented 26 large-scale energy-saving technological transformation projects.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company seized the strategic opportunity of peak carbon dioxide emissions and carbon neutrality. The Company established the Group's leading group for "carbon neutrality and carbon emission peaking", built the foundation of the "carbon neutrality and carbon emission peaking" management system, and accelerated the construction of zero-carbon scenarios. The major structure of 100,000-ton carbon capture, storage and utilization demonstration project of Beijing BBMG Beishui Environmental Protection Technology Co., Ltd. was completed, the zero-carbon demonstration project of Xingfa Science Park (興發科技園) was completed, and obtained the zero-carbon building quality label, and the zero-carbon public building demonstration project of "Jinyu Mortar Science and Technology Innovation Center" (金隅砂漿科創中心) was completed. The Company made active efforts to develop the new energy industry, and performed related filling matters for 12 photovoltaic projects. The Company promoted the construction of "highway to railway" green supply in Beijing-Tianjin-Hebei, with a total of 20 channels entering Beijing opened for the first half of the year. The Company developed alternative fuels and promoted the green development of the whole process and life cycle of products. The Company organized the formulation of a non-coalification plan for cement enterprises in Beijing to support the green development of the capital.

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 methods, expanding financing channels and reducing financing costs. The Company promoted the construction of the financial intelligence analysis system and financial sharing center to improve the efficiency of capital management. Beijing BBMG Finance and BBMG Finance Lease played a professional role in improving the overall capital operation efficiency of the Company, broadening financing channels and preventing capital risks, thus realizing the organic integration of industrial capital and financial capital. The Company 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 BBMG Group's financing. The Company strengthened the rigid constraint of capital plan and properly optimized the debt structure. The Company successfully issued the perpetual bonds of RMB11.5 billion, constantly optimized the financing structure, continued to reduce the weighted financing cost, took the initiative to study and apply tax and fee reduction policies, and actively strived for fiscal and tax incentives.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Competitive edge in corporate 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.

The culture of BBMG is built based on experiences of numerous cadres and employees within the system. It aims to help employees realize their dreams, and is the driving force and cornerstone for BBMG’s substantial development. “BBMG” Brand has been consecutively honored as a well-known trademark in Beijing. The Company ranked 64th in the list of 2023 (20th) “China’s 500 Most Valuable Brands” with the value of RMB113.556 billion. Protecting His Persistence was selected into the “List of Outstanding Brand Story of State-owned Enterprises in 2022” by the State-owned Assets Supervision and Administration Commission of the State Council. The Smart Sharing Park of BBMG Intelligent Manufacturing Workshop won the third prize of “The First Digital Scenario Innovation Professional Competition of State-owned Enterprise” by the State-owned Assets Supervision and Administration Commission of the State Council. Beijing BBMG Tiantan Furniture Co., Ltd. was granted the “National May Day Labor Award”, and the crushing team of the Mine Operation Department of Datong Jidong Cement Co., Ltd. was awarded the title of “National Worker Pioneer”. Li Zhuqin, an employee of Datong Jidong Cement Co., Ltd., was named National Technical Expert. The good brand awareness and reputation have shaped a good cultural atmosphere and intellectual support for creating a new situation of high-quality development of BBMG.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The external environment facing China's current development is still intricate and complicated, and the profound changes unseen in a century are evolving rapidly in the world. Therefore, maintaining China's economic operation in a reasonable range still faces many challenges. Internationally, the world economic growth continues to slow down and fluctuate downward, the inflationary pressure is still relatively high, the macroeconomic trends and policies of major economies in the world have diverged, the Ukrainian crisis has severely impacted the global food, energy and supply chains and these problems are still going on, and the artificial intelligence technology represented by ChatGPT is profoundly affecting human production and lifestyle. Domestically, the main problems are insufficient domestic demand, unstable foundation of national economic recovery, and many hidden risks in key areas. However, China's economy has great development resilience and potential, and China will remain on a positive trajectory over the long run. With the increase of residents' income, the gradual strengthening of domestic demand to drive economy, the optimization and adjustment of supply structure and the growth of new kinetic energy, China's economy will recover steadily.

Responses: Seize the opportunity to expand effective demand. The Company will get in on the ground floor, adapt to changes and act accordingly and win market to promote the steady growth of core main businesses by making full use of its own industrial synergy advantages and with the help of the driving effect of national consumption and investment incentive policies such as promoting green building to the countryside, promoting household consumption, steadily promoting the renovation of urban villages in mega cities and supercities and the construction of public infrastructure for "dual purpose of normal and emergency use". The Company will firmly seize the new round of strategic opportunities for the coordinated development of Beijing-Tianjin-Hebei to optimize the industrial layout, strengthen industrial coordination and enhance the capacity and level of regional industrial and supply chains. The Company will strengthen the interconnection and communication with the partners in the industrial ecosystem to promote the implementation of more cooperation projects. The Company will strengthen the driving role of scientific and technological innovation, continuously increase investment in scientific research, speed up technological breakthroughs, accelerate the transformation of scientific research achievements, improve the talent cultivating mechanism and implement digital and intelligent transformation to boost industrial iterative upgrading and create a high-quality development engine. The Company will ensure security in the pursuit of development, maintain the safety and stability of industrial and supply chains, and strengthen and perfect the internal control and emergency disposal systems, so as to prevent and resolve various risk challenges.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Policy risk

The development of cement and real estate industry is directly affected by macroeconomic development and national macro-control policies. The central government put forward for the first time “to adapt to the new situation in which the supply and demand relationship in China’s real estate market has undergone major changes, and implement the policy of adjusting and optimizing real estate”, and to implement different policies in different cities and properly use the policy toolbox to better meet the rigid and improved housing needs of residents and promote the healthy and stable development of the real estate market. In the first half of the year, the relevant ministries and commissions optimized the centralized land supply policy and supported residents’ credit and the financing of real estate enterprises, but the effect was not good. The problem of serious overcapacity in the cement industry has not been fundamentally solved. China has comprehensively implemented supply-side structural reforms, strictly implemented the cement production capacity replacement policy, and improved the market-oriented and law-based long-term mechanism for resolving overcapacity. The implementation plan for peak carbon emission in the industrial field and cement industry has been implemented, and the industry is facing stricter policies for energy efficiency and environmental protection control. The industrial policies for double control of carbon emissions, adjustment of transportation structure and cleaner production are increasingly binding on the cement industry.

Responses: 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 efficiency. In terms of real estate business, the Company will focus on the improvement of product strength, brand strength, marketing capability and profitability, and make efforts on the improvement of economic benefits. The Company will take the initiative to meet the needs of urban renewal, improve the high-quality products and services, and maintain stable operation. The Company will make every endeavor to acquire more land reserves in the cities listed on the “white list”, and lay the foundation for the future development. For cement enterprises, the Company will adhere to the strategic thinking, proactively adapt to the new characteristics of industry development, enhance the market control power in the core regions, give play to the leading role of large enterprise, and promote the coordination and self-discipline of cement industry. The Company will adhere to the intensive and efficient development and promote the deep integration of industrial chain, innovation chain, capital chain and talent chain in cement industry, and enhance its ability of risk-resistance. The Company will take the initiative to implement the strategy of “carbon neutrality and peak carbon emission”, and accelerate the high-end, intelligent and green transformation.



MANAGEMENT DISCUSSION AND ANALYSIS

3. Risk of capital operation

In the first half of 2023, the prudent monetary policy was precise and powerful, and the People's Bank of China intensified countercyclical regulation to play the role of monetary policy tools to adjust both the monetary aggregate and the monetary structure. The People's Bank of China maintained the stability of re-lending and rediscount tools, continued to implement the support tools for inclusive loans to small and micro-sized enterprises and the loan support plan of "guaranteeing the delivery of buildings", continued to increase the support for inclusive finance, green development, scientific and technological innovation, infrastructure construction and other key areas and weak links of the national economy, and comprehensively implemented policies to support coordinated regional development, creating a suitable monetary and financial environment for promoting the overall improvement of economic operation. However, China's macro leverage rate is still high and the risks of local debts and corporate debts are rising, which, together with the influence of external trade game, RMB depreciation and other factors, makes the manufacturing industry and real estate industry face greater financial pressure.

Responses: The Company will continue to optimize the financing structure, expand financing channels, and raise funds at low cost to ensure the safety and stability of the Company's capital chain. The Company will strengthen the process control, carry out the special work of reduction of "accounts receivable and inventory", accelerate de-stocking and reduce accounts receivable. The Company will focus on deleveraging, strengthen the dual control of "debt scale and asset-liability ratio", and ensure that the asset-liability ratio is controlled at a reasonable level. The Company will push forward the asset securitization, and actively promote the implementation of its asset securitization project of accounts receivable in the concrete industry. The Company will give full play to the advantageous role of the finance company and financial leasing company, optimize the debt structure of the Company, and escort the overall capital operation of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Market competition risk

The cement industry encountered unprecedented difficulties in the first half of 2023. Affected by the overall weak demand and high inventories, the cement price continued to remain at a low level as compared with those in the same periods in history, making it more difficult for cement enterprises to operate, and the losses of cement enterprises continued to increase. Especially since the second quarter, the demand for cement in the peak seasons fell short of expectations, which, together with the disorderly price competition in some areas, intensified the decline in the quantity and price of the cement industry and greatly reduced the profits of the industry. Affected by multiple regulatory policies, the growth rate of investment in the real estate industry continued to decline, and the pressure to sell the inventories continued to increase. The real estate industry has changed from the “peak era” to the “quality era”, requiring that products and services shall have higher quality. The renovation of urban villages in mega cities and supercities in China will bring new opportunities to the real estate industry.

Responses: For the cement business, the Company should rationally face the current situation of cement market, adjust and optimize the marketing strategies based on the market situations in different regions, promote the rise of quantity, price and profit, and resolutely curb the downward trend of benefits. The Company should actively explore the regional development mode of the whole upstream and downstream industrial chain with cement as the core, and pilot such mode in some areas first. The Company should unswervingly implement the extensive development strategy of low-cost expansion, expand the advanced production capacity and enhance the development energy level. The Company should actively explore various forms of cooperation to achieve the advantage complementation with other enterprises, accelerate the promotion of regional industrial concentration, and lead and promote the high-quality development of the industry. For the real estate business, the Company should continuously improve the level of refined management, constantly optimize and improve a set of refined management processes of land acquisition, design, construction and sales, and enhance the management efficiency and market competitiveness. On the basis of properly implementing the policy for “accelerating cash flow” (好水快流) and “disposing of all inventories that should be disposed of”, the Company should actively explore the key areas on the “white list”, increase the land resources reserve, and seize the opportunity of urban renewal, so as to achieve the steady and sustainable development. The Company should play the role of “chain length” to drive the development of other industrial segments and enhance the overall economic benefits of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group's total assets amounted to approximately RMB284,439.4 million, representing an increase of approximately 1.0% from the beginning of the Reporting Period, which comprised total liabilities of approximately RMB190,810.7 million, minority interests of approximately RMB22,168.2 million and total equity attributable to the shareholders of the parent company of approximately RMB71,460.4 million. As at 30 June 2023, total shareholders' equity amounted to approximately RMB93,628.7 million, representing a decrease of approximately 1.3% from the beginning of the Reporting Period. As at 30 June 2023, the Group's net current assets were approximately RMB35,746.9 million, representing a decrease of approximately RMB2,232.8 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 67.1%, representing an increase of approximately 0.8 percentage point from the beginning of the Reporting Period.

As at 30 June 2023, the Group's cash and bank balances amounted to approximately RMB21,850.0 million, representing an increase of approximately RMB5,853.6 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 2023, the Group's interest-bearing bank borrowings amounted to approximately RMB71,536.6 million (as at 31 December 2022: RMB66,898.1 million) which bore fixed interest rates and were all denominated in Renminbi. Among these borrowings, approximately RMB36,829.0 million interest-bearing bank borrowings were due for repayment within one year, representing an increase of approximately RMB2,568.1 million from the beginning of the Reporting Period. Approximately RMB34,707.6 million interest-bearing bank borrowings were due for repayment after one year, representing an increase of approximately RMB2,070.4 million from the beginning of the Reporting Period. The Group's interest-bearing bank borrowings were all denominated in RMB.

During the Reporting Period, the Company has paid the principals and interests of borrowings in a timely manner. The Company has sufficient capital for its operations.

According to relevant Board resolutions and resolutions of the general meeting, if it is predicted that the interest and principal of the bonds cannot be repaid on time when due or if the interest and principal of the bonds cannot be repaid at the end of the period, the Company shall at least adopt the following measures:

1. No profits shall be distributed to the shareholders;

MANAGEMENT DISCUSSION AND ANALYSIS

2. Significant external investment, mergers and acquisitions, and other capital expenditure projects shall be postponed;
3. Salary and bonus of Directors and senior management shall be reduced or suspended;
4. The main responsible person in relation to the Company's bonds shall not be transferred.

As at the date of this announcement, the Company has strictly complied with and fulfilled the above undertakings.

DISCLOSEABLE TRANSACTIONS DURING THE REPORTING PERIOD

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

SPIN-OFF

The Company (i) directly holds 43.38% equity interest in Beijing Building Materials Testing Academy Co., Ltd. (北京建築材料檢驗研究院股份有限公司) (“**BBMTA**”, an indirect non-wholly owned subsidiary of the Company); (ii) holds approximately 26.52% and 1.18% equity interest in BBMTA through its two indirect non-wholly owned subsidiaries, Tianjin Building Materials Scientific Study Co., Ltd. Co., Ltd. (天津市建築材料科學研究院有限公司) and Hebei Building Material Industry Design & Research Institution (河北省建築材料工業設計研究院有限公司) respectively; and (iii) holds another approximately 28.92% equity interest in BBMTA through its direct wholly-owned subsidiary, Beijing Building Materials Academy Co., Ltd. (北京建築材料科學研究總院有限公司). On 29 September 2022, BBMTA submitted an application to the National Equities Exchange and Quotations Co., Ltd.* (全國中小企業股份轉讓系統有限責任公司) (“**NEEQ Co., Ltd.**”) for quotation of its shares on the National Equities Exchange and Quotations (the “**NEEQ**”) (the “**Proposed Spin-off**”).

As the Company does not intend to effect any sale of its shares in BBMTA in connection with the Proposed Spin-off, and there is no planned issue of new shares by BBMTA in connection with the Proposed Spin-off for now, BBMTA will remain an indirect non-wholly owned subsidiary of the Company immediately upon the completion of the Proposed Spin-off, and the financial results and position of BBMTA will continue to be consolidated in the financial statements of the Company. The Proposed Spin-off will not constitute a deemed disposal under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will not be required to obtain the approval by the shareholders' general meeting of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

According to Practice Note 15 to the Listing Rules, the Company has submitted an application in relation to the Proposed Spin-off to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for approval. The Listing Committee of the Stock Exchange confirmed that the Company may proceed with the Proposed Spin-off.

On 28 December 2022, BBMTA obtained the Letter on Approval of Quotation of the Shares of BBMTA on the NEEQ (《關於同意北京建築材料檢驗研究院股份有限公司股票在全國中小企業股份轉讓系統掛牌的函》) issued by NEEQ Co., Ltd., which gave consent to the quotation of the shares of BBMTA on the NEEQ.

The quotation and public transfer of the shares of BBMTA on the NEEQ has commenced on 11 January 2023.

For details of the Proposed Spin-off, please refer to the announcements of the Company dated 30 September 2022, 10 October 2022, 30 December 2022 and 11 January 2023.

CONNECTED TRANSACTION

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

COMMITMENTS

	<i>As at</i>	<i>Unit: RMB</i>
	30 June 2023	As at
	(Unaudited)	31 December 2022
		(Audited)
Asset acquisition or construction contracts entered into but not completed	825,472,544.67	699,644,218.25
Property development contracts entered into and being executed or will be executed	8,502,988,862.83	7,100,337,988.90
	9,328,461,407.50	7,799,982,207.15

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENCIES

		<i>Unit: RMB</i>
	As at	As at
	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Provision of guarantee on mortgage to third parties	Note 1 12,104,862,376.66	6,289,946,154.12
Provision of guarantee on loans and others to third parties	Note 2 810,000,000.00	840,000,000.00
Provision of guarantee on loans and others to related parties	Note 3 757,168,301.70	817,630,801.70
	13,672,030,678.36	7,947,576,955.82

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 RMB810,000,000.00 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 secured guarantees for three borrowings of RMB32,000,000.00, RMB20,000,000.00 and RMB15,000,000.00 for Anshan Jidong Cement Co., Ltd., which will expire on 25 August 2023, 29 November 2023 and 29 May 2024, respectively.

BBMG Corporation provided secured guarantee for Nanjing Huayu Real Estate Development Co., Ltd. (南京鐔隅房地產開發有限公司) with guarantee amount of RMB651,325,000.000, which will expire on 21 March 2023.

Beijing BBMG Property Development Group Co., Ltd. provided unconditional and irrevocable guarantees with joint obligations on letter of cash guarantee issued by Beijing Branch of CHINA BOHAI BANK CO., LTD. (渤海銀行股份有限公司) for Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司) with guarantee amount of RMB38,843,301.70, which will expire on 30 September 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 30 June 2023, certain of the Group's inventories, fixed assets, investment properties, land use rights, construction in progress and equity interest totaling approximately RMB29,193.0 million (as at 31 December 2022: RMB39,070.7 million) were pledged or mortgaged to secure the short-term and long-term loans of the Group, which accounted for approximately 10.3% of the total assets of the Group (as at 31 December 2022: 13.9%).

EMPLOYEES, TRAINING AND REMUNERATION POLICY

As at 30 June 2023, the Group had 45,112 employees in total (as at 31 December 2022: 45,991). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB3,465.7 million (for the six months ended 30 June 2022: RMB3,367.1 million), representing an increase of approximately 2.9%. 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.

The Group has established a firm new development concept and implemented the strategy of strengthening the enterprise through talents, so as to promote the development and growth of the Group's talent team and improvement of the overall quality, and support the high-quality development of the Group. According to the principle of "unified planning, decentralized management and hierarchical responsibility", the Company consolidated the talent training system, deepened and improved the training programs and created the shared learning resources.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

SIGNIFICANT INVESTMENTS

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5 percent or more of the Company's total assets as at 30 June 2023) during the Reporting Period.

LOAN ARRANGEMENTS GRANTED TO ENTITIES

During the Reporting Period, the Group did not grant any loan to any entity which is subject to disclosure requirements under Rule 13.13 of the Listing Rules.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDERS

During the Reporting Period, there was no pledge of Shares by the Controlling Shareholders.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF CONTROLLING SHAREHOLDERS

During the Reporting Period, there was no loan agreement of the Company with covenants relating to specific performance of the Controlling Shareholders.



MANAGEMENT DISCUSSION AND ANALYSIS

BREACH OF LOAN AGREEMENTS

During the Reporting Period, there was no breach of the loan agreements by the Company in which the loan involved would have a significant impact on the business operations of the Company.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

During the Reporting Period, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

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

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 June 2023, the total issued share capital of the Company was 10,677,771,134 shares, of which 8,339,006,264 were A Shares and 2,338,764,870 were H Shares. To the best knowledge of the directors of the Company (the “**Directors**”), the records of interest (being 5% or more of the Company’s issued share capital) as registered in the register of interests kept by the Company under section 336 of the Securities and Futures Ordinance (the “**SFO**”) were as follows:

Long positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
A Shares	Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司) (Note)	Direct beneficial owner	4,797,357,572	57.53	44.93
	State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality (Note)	Held by controlled corporation	4,797,357,572	57.53	44.93

Note: Beijing State-owned Capital Operation and Management Company Limited is a collectively-owned enterprise established under the laws of the PRC with registered capital fully paid up by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality.

Save as disclosed above, as at 30 June 2023, so far as was known to the Directors, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

OTHER INFORMATION

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

As at 30 June 2023, 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 (%)
Wang Zhaojia	Director	Beneficial owner	37,500 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 2023, 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 2023. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

OTHER INFORMATION

TRANSACTIONS IN RESPECT OF THE GROUP'S OWN SECURITIES

During the Reporting Period, the Group had neither issued nor granted any convertible securities, options, warrants or other similar rights. As at 30 June 2023, the Group had no redeemable securities.

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 2023.

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 save as disclosed in the section headed "Board Composition" below, the Board is of the view that the Company had fully complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

BOARD COMPOSITION

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

According to the resolution of the Board dated 9 February 2023, Mr. Jiang Yingwu, an executive director of the Company, was appointed as the chairman of the sixth session of the Board and the chairman of the Strategic Committee of the sixth session of the Board with effect from 9 February 2023 and the term of each appointment is the same as that of the sixth session of the Board. On the same day, the Board received the resignation report of Mr. Jiang Yingwu in relation to the resignation from the position of general manager of the Company due to job change, and the resignation from the position of general manager of the Company took effect on 9 February 2023. For details of the above changes, please refer to the announcement of the Company dated 9 February 2023.



OTHER INFORMATION

The Company received a resignation letter from the independent non-executive director of the Company, Ms. Li Xiaohui, on 3 April 2023. Ms. Li Xiaohui resigned as an independent non-executive director of the Company, the chairman of the Audit Committee, a member of the Remuneration and Nomination Committee and a member of the Strategic Committee due to her work re-designation. Following the resignation of Ms. Li Xiaohui as an independent non-executive Director, there is a vacancy for the chairman of the Audit Committee as required under Rule 3.21 of the Listing Rules. In order to satisfy the requirement under Rule 3.23 of the Listing Rules, at the 25th meeting of the sixth session of the Board held on 27 April 2023, (i) Mr. Hong Yongmiao, an independent non-executive director of the Company, has been elected as the chairman of the Audit Committee of the sixth session of the Board; (ii) Mr. Liu Taigang, an independent non-executive director of the Company, has been elected as the chairman of the Remuneration and Nomination Committee of the sixth session of the Board; and (iii) Mr. Hong Yongmiao has resigned as the chairman of the Remuneration and Nomination Committee of the sixth session of the Board but has remained as a member for the Remuneration and Nomination Committee of the sixth session of the Board. The above appointment took effect on 27 April 2023. The term of office of the newly elected chairmen of the Audit Committee and Remuneration and Nomination Committee and the remained member for the Remuneration and Nomination Committee is the same as the sixth session of the Board and as disclosed in the 2022 annual report of the Company. Upon above election of the Chairman of the Audit Committee, the Company has complied with relevant requirements under Rule 3.21 and Rule 3.23 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. For details of the above changes, please refer to the announcements of the Company dated 3 April 2023 and 27 April 2023.

On 14 June 2023, the Company received a resignation letter from Mr. Wu Dong (“**Mr. Wu**”) to tender his resignation as an executive director and a member of the Remuneration and Nomination Committee of the Company with effect from 14 June 2023. Mr. Wu’s resignation is a result of his work re-designation. For details of the above resignation of Mr. Wu, please refer to the announcement of the Company dated 14 June 2023.

OTHER INFORMATION

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to the provisions of the Listing Rules, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of two non-executive Directors and four independent non-executive Directors. At the meeting of the Audit Committee convened on 23 August 2023, the Audit Committee had reviewed and considered the Group's unaudited interim consolidated financial statements and the internal audit report for the six months ended 30 June 2023, reviewed the accounting principles and practices adopted by the Group, considered the Group's financial statements for the first half of 2023 and recommended their adoption by the Board.

As at the date of this report, members of the Audit Committee are Mr. Wang Zhaojia (non-executive Director), Mr. Gu Tiemin (non-executive Director), Mr. Yu Fei (independent non-executive Director), Mr. Liu Taigang (independent non-executive Director), Mr. Hong Yongmiao (independent non-executive Director) and Mr. Tam Kin Fong (independent non-executive Director). Mr. Hong Yongmiao is the chairman of the Audit Committee.

AUDITORS

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

INVESTOR RELATIONS MANAGEMENT

The Group strongly believes that investor relations are an integral part of maintaining good corporate governance of a listed company. During the Reporting Period, the Group has been actively maintaining contact with investors and keeping them abreast of the industry updates, corporate information and business development in a timely manner, so as to establish a platform for fair, open and transparent information disclosure. The Board Secretary, Zhang Jianfeng, is responsible for the investor relations of the Group with the full support from the Board and the senior management. During the six months ended 30 June 2023, the Group actively participated in various investor relations activities and provided real-time information to investors through its company website.

OTHER INFORMATION

1. Investor Forums and Conferences

During the Reporting Period, the Group endeavors to continue to actively participate in roadshows and presentations organized by sizable and major investment banks in major international financial markets in Hong Kong and overseas after the publication of the results announcement for 2022. The roadshows were proved to be an excellent opportunity and platform to convey a clear message to the investors about the Group's latest operational and financial performances and business prospect for the investors' deeper and clearer understanding of the Group. Meanwhile, the Group also held investors' online briefing on the results and telephone presentations during the Reporting Period, and actively organized one-on-one and group meetings with fund managers and analysts in various regions. During the Reporting Period, the Group has met with various analysts, fund managers and financial commentators and maintained close communications with institutional investors, providing them with up-to-date information about the Group.

2. Ongoing Communications with Shareholders, Investors and Analysts

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

3. Results and Profit Alert Announcements

The Group had prepared detailed result reports upon release of interim and annual results accompanied by a profit alert announcement where required under Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO. Investors' online briefing on the results and telephone presentations were also held to provide updates in relation to the market environment, financial performance, operating strategies and future prospects to the public in an accurate and effective manner, so as to maintain the Group's transparent investor relations strategy and strengthen the communications with the public.

OTHER INFORMATION

4. Maintaining Interactive Communications with Media

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

5. Timely Dissemination of Latest Corporate Updates

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

OTHER INFORMATION

INVESTOR INFORMATION**1. Share Particulars***H Shares*

Listing date	29 July 2009
Stock Exchange	Hong Kong Stock Exchange
Board lot	1,000 shares
Number of issued H Shares	2,338,764,870 shares (as at 30 June 2023 and 24 August 2023)
Stock code	02009.HK

A Shares

Listing date	1 March 2011
Stock Exchange	Shanghai Stock Exchange
Board lot	100 shares
Number of issued A Shares	8,339,006,264 shares (as at 30 June 2023 and 24 August 2023)
Stock code	601992.SH

2. Financial Calendar

2022 annual results announcement	published on 29 March 2023
2023 first quarterly results announcement	published on 27 April 2023
2023 interim results announcement	published on 24 August 2023
2022 Annual General Meeting	held on 11 May 2023
Closure of register of H shares members to determine the eligibility of shareholders to attend the 2022 Annual General Meeting	8 May 2023 – 11 May 2023
Financial year end	31 December

3. Dividends

2022 final dividends	RMB0.067 per share (inclusive of applicable tax) (or equivalent to HK\$0.076 per H share)
Closure of register of H shares members to determine the entitlement of shareholders to the 2022 final dividends	20 May 2023 – 25 May 2023
Payment of 2022 final dividends of H shares	10 July 2023

OTHER INFORMATION

For any queries, please contact:

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Review Report on Interim Financial Statements



Ernst & Young Hua Ming (2023) Zhuan Zi No. 60667053_A19

To the shareholders of BBMG Corporation,

We have reviewed the financial statements of BBMG Corporation, which comprise the consolidated and the Company's balance sheets as at 30 June 2023, and the consolidated and the Company's income statements, the statements of changes in shareholders' equity and the statements of cash flows for the the period from 1 January 2023 to 30 June 2023 and the notes to the financial statements. The management of BBMG Corporation is responsible for the preparation of the financial statements, while we are responsible for the presentation of a review report on the financial statements based on our review.

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

Based on our review, we have not been aware of any convincing events that the accompanying financial statements had failed to be prepared in accordance with the Accounting Standards for Business Enterprises or failed to present fairly, in all material aspects, the consolidated and the Company's financial position as well as the operating results and cash flows of BBMG Corporation.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: **Zhao Yuhong**

Chinese Certified Public Accountant: **Mi Jinjin**

Beijing, the PRC

24 August 2023

Unaudited Interim Consolidated Balance Sheet

As at 30 June 2023

RMB

Asset	Note V	30 June 2023 Unaudited	31 December 2022 Audited Restated
Current Assets			
Cash and bank balances	1	21,850,046,917.20	15,996,435,857.72
Financial assets held for trading	2	941,424,901.02	1,116,954,484.86
Bills receivable	3	525,792,951.21	422,263,122.28
Accounts receivable	4	10,334,288,685.06	7,618,174,146.44
Receivables financing	5	1,580,541,611.46	1,496,573,941.98
Prepayments	6	2,020,768,191.34	1,705,162,281.88
Other receivables	7	7,407,392,591.51	7,357,457,848.35
Inventories	8	103,699,878,066.67	111,184,131,016.91
Contract assets	9	251,507,856.65	222,802,259.67
Non-current assets due within one year	10	462,984,281.96	269,845,114.30
Other current assets	11	9,381,568,006.55	9,434,556,250.42
Total current assets		158,456,194,060.63	156,824,356,324.81
Non-current assets			
Debt investments	12	877,012,728.03	1,155,764,072.96
Long-term receivables	13	2,092,101,004.94	2,851,242,784.44
Long-term equity investments	14	7,042,449,089.68	7,736,678,183.35
Investment in other equity instruments	15	728,361,279.94	773,948,747.65
Other non-current financial assets	16	353,114,503.91	263,969,459.46
Investment properties	17	42,039,315,951.32	38,705,919,637.25
Fixed assets	18	42,545,819,050.32	43,653,968,153.58
Construction in progress	19	4,462,964,333.91	3,604,955,673.02
Right-of-use assets	20	938,728,193.97	953,854,888.87
Intangible assets	21	15,953,643,698.92	15,887,353,097.03
Goodwill	22	2,513,503,266.59	2,513,503,266.59
Long-term deferred expenditures	23	1,830,416,025.86	1,763,529,449.55
Deferred income tax assets	24	4,009,470,892.25	3,866,646,541.48
Other non-current assets	25	596,276,625.16	1,004,096,765.50
Total non-current assets		125,983,176,644.80	124,735,430,720.73
Total assets		284,439,370,705.43	281,559,787,045.54

The accompanying notes form an integral part of these financial statements

Unaudited Interim Consolidated Balance Sheet (continued)

As at 30 June 2023

RMB

Liabilities and equity attributable to shareholders	Note V	30 June 2023 Unaudited	31 December 2022 Audited Restated
Current liabilities			
Short-term loans	26	28,857,028,413.50	25,482,825,771.43
Bills payable	27	4,030,187,043.11	3,633,062,025.07
Accounts payable	28	19,396,130,017.95	19,027,359,975.08
Receipts in advance	29	316,678,464.46	315,238,031.96
Contract liabilities	30	33,571,122,656.23	30,357,771,576.04
Wages payable	31	282,520,990.57	541,223,371.35
Tax payable	32	1,087,123,190.76	1,841,142,424.48
Other payables	33	7,250,952,135.78	9,241,191,495.17
Non-current liabilities due within one year	34	15,407,145,309.12	16,724,946,325.58
Short-term financing bonds payable	37	7,051,501,917.81	5,000,000,000.00
Other current liabilities	35	5,458,892,780.29	6,679,901,096.51
Total current liabilities		<u>122,709,282,919.58</u>	<u>118,844,662,092.67</u>
Non-current liabilities			
Long-term loans	36	36,387,608,955.35	32,637,155,002.48
Bonds payable	37	23,017,304,333.99	26,493,958,938.44
Lease liabilities	38	489,156,477.19	481,532,950.83
Long-term payables	39	274,998,255.83	299,650,814.94
Long-term wages payable	40	448,298,516.16	449,511,908.54
Accrued liabilities	41	456,279,436.02	478,333,744.87
Deferred income	42	782,770,219.87	762,550,771.11
Deferred income tax liabilities	24	6,244,704,084.70	6,216,182,188.96
Other non-current liabilities		279,197.28	310,124.31
Total non-current liabilities		<u>68,101,399,476.39</u>	<u>67,819,186,444.48</u>
Total liabilities		<u>190,810,682,395.97</u>	<u>186,663,848,537.15</u>

The accompanying notes form an integral part of these financial statements

Unaudited Interim Consolidated Balance Sheet (continued)

As at 30 June 2023

RMB

Liabilities and equity attributable to shareholders	Note V	30 June 2023 Unaudited	31 December 2022 Audited
Equity attributable to shareholders			
Share capital	43	10,677,771,134.00	10,677,771,134.00
Other equity instruments	44	24,999,000,000.00	16,499,000,000.00
<i>Including: Perpetual bonds</i>		<i>24,999,000,000.00</i>	<i>16,499,000,000.00</i>
Capital reserve	45	5,432,314,011.21	5,432,314,011.21
Other comprehensive income	46	682,311,170.39	686,302,301.69
Specific reserve	47	86,153,140.07	62,794,408.27
Surplus reserve	48	2,620,134,353.87	2,620,134,353.87
General risk reserve	49	495,759,173.46	495,759,173.46
Retained earnings	50	<u>26,467,000,201.88</u>	<u>27,155,839,982.99</u>
 Total equity attributable to the shareholders of the parent company		 <u>71,460,443,184.88</u>	 63,629,915,365.49
 Minority interests		 <u>22,168,245,124.58</u>	 <u>31,266,023,142.90</u>
 Total equity attributable to shareholders		 <u>93,628,688,309.46</u>	 <u>94,895,938,508.39</u>
 Total liabilities and equity attributable to shareholders		 <u>284,439,370,705.43</u>	 <u>281,559,787,045.54</u>

The financial statements have been signed by:

Officer-in-charge of the Company:
Jiang Yingwu

Chief accountant:
Zheng Baojin

Head of the accounting department:
Zhang Qicheng

The accompanying notes form an integral part of these financial statements

Unaudited Interim Consolidated Income Statement

For the six months ended 30 June 2023

RMB

	Note V	January to June 2023 Unaudited	January to June 2022 Unaudited
Operating revenue	51	49,136,301,172.13	55,033,121,530.89
Less: Operating costs	51	43,624,250,774.73	46,646,807,462.05
Tax and surcharges	52	364,349,273.53	814,069,108.33
Selling expenses	53	1,140,672,621.36	1,130,350,447.37
Administrative expenses	54	3,267,483,302.50	3,224,908,186.31
Research and development expenses	55	260,995,648.21	196,413,341.28
Finance costs	56	1,295,006,381.58	1,515,177,756.22
Including: Interest expenses		1,332,249,656.17	1,518,860,577.73
Interest income		142,753,690.75	102,038,167.45
Add: Other gains	57	234,156,833.80	244,215,001.18
Investment gains	58	129,104,624.11	187,695,338.92
Including: Gains from investment in associates and joint ventures		62,339,666.03	148,318,125.69
Derecognition gains on financial assets measured at amortized cost		8,723,280.95	5,083,445.71
Gains from changes of fair value	59	336,701,770.55	308,853,821.23
Credit impairment losses	60	(60,825,197.19)	(80,310,951.02)
Asset impairment losses	61	(89,319,090.45)	(31,906,481.38)
Gains on disposal of assets	62	619,723,080.46	44,535,928.04
Operating profit		353,085,191.50	2,178,477,886.30
Add: Non-operating revenue	63	123,806,765.41	1,261,016,989.61
Less: Non-operating expenses	64	51,210,116.46	65,014,011.07
Total profit		425,681,840.45	3,374,480,864.84
Less: Income tax expenses	66	411,023,101.69	954,983,191.31
Net profit		14,658,738.76	2,419,497,673.53
Classified by continuing operations			
Net profit from continuing operations		14,658,738.76	2,419,497,673.53
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		410,060,289.04	1,835,550,026.15
Minority interests		(395,401,550.28)	583,947,647.38
Net other comprehensive income after tax		(38,148,589.37)	(82,550,921.12)

The accompanying notes form an integral part of these financial statements

Unaudited Interim Consolidated Income Statement (continued)

For the six months ended 30 June 2023

RMB

	Note V	January to June 2023 Unaudited	January to June 2022 Unaudited
Net other comprehensive income after tax attributable to shareholders of the parent company		(3,991,131.30)	(44,447,249.01)
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		(5,892,568.75)	3,000.00
Changes in fair value of investment in other equity instruments		(18,584,933.91)	(44,694,275.44)
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		(11,617,443.80)	(4,488,377.41)
Cash flow hedging reserves		4,359,230.05	733,367.25
Exchange differences on foreign currency translation		13,792,094.71	3,999,036.59
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		13,952,490.40	—
Net other comprehensive income after tax attributable to minority interests	46	(34,157,458.07)	(38,103,672.11)
Total comprehensive income		(23,489,850.61)	2,336,946,752.41
Total comprehensive income attributable to the shareholders of the parent company		406,069,157.74	1,791,102,777.14
Total comprehensive income attributable to minority interests		(429,559,008.35)	545,843,975.27
Basic earnings per share	67	0.0025	0.13
Diluted earnings per share		0.0025	0.13

The accompanying notes form an integral part of these financial statements

Unaudited Interim Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2023

RMB

For the six months ended 30 June 2023

	Equity attributable to the shareholders of the parent company										Total shareholders' equity
	Share capital	Other equity instruments Including: Perpetual bonds	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained earnings	Subtotal	Minority interests	
I. Balance at the end of last year and at the beginning of the period	10,677,771,134.00	16,499,000,000.00	5,432,314,011.21	686,302,301.69	62,794,408.27	2,620,134,353.87	495,759,173.46	27,155,839,982.99	63,629,915,365.49	31,266,023,142.90	94,895,938,508.39
II. Movements during the period											
(1) Total comprehensive income	-	-	-	(3,991,131.30)	-	-	-	410,060,289.04	406,069,157.74	(429,559,008.35)	(23,489,850.61)
(2) Capital contribution and reduction from shareholders											
1. Equity transactions that do not affect control	-	-	-	-	-	-	-	-	-	(6,400,000,000.00)	(6,400,000,000.00)
2. Reduction of minority interests upon disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(6,485,012.44)	(6,485,012.44)
3. Reduction of minority interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	(2,013,284,761.96)	(2,013,284,761.96)
4. Capital contributed by minority shareholders of non-wholly owned subsidiary	-	-	-	-	-	-	-	-	-	141,398,410.00	141,398,410.00
5. Issuance of perpetual bonds	-	11,500,000,000.00	-	-	-	-	-	-	11,500,000,000.00	-	11,500,000,000.00
6. Redemption of perpetual bonds	-	(3,000,000,000.00)	-	-	-	-	-	-	(3,000,000,000.00)	-	(3,000,000,000.00)
(3) Profit distribution											
1. Dividend to shareholders	-	-	-	-	-	-	-	(715,410,665.98)	(715,410,665.98)	(406,688,811.57)	(1,122,099,477.55)
2. Interest on perpetual bonds	-	-	-	-	-	-	-	(383,489,404.17)	(383,489,404.17)	-	(383,489,404.17)
(4) Specific reserve											
1. Appropriated during the period	-	-	-	-	87,861,280.88	-	-	-	87,861,280.88	83,106,574.83	170,967,855.71
2. Used during the period	-	-	-	-	(64,502,549.08)	-	-	-	(64,502,549.08)	(66,265,408.83)	(130,767,957.91)
III. Balance at the end of the period	10,677,771,134.00	24,999,000,000.00	5,432,314,011.21	682,311,170.39	86,153,140.07	2,620,134,353.87	495,759,173.46	26,467,000,201.88	71,460,443,184.88	22,168,245,124.58	93,628,688,309.46

The accompanying notes form an integral part of these financial statements

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

For the six months ended 30 June 2023

RMB

For the six months ended 30 June 2022

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

The accompanying notes form an integral part of these financial statements

Unaudited Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

RMB

	Note V	January to June 2023 Unaudited	January to June 2022 Unaudited
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		52,776,652,866.38	53,511,764,498.69
Refunds of taxes		482,894,246.51	125,919,992.66
Cash received from other operating activities	68	680,182,571.47	180,946,898.92
Subtotal of cash inflows from operating activities		53,939,729,684.36	53,818,631,390.27
Cash paid for goods and services		37,196,555,719.07	39,504,976,728.24
Cash paid to and on behalf of employees		3,716,858,772.97	3,541,638,179.83
Cash paid for all types of taxes		4,753,474,903.34	4,180,022,203.80
Net increase in deposits placed with the Central Bank		117,742,513.93	6,903,985.62
Cash paid for other operating activities	68	3,936,709,996.46	2,833,397,448.51
Subtotal of cash outflows from operating activities		49,721,341,905.77	50,066,938,546.00
Net cash flows from operating activities	68	4,218,387,778.59	3,751,692,844.27
II. Cash flows from investing activities:			
Cash received from redemption of investments		2,389,694,424.92	409,401,901.00
Cash received from return on investments		195,580,856.32	400,984,303.81
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		824,758,361.64	1,082,782,998.35
Cash received from other investing activities	68	1,235,719,430.73	2,822,922,228.83
Subtotal of cash inflows from investing activities		4,645,753,073.61	4,716,091,431.99
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,725,363,285.91	2,741,228,243.79
Cash paid for investments		707,244,155.29	2,877,971,956.55
Net cash paid for acquisition of subsidiaries and other operating units	68	-	124,673,398.49
Net cash paid for disposal of subsidiaries and other operating units	68	795,612.81	16,095,835.60
Cash paid for other investing activities	68	-	1,707,816,333.86
Subtotal of cash outflows from investing activities		2,433,403,054.01	7,467,785,768.29
Net cash flows from investing activities		2,212,350,019.60	(2,751,694,336.30)

The accompanying notes form an integral part of these financial statements

Unaudited Interim Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2023

RMB

	Note V	January to June 2023 Unaudited	January to June 2022 Unaudited
III. Cash flows from financing activities:			
Cash received from investment absorption		124,631,800.00	424,812,859.46
<i>Including: Cash received by subsidiaries from minority interests</i>		124,631,800.00	424,812,859.46
Cash received from issuance of bonds		7,000,000,000.00	8,200,000,000.00
Cash received from issuance of perpetual bonds		11,500,000,000.00	3,000,000,000.00
Cash received from borrowings		21,710,924,287.41	21,838,615,872.80
Cash received from other financing activities	68	<u>–</u>	<u>175,196,689.78</u>
Subtotal of cash inflows from financing activities		<u>40,335,556,087.41</u>	<u>33,638,625,422.04</u>
Cash paid for repayment of debts		15,349,037,534.26	17,582,520,754.88
Cash paid for distribution of dividends or profits or for interest expenses		2,667,103,642.30	3,337,800,716.56
<i>Including: Dividends and profits paid by subsidiaries to minority shareholders</i>		342,295,883.97	1,084,111,005.31
Cash paid for repayment of bonds		9,808,506,100.00	13,199,009,300.00
Cash paid for repayment of perpetual bonds		3,000,000,000.00	–
Cash paid for other financing activities	68	<u>9,023,913,037.68</u>	<u>2,286,863,242.70</u>
Subtotal of cash outflows from financing activities		<u>39,848,560,314.24</u>	<u>36,406,194,014.14</u>
Net cash flows from financing activities		<u>486,995,773.17</u>	<u>(2,767,568,592.10)</u>
IV. Effect of changes in exchange rate on cash and cash equivalents		<u>(10,129,379.92)</u>	<u>(16,820,984.90)</u>
V. Net increase/(decrease) in cash and cash equivalents		6,907,604,191.44	(1,784,391,069.03)
Add: Balance of cash and cash equivalents at the beginning of the period		<u>9,775,406,159.73</u>	<u>15,245,962,910.56</u>
VI. Balance of cash and cash equivalents at the end of the Period	68	<u>16,683,010,351.17</u>	<u>13,461,571,841.53</u>

The accompanying notes form an integral part of these financial statements

Unaudited Interim Balance Sheet of the Company

As at 30 June 2023

RMB

Assets	Note XIV	30 June 2023 Unaudited	31 December 2022 Audited
Current assets			
Cash and bank balances		6,782,230,186.91	5,576,380,941.68
Accounts receivable		8,967,851.92	18,318,892.40
Other receivables	1	59,711,402,206.84	66,506,150,598.27
Other current assets	2	632,310,000.00	632,310,000.00
Total current assets		<u>67,134,910,245.67</u>	<u>72,733,160,432.35</u>
Non-current assets			
Long-term equity investments	3	60,969,399,335.04	54,404,744,833.95
Investment in other equity instruments		200,000.00	200,000.00
Other non-current financial assets		353,114,503.91	263,969,459.46
Investment properties	4	13,546,178,775.63	13,430,463,319.88
Fixed assets		824,234,097.38	858,392,107.71
Intangible assets		339,839,973.95	305,745,638.35
Long-term deferred expenditures		19,526,746.17	9,640,701.23
Deferred income tax assets		318,439,754.01	318,439,754.01
Other non-current assets		458,575,333.11	506,377,834.05
Total non-current assets		<u>76,829,508,519.20</u>	<u>70,097,973,648.64</u>
Total assets		<u>143,964,418,764.87</u>	<u>142,831,134,080.99</u>

The accompanying notes form an integral part of these financial statements

Unaudited Interim Balance Sheet of the Company (continued)

As at 30 June 2023

RMB

Liabilities and equity attributable to shareholders	30 June 2023 Unaudited	31 December 2022 Audited
Current liabilities		
Short-term loans	21,758,642,705.22	19,132,310,000.00
Accounts payable	15,284,659.71	14,960,058.16
Receipts in advance	115,471,510.36	101,298,863.24
Wages payable	1,554,268.56	17,661,611.66
Tax payable	44,501,627.84	42,859,098.73
Other payables	4,004,371,653.02	4,038,122,523.03
Short-term financing bonds payable	7,051,501,917.81	5,000,000,000.00
Non-current liabilities due within one year	<u>9,544,440,633.75</u>	<u>22,834,140,952.40</u>
Total current liabilities	<u>42,535,768,976.27</u>	<u>51,181,353,107.22</u>
Non-current liabilities		
Long-term loans	21,580,570,000.00	17,066,570,000.00
Bonds payable	15,977,663,833.88	19,482,734,796.04
Long-term wages payable	172,407,117.46	237,462,411.46
Deferred income tax liabilities	<u>2,610,682,100.55</u>	<u>2,562,800,986.62</u>
Total non-current liabilities	<u>40,341,323,051.89</u>	<u>39,349,568,194.12</u>
Total liabilities	<u>82,877,092,028.16</u>	<u>90,530,921,301.34</u>

The accompanying notes form an integral part of these financial statements



Unaudited Interim Balance Sheet of the Company (continued)

As at 30 June 2023

RMB

Liabilities and equity attributable to shareholders	30 June 2023 Unaudited	31 December 2022 Audited
Equity attributable to shareholders		
Share capital	10,677,771,134.00	10,677,771,134.00
Other equity instruments	24,999,000,000.00	16,499,000,000.00
<i>Including: Perpetual bonds</i>	24,999,000,000.00	16,499,000,000.00
Capital reserve	6,674,854,902.82	6,674,854,902.82
Other comprehensive income	307,359,354.62	312,924,868.62
Surplus reserve	2,620,134,353.87	2,620,134,353.87
Retained earnings	15,808,206,991.40	15,515,527,520.34
Total equity attributable to shareholders	61,087,326,736.71	52,300,212,779.65
Total liabilities and equity attributable to shareholders	143,964,418,764.87	142,831,134,080.99

The financial statements have been signed by:

Officer-in-charge of the Company:

Jiang Yingwu

Chief accountant:

Zheng Baojin

Head of the accounting department:

Zhang Qicheng

The accompanying notes form an integral part of these financial statements

Unaudited Interim Income Statement of the Company

For the six months ended 30 June 2023

RMB

	Note XV	January to June 2023 Unaudited	January to June 2022 Unaudited
Operating revenue	5	588,590,079.20	499,765,328.92
Less: Operating costs	5	143,906,441.05	45,745,910.05
Tax and surcharges		63,370,629.80	73,354,739.65
Selling expenses		15,173,222.39	11,433,058.94
Administrative expenses		19,360,032.13	77,344,812.80
Research and development expenses		44,021,039.25	38,409,525.38
Finance costs		321,093,688.79	515,654,650.38
Including: Interest expenses		1,454,639,095.84	1,886,659,770.46
Interest income		1,163,827,818.52	1,422,946,686.95
Add: Other gains		421,174.73	–
Investment gains	6	716,266,300.35	1,562,173,933.26
Including: Share of investment gains of associates and joint ventures		12,504,501.09	1,936,425.82
Gains from changes in fair value		221,550,192.17	217,545,305.53
Gains on disposal of assets		501,140,166.83	105,223.68
Operating profit		1,421,042,859.87	1,517,647,094.19
Add: Non-operating revenue		19,910,271.02	9,204,597.49
Less: Non-operating expenses		1,492,475.75	2,300,559.89
Total profit		1,439,460,655.14	1,524,551,131.79
Less: Income tax expenses		47,881,113.93	38,386,326.38
Net profit		1,391,579,541.21	1,486,164,805.41
Classified by continuity of operations			
Net profit from continuing operations		1,391,579,541.21	1,486,164,805.41
Net other comprehensive income after tax		(5,565,514.00)	–
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		(5,565,514.00)	–
Total comprehensive income		1,386,014,027.21	1,486,164,805.41

The accompanying notes form an integral part of these financial statements

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

For the six months ended 30 June 2023

RMB

For the six months ended 30 June 2023

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the beginning of the period	10,677,771,134.00	16,499,000,000.00	6,674,854,902.82	312,924,868.62	2,620,134,353.87	15,515,527,520.34	52,300,212,779.65
II. Movements during the period							
(1) Total comprehensive income	-	-	-	(5,565,514.00)	-	1,391,579,541.21	1,386,014,027.21
(2) Capital contribution and reduction from shareholders							
1. Issuance of perpetual bonds	-	11,500,000,000.00	-	-	-	-	11,500,000,000.00
2. Redemption of perpetual bonds	-	(3,000,000,000.00)	-	-	-	-	(3,000,000,000.00)
(3) Profit distribution							
1. Dividend to shareholders	-	-	-	-	-	(715,410,665.98)	(715,410,665.98)
2. Interest on perpetual bonds	-	-	-	-	-	(383,489,404.17)	(383,489,404.17)
III. Balance at the end of the period	10,677,771,134.00	24,999,000,000.00	6,674,854,902.82	307,359,354.62	2,620,134,353.87	15,808,206,991.40	61,087,326,736.71

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

For the six months ended 30 June 2023

RMB

For the six months ended 30 June 2022

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

The accompanying notes form an integral part of these financial statements



Unaudited Interim Statement of Cash Flows of the Company

For the six months ended 30 June 2023

RMB

	January to June 2023 Unaudited	January to June 2022 Unaudited
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	535,424,011.81	500,566,457.59
Cash received from other operating activities	<u>23,679,763,970.08</u>	<u>11,870,553,191.59</u>
Subtotal of cash inflows from operating activities	<u>24,215,187,981.89</u>	<u>12,371,119,649.18</u>
Cash paid for goods and services	30,556,702.43	8,403,397.29
Cash paid to and on behalf of employees	56,332,134.51	49,983,371.91
Cash paid for all types of taxes	105,474,167.11	94,484,661.29
Cash paid for other operating activities	15,379,296,976.15	10,318,040,782.85
Subtotal of cash outflows from operating activities	<u>15,571,659,980.20</u>	<u>10,470,912,213.34</u>
Net cash flows from operating activities	<u>8,643,528,001.69</u>	<u>1,900,207,435.84</u>
II. Cash flows from investing activities:		
Cash received from redemption of investments	500,000,000.00	–
Cash received from return on investments	189,161,799.26	1,546,668,010.08
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<u>666,358,673.00</u>	<u>156,366.84</u>
Subtotal of cash inflows from investing activities	<u>1,355,520,472.26</u>	<u>1,546,824,376.92</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	16,774,546.57	18,808,928.97
Cash paid for investments	<u>7,057,387,801.18</u>	<u>261,731,506.85</u>
Subtotal of cash outflows from investing activities	<u>7,074,162,347.75</u>	<u>280,540,435.82</u>
Net cash flows from investing activities	<u>(5,718,641,875.49)</u>	<u>1,266,283,941.10</u>

The accompanying notes form an integral part of these financial statements

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

For the six months ended 30 June 2023

RMB

	January to June 2023 Unaudited	January to June 2022 Unaudited
III. Cash flows from financing activities:		
Cash received from issuance of bonds	7,000,000,000.00	7,500,000,000.00
Cash received from borrowings	14,008,800,000.00	12,900,500,000.00
Cash received from issuance of perpetual bonds	11,500,000,000.00	3,000,000,000.00
	<u>32,508,800,000.00</u>	<u>23,400,500,000.00</u>
Subtotal of cash inflows from financing activities		
	<u>32,508,800,000.00</u>	<u>23,400,500,000.00</u>
Cash paid for repayment of debts	19,484,500,000.00	11,474,800,000.00
Cash paid for distribution of dividends or profits or for interest expenses	1,934,842,880.97	2,166,245,876.69
Cash paid for repayment of bonds	9,808,494,000.00	11,999,000,000.00
Cash paid for repayment of perpetual bonds	3,000,000,000.00	-
	<u>34,227,836,880.97</u>	<u>25,640,045,876.69</u>
Subtotal of cash outflows from financing activities		
	<u>34,227,836,880.97</u>	<u>25,640,045,876.69</u>
Net cash flows from financing activities	<u>(1,719,036,880.97)</u>	<u>(2,239,545,876.69)</u>
IV. Net increase in cash and cash equivalents	1,205,849,245.23	926,945,500.25
Add: Balance of cash and cash equivalents at the beginning of the period	5,576,380,941.68	7,179,017,853.85
	<u>6,782,230,186.91</u>	<u>8,105,963,354.10</u>
VI. Balance of cash and cash equivalents at the end of the Period		
	<u>6,782,230,186.91</u>	<u>8,105,963,354.10</u>

The accompanying notes form an integral part of these financial statements

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

I. BASIC INFORMATION

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

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

The Company’s parent and ultimate controlling party are Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司) (hereinafter referred to as “BSCOMC”) and the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality, respectively.

These financial statements were approved for disclosure by a resolution of the board of directors of the Company on 24 August 2023.

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

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements are presented on a going concern basis.

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 30 June 2023 and their financial performance and cash flows for the six months ended 30 June 2023.

2. Accounting period

The accounting year for the Group is from 1 January to 31 December of each calendar year. The accounting period for this report is from 1 January to 30 June 2023.

3. Functional currency

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

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

4. Business combinations

Business combinations are classified into business combinations under common control and business combinations not under common control.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

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

4. Business combinations *(continued)*

Business combinations under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

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

Business combinations not under common control

A business combination not under common control is a business combination in which the combining entities are not ultimately controlled by the same party or parties both before and after the combination.

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

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

5. Consolidated financial statements

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

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

5. Consolidated financial statements *(continued)*

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

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

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

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

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

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

6. Classification of joint arrangements and joint operation

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

7. Cash and cash equivalents

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

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

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

The Group translates the amounts of foreign currency transactions occurred into its functional currency.

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

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

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the average exchange rate for the period during which the cash flows occur (Unless it is not appropriate to use such exchange rate to translate as a result of the exchange rate changes, such items will be translated at the spot exchange rate prevailing on the date when the cash flows incurred). The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

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

9. Financial instruments

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

Recognition and derecognition of financial instruments

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

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

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

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

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

Classification and measurement of financial assets

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

Financial assets are measured at fair value on initial recognition. However, if the accounts receivable or bills receivable arising from sales of goods or provision of services do not include significant financing components or does not consider financing components not exceeding one year, they shall be initially recognised at the transaction price.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

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

9. Financial instruments *(continued)*

Classification and measurement of financial assets (continued)

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

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

Debt instrument investment measured at amortised cost

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

Debt instruments investment at fair value through other comprehensive income

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

Equity instruments investment at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

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

9. Financial instruments *(continued)*

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at amortised costs. For financial liabilities at amortised costs, relevant transaction costs are included in the initial amounts recognised.

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

Financial liabilities at amortised costs

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

Impairment of financial instruments

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

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

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

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

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

9. Financial instruments *(continued)*

Impairment of financial instruments *(continued)*

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

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

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

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

Offset of financial instruments

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

Derivative financial instruments

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

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

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

9. Financial instruments *(continued)*

Convertible bonds

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

Transfers of financial assets

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

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

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

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

10. Inventories

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

Inventories are initially carried at cost. Except for properties under development and completed properties held for sale, cost of inventories comprises all costs of purchase, costs of conversion and other costs. The cost of inventories also includes gains or losses arising from purchase meeting the criteria of cash flow hedging transferred from other comprehensive income. The actual cost of inventories transferred out is determined by using the weighted average method. Turnover materials include low value consumables and packing materials. Low value consumables and packing materials are amortised by using the immediate write-off method.

Costs of properties under development and completed properties held for sale consist of land acquisition cost, construction cost, interests capitalised and other direct and indirect development expenses. Cost of properties under development is transferred to cost of completed properties held for sale upon completion of development. Within the construction cost, public ancillary facilities represent government-approved public ancillary projects, i.e. roads. The relevant costs are recognised under the properties under development, and are accounted for and allotted by cost object and cost item.

The Group adopts a perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories is recognised in profit or loss for the current period.

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

Contract performance costs classified as current assets are shown under inventories.

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For the six months ended 30 June 2023

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

11. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

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

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

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

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

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

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

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

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

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For the six months ended 30 June 2023

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

12. Investment properties

Investment properties are held to earn rentals or for capital appreciation or both. Investment properties include land use right that is leased out, land use right held for transfer upon capital appreciation, and building that is leased out.

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

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

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

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

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

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

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

13. Fixed assets

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

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

Except for those fixed assets formed by using production safety fees accrued, depreciation of fixed assets is calculated using the straight-line method. The useful lives, estimated net residual values and annual depreciation rates of fixed assets are as follows:

	Useful life	Estimated net residual value (%)	Annual depreciation rate (%)
Buildings	20-40 years	5	2.38-4.75
Machinery and equipment	15 years	5	6.33
Transportation equipment	6-10 years	5	9.50-15.83
Office and other equipment	5 years	5	19

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

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

14. Construction in progress

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

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

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For the six months ended 30 June 2023

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

15. Borrowing costs

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

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

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

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

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

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

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

16. Intangible assets

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

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

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

The useful life of each intangible assets is as follows:

	Useful life
Land use rights	25-60 years
Software use rights	5-10 years
Trademarks rights	Undetermined useful life
Mining rights	Amortised at volume of mining

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

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

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

16. Intangible assets *(continued)*

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

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

17. Impairment of assets

Impairment of assets other than inventories, contract assets and assets relating to contract assets, investment properties measured under the fair value model, deferred income tax assets, and financial assets are determined by the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs test for impairment. Goodwill arising from a business combination and intangible assets with indefinite useful life are tested for impairment at least once at the end of each year, irrespective of whether there is any indication that the asset may be impaired.

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

17. Impairment of assets *(continued)*

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

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

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

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

18. Long-term deferred expenditures

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

19. Employee benefits

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

Short-term benefits

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

Post-employment benefits (the defined contribution plan)

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

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

Post-employment benefits (the defined benefit plan)

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

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

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

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For the six months ended 30 June 2023

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

19. Employee benefits *(continued)*

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

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

Termination benefits

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

20. Accrued liabilities

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

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

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

21. Other equity instruments

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

For financial instruments classified as equity instruments (such as perpetual bonds), its issue, repurchase, sale or cancellation are treated by the Group as changes in equity, with related transaction costs deducted from equity. The Group's distribution to holders of equity instruments are treated as a distribution of profits.

22. Revenue from contracts with customers

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

Sales contracts of goods

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

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

22. Revenue from contracts with customers *(continued)*

Construction Contracts

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

Contracts for provision of services

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

Significant financing component

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

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

22. Revenue from contracts with customers *(continued)*

Warranty obligations

The Group provides quality assurance for the goods sold or the assets constructed pursuant to contractual agreement and laws and regulations. The Group performs accounting treatments in accordance with Note III. 20 with a view to providing guarantee to the customers that the goods sold meet the established quality standards. In addition to providing guarantee to the customers that the goods sold meet the established quality standards, providing the customers with a separate quality assurance for services is regarded as a separate performance obligation by the Group. Based on the relative proportion of the individual selling prices of providing quality assurance for goods and services, part of the transaction price is allocated to quality assurance of services and revenue is recognized when the customers take control of the services. In assessing whether quality assurance is provided as a separate service other than providing guarantee to the customers that the goods sold meet the established quality standards; the Group considers factors such as whether the quality assurance is a statutory requirement, the term of quality assurance and nature of the Group's commitment to perform its obligations.

Variable consideration

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

Sales return clause

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

Notes to Unaudited Interim Financial Statements

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

22. Revenue from contracts with customers *(continued)*

Main responsible person/agent

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

23. Contract assets and contract liabilities

The Group presented contract assets or contract liabilities on the balance sheet based on the correlation between the performance of obligations and customer payments. The Group offsets contract assets against contract liabilities under the same contract and presents the net amount.

Contract assets

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

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

Contract liabilities

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

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

24. Assets related to contractual cost

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

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

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

- (1) the costs relate directly to an existing contract or to an anticipated contract, including direct labour, direct materials, production overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only by the reason of the contract;
- (2) costs generate resources of the corporate that will be used in satisfying performance obligations in the future;
- (3) the costs are expected to be recovered.

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

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

- (1) The remaining amount of consideration that the corporation expects to receive in exchange for the goods or services to which the assets relates;
- (2) the estimated costs to be incurred for the exchange of the related goods or services.

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

25. Government grants

Government grants are recognised when all attaching conditions can be complied with and the grant can be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value cannot be reliably determined, it is measured at a nominal amount.

Government grants shall be recognised as government grants related to assets where long-term assets are built or otherwise developed in accordance with the requirements of government documents. If there are no specific requirements of government documents, judgment shall be exercised based on the basic conditions required for the grants. Government grants shall be recognised as government grants related to assets where the building or otherwise development of long-term assets is considered as the basic condition; otherwise, they shall be recognised as government grants related to income.

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

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

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

26. Deferred income tax

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

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

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

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

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

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

Notes to Unaudited Interim Financial Statements

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

26. Deferred income tax *(continued)*

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

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

27. Right-of-use assets

On the commencement date of the lease term, the Group recognises its right to use the lease assets over the lease term as the right-of-use asset, which is initially carried at cost. The cost of the right-of-use asset includes: the initial measurement amount of the lease liability; the amount of the lease payment on or before the commencement date of the lease term, deducting the relevant amount of the lease incentives already enjoyed if there is a lease incentive; the initial direct expenses incurred by the lessee; and the cost expected to be incurred by lessee for dismantling and removing the lease assets, restoring the site where the lease assets are located or restoring the lease assets to the state agreed upon under the lease terms. When the Group re-measures the lease liabilities due to the change in lease payment amount, it shall adjust the carrying amounts of the right-of-use assets accordingly. The Group subsequently depreciated the right-of-use assets using the straight-line method. If it is reasonable to determine that the ownership of the lease assets can be obtained at the expiration of the lease term, the Group will provide for depreciation during the remaining useful life of the lease assets. If it is not reasonable to determine that the ownership of the lease assets can be obtained at the expiration of the lease term, the Group will provide for depreciation during the shorter of the lease term and the remaining useful life of the lease assets.

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

28. Lease liabilities

On the commencement date of the lease term, the Group recognises the present value of the outstanding lease payments as lease liabilities, except for short-term leases and low-value asset leases. The lease payments include fixed payments and in-substance fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option and payments for exercising the option to terminate a lease, if the Group is reasonably certain to exercise that option or the lease term reflects the Group exercising the option to terminate.

In calculating the present value of the lease payments, the Group uses the implicit interest rate in the lease as the discount rate; if the implicit interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liabilities for each period of the lease term based on the fixed periodic interest rate and recognises it in profit or loss for the current period, unless otherwise stipulated to be recognized in related asset costs. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred, unless otherwise stipulated to be recognised in related asset costs.

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

29. Leases

On the contract start date, the Group assesses whether the contract is a lease or contains a lease. If one of the parties to the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or contains a lease.

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

29. Leases *(continued)*

As a lessee

Except for short-term leases and low-value asset leases, the Group recognises the right-of-use assets and lease liabilities for the lease, please refer to Notes III. 27 and III. 28 for the accounting treatment.

Short-term lease and low-value asset lease

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

As a lessor

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

As a lessor of a finance lease

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

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

As a lessor of an operating lease

Rental income under an operating lease is recognized through profit or loss using the straight-line method for each period of the lease term. Variable lease payments not included in the measurement of the net investment in the lease are recognized in profit or loss as incurred. The initial direct expenses are capitalised and amortised over the lease term on the same basis as rental income is recognized, recognized in profit or loss in the current period.

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

29. Leases *(continued)*

Sale and leaseback transactions

The Group will estimate and determine whether the asset transfer under the sale and leaseback transactions shall be treated as a sale according to Note III. 22.

As a lessee

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

As a lessor

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

30. Hedge accounting

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

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

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

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

30. Hedge accounting *(continued)*

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

The Group's methodology for assessing the effectiveness of hedging, risk management strategy and how to apply the strategy to manage risks are described in Note V. 71.

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

Fair value hedge

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

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

Cash flow hedging

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss.

If the expected transaction being hedged is subsequently recognized as non-financial assets or non-financial liabilities, or when the expected transaction of non-financial assets or non-financial liabilities forms the definitive commitment under applicable fair value hedge, the amount of cash flow hedging reserves originally recognized in other comprehensive income shall be transferred out and included in the initial recognized amount of that asset or liability item. For the remaining cash flow hedge, during the same period in which the expected cash flow being hedged affects profit or loss, if an expected sale occurs, the cash flow hedging reserves recognized in other comprehensive income shall be transferred out and included in profit or loss for the current period.

31. Profit distribution

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

32. Production safety cost

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

33. Fair value measurement

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

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

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

34. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. The uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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

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

Judgments

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

Operating lease commitments – as a lessor

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

Classification between investment properties and inventories

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

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

The Group considers that it controls Tangshan Jidong Equipment & Engineering Co., Ltd. (hereinafter referred to as "Jidong Equipment") even though it owns less than half of the voting rights. This is because the Group is the single largest shareholder of Jidong Equipment, indirectly holding 30% of the shares with voting rights. Other shares of Jidong Equipment are widely held by many other shareholders. Since the date of acquisition, no other shareholders have collectively exercised their voting rights or have more votes than the Group.

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

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

Judgments (continued)

Classification between investment properties and fixed assets

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

Other equity instruments – perpetual bonds

As described in Note V. 44, the Group issued perpetual bonds of RMB3.0 billion, RMB7.999 billion, RMB5.5 billion and RMB11.5 billion from January to June 2020, 2021, 2022 and 2023, respectively. Pursuant to the relevant prospectuses, perpetual bonds investment contracts and other documents, upon comprehensive consideration by the management of the Group that the perpetual bonds have no maturity dates or the Group has the right to extend for unlimited number of times upon the maturity thereof, and has the right to deferred the payment of coupon interests on the perpetual bonds, and that the Group has no contractual obligations to pay cash or other financial assets nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds, the Group classifies the perpetual bonds as equity instruments, and the subsequent declared distribution will be treated as distribution to the holders of the equity.

Business model

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

Notes to Unaudited Interim Financial Statements

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

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

Judgments (continued)

Characteristics of contract cash flow

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

Uncertainty of estimation

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods are discussed below.

Impairment of financial instruments

The Group uses expected credit losses model to conduct assessment on the impairment of financial instruments. The application of expected credit losses model requires significant judgment and estimation and takes into account all reasonable and reliable information, including forward-looking information. When making such judgment and estimation, the Group predicts the expected changes in credit risk of the obligor based on its historical data of repayment together with factors such as economic policy, macroeconomic indicators and industry risk. Differences in estimates may have an impact on the provision for Impairment. A provision for impairment may not be equal to the actual amount of impairment losses in the future.

Impairment of goodwill

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

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

Uncertainty of estimation (continued)

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

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

Fair value of non-listed equity investment

The Group determines the fair value of non-listed equity investment using the market approach. This requires the Group to ascertain comparable listed companies, select market multiples and make estimates on liquidity discounts, thereby giving rise to uncertainties.

Deferred income tax assets

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

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

Uncertainty of estimation (continued)

Land appreciation tax

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

Fair value of investment properties

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

Recognition and allocation of development costs on properties under construction

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

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

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

Uncertainty of estimation (continued)

Provision for decline in value of inventory

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

Measurement of defined benefit obligations

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

Useful lives and residual values of fixed assets

Fixed assets are depreciated over their estimated useful lives by taking into account of their residual values. The Group regularly reviews the estimated useful lives and residual values of relevant assets to determine the total amount of depreciation which will be included in each reporting period. Useful lives and residual values of assets are determined on the basis of the previous experience from assets of the same category and the expected change of technology. If the past estimates change significantly, the depreciation costs shall be adjusted during future periods.

Lessee's incremental borrowing rate

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

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

35. Changes in accounting policies and accounting estimates

Changes in accounting policies

Recognition of deferred income taxes in relation to the lease and retirement obligation

According to the Interpretation No. 16 of Accounting Standards for Business Enterprises issued in 2022, a single transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss, and where the equivalent taxable temporary differences and deductible temporary differences arise from the initial recognition of assets or liabilities, is not applicable to the provisions in relation to exemption of the initial recognition of deferred income taxes. The above provisions came into force since 1 January 2023, for lease transaction that lease liabilities are initially recognized and included in the right-of-use assets on the commencement date of the lease term, and transactions that accrued liabilities are recognized and charged to the costs of fixed assets as a result of the retirement obligation of fixed assets, it shall recognize corresponding deferred income tax liabilities and deferred income tax assets, respectively, instead of the original unrecognition of deferred income taxes due to the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities. According to the transitional provisions, the Group made adjustments to the above-mentioned transactions that occurred between the beginning of the earliest period of presentation of financial statements in which the interpretation was first applied and the date of change in accounting policies; for taxable temporary differences and deductible temporary differences arising from the lease liabilities and right-of-use assets and accrued liabilities and fixed assets related to the retirement obligation recognized due to the above-mentioned transactions that applied such interpretation at the beginning of the earliest period of presentation of financial statement in which the interpretation was first applied, the adjustments by the Group have no cumulative impact on retained earnings at the beginning of the earliest period of presentation of financial statements.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

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

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

The major impacts of the retroactive adjustment caused by the above change in accounting policies on financial statement are as follows:

The Group

30 June 2023

	Before change in accounting policies Balance at the beginning of the period	Change in accounting policies Lease and retirement obligations	After change in accounting policies Balance at the beginning of the period
Deferred income tax assets	3,826,913,824.26	39,732,717.22	3,866,646,541.48
Deferred income tax liabilities	<u>6,176,449,471.74</u>	<u>39,732,717.22</u>	<u>6,216,182,188.96</u>

31 December 2022

	Before change in accounting policies Balance at the beginning of the year	Change in accounting policies Lease and retirement obligations	After change in accounting policies Balance at the beginning of the year
Deferred income tax assets	3,711,928,081.48	36,919,720.12	3,748,847,801.60
Deferred income tax liabilities	<u>6,044,933,885.02</u>	<u>36,919,720.12</u>	<u>6,081,853,605.14</u>

The above change in accounting policies has no impact on the financial statements of the Company.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

IV. TAXATION

1. Major categories of taxes and respective tax rates

Value-added tax (VAT):	The Group's taxable revenue of the general taxpayer is calculated based on the corresponding tax rate, and the VAT is calculated based on the difference after deducting the input tax amount deductible for the current period. For the sand, soil and stone materials used in construction and production of construction materials sold by the Group, VAT is levied based on the sales revenue at a simplified tax rate of 3%. For the concrete company, VAT is levied based on the sales revenue at a simplified tax rate of 3%. For other goods sold by the Group, it is subject to output tax rate of 13%. For small-scale taxpayers, VAT is levied based on the sales revenue at a simplified tax rate of 3%. For financial leasing companies, VAT is levied based on the rental income at a simplified tax rate of 6%. For the sale of immovables of property developers, the VAT payable is determined by the output VAT calculated based on the taxable revenue from general taxpayers at the tax rate of 9%, and those general taxpayers who are eligible under the Transition Policy may choose to be levied at the simplified rate of 5%. The rate of VAT for tourism and entertainment service, food and beverage and accommodation service, transportation services and professional technical services is 6%, and that for immovable leasing service is 9%.
City maintenance and construction tax:	It is levied at 7%, 5% and 1% of actual VAT paid.
Education surcharge:	It is levied at 3% of actual VAT paid.
Property tax:	It is levied based on the values of properties owned or used by the Group at the percentages prescribed by the tax laws. The tax of self-occupied properties is levied according to the values of the properties at an annual tax rate of 1.2%, which is calculated and paid based on the original value of the property less 10%-30% of that value; the tax of lease out properties is levied according to the rent at an annual tax rate of 12%, which is calculated and paid based on the rental income.
Vehicle and vessel tax:	It is levied by number for passenger vehicles and by tonnage for trucks on vehicles owned or managed by the Group.
Land use tax:	It is levied based on the land areas occupied by the Group for production and operations, at the annual tax amount per sq.m. for the respective land use tax levels prescribed by local governments.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

IV. TAXATION *(continued)*

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

Individual income tax:	Individual income tax is withheld and paid under the tax laws based on salaries and other personal incomes paid to employees of the Group.
Land appreciation tax:	It is levied at four-level excess progressive tax rates ranging from 30% to 60% on the appreciation of land value for any land use right and buildings on the ground or other structures annexed thereto from which VAT arises as a result of the transfer of ownership by the Group at a consideration.
Resource tax:	Under the relevant tax laws of the PRC, it is levied to the minerals exploited by the Group on a quantity basis or price basis. The Group shall pay the resource tax based on the groundwater.
Corporate income tax:	Except for the corporate income tax of BBMG Hong Kong Limited and Jidong Development (HK) International Ltd levied at the rate of 16.5% based on the taxable profits and the income tax concessions entitled to by some of the enterprises comprising the Group as below, the Group's corporate income tax is levied at the tax rate of 25% based on the taxable profit.

2. Tax concessions

Corporate income tax

- a. Certain subsidiaries of the Group are certified as high-tech enterprises by relevant governmental authorities and enjoy a preferential corporate income tax rate of 15% for high-tech enterprises pursuant to the implementation rules of the Law on Enterprise Income Tax of the People's Republic of China and the Notice of the State Administration of Taxation of the PRC regarding Income Tax Preferences for High-tech Enterprises (《國家稅務總局關於高新技術企業所得稅優惠有關問題的通知》). Tangshan Jidong Mechanical and Electrical Equipment Mongolia Co., Ltd., a subsidiary of the Group, is a non-resident enterprise and is subject to corporate income tax at the applicable tax rate of 10% according to local regulations. The subsidiaries of the Group including Jilin Jidong Development Dunshi Engineering Co., Ltd., Bishan Jidong Development Dunshi Engineering Co., Ltd., Datong Jidong Cement Dunshi Engineering Co., Ltd., Tangshan Jidong Property Service Co., Ltd., Weikelai Jidong Wear-Resistant Technology Engineering (Tangshan) Co., Ltd., Nanjing Jinjiazhuo Decoration Co., Ltd. and Chongqing Jinyu Xintuo Hotel Management Co., Ltd. enjoy the preferential corporate income tax policy for small and micro enterprises during the period.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

IV. TAXATION (continued)

2. Tax concessions (continued)

Corporate income tax (continued)

- b. In accordance with the Indices on Income Tax Preferential Policies for Enterprises Engaging in Environmental Protection as well as Energy and Water Saving Projects (《環境保護、節能節水項目企業所得稅優惠政策目錄》), Laishui BBMG Environmental Protection Technology Co., Ltd. (涇水金隅冀東環保科技有限公司) (from 1 January 2018 to 31 December 2023) enjoys the preferential corporate income tax policy of “three-year exemption and three-year 50% reduction”.
- c. Pursuant to the Notice on the Issues concerning the Taxation Policies for Deepening the Implementation of the Develop-the-West Strategy (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) (Cai Shui [2011] No. 58), Announcement No. 12, 2012 of the State Administration of Taxation on the Corporate Income Tax in relation to Deepening the Implementation of the Western Development Strategy (《關於深入實施西部大開發戰略有關企業所得稅問題的公告》) and Announcement No. 23, 2020 of the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission of Announcement on Renewing Income Tax Policy for Western Development (《關於延續西部大開發企業所得稅政策的公告》), certain subsidiaries of the Company located in Western China meeting the criteria were subject to corporate income tax at rate of 15% after obtaining the approval from the competent tax authorities.
- d. Pursuant to the Approval of the Implementation Plan of Corporate Income Tax Relief Policy in Dachang Hui Autonomous County (《關於大廠回族自治縣企業所得稅減免政策實施方案的批復》) (Ji Cai Shui [2011] No. 13), Beijing Sanchong Mirror (Dachang) Co., Ltd, a subsidiary of the Group, is entitled to a preferential corporate income tax rate of 15%.

Value-added tax (VAT)

Certain subsidiaries of the Group enjoy the following VAT preferences:

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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IV. TAXATION *(continued)*

2. Tax concessions *(continued)*

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

- b. In accordance with the relevant policies of the “Announcement on Improving the Value-added Tax Policy for Comprehensive Utilization of Resources” (關於完善資源綜合利用增值稅政策的公告) (Cai Shui (2021) No. 40) which took effect from 1 March 2022, a minor portion of products of BBMG Mortar Co., Ltd., Tianjin Jinyu Treasure Bright Mortar Co., Ltd. and Tangshan Dunshi Dry Powder Building Materials Co., Ltd., being the subsidiaries of the Group, meet the requirement of Comprehensive Utilization of Resources, enjoying 70% VAT refund upon collection.
- c. In accordance with the requirements of the Notice concerning the Value-added Tax Policy for Novel Wall Materials (《關於新型牆體材料增值稅政策的通知》) (Cai Shui [2015] No. 73), Tangshan Jinyu Aerated Concrete Co., Ltd., a subsidiary of the Group, enjoy 50% VAT refund upon collection in respect of their eligible novel wall materials.
- d. In accordance with the requirements of the Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products (《財政部國家稅務總局關於軟件產品增值稅政策的通知》) (Cai Shui [2011] No. 100), Tangshan Dunshi Information and Technology Co., Ltd. enjoys the preferential VAT policy of refund upon collection in respect of the actual tax burden exceeding 3% for the software it sells.
- e. According to Item 2, Article 1 of Appendix 3 to the Notice of the Ministry of Finance and the State Administration of Taxation concerning the Overall Implementation of the Pilot Program of Levying Value-added Tax in lieu of Business Tax (《財政部國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36), the elderly services provided by Beijing BBMG Aixin Binhe Elderly Services Co., Ltd., Beijing BBMG Aixin Taihe Senior Care Service Co., Ltd, Beijing BBMG Aixin Tonghe Senior Care Service Co., Ltd. and Beijing BBMG Senior Care Industry Investment Management Co., Ltd. are exempted from VAT.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	30 June 2023	31 December 2022
Cash on hand	201,454.37	275,503.49
Bank deposits	19,838,972,697.57	14,056,279,800.60
Other cash and bank balances	616,289,392.66	663,039,694.96
Statutory deposit reserve placement with central bank by finance company	<u>1,394,583,372.60</u>	<u>1,276,840,858.67</u>
	<u>21,850,046,917.20</u>	<u>15,996,435,857.72</u>

Cash and bank balances with restrictions:

	30 June 2023	31 December 2022
Statutory deposit reserve placement with central bank by finance company	1,394,583,372.60	1,276,840,858.67
Deposits for letter of credit	25,250,791.05	25,885,885.11
Quality/performance guarantees	391,682,753.37	397,064,650.72
Deposits for acceptance bills	171,950,750.70	208,413,287.04
Restricted part of property pre-sale funds	3,009,248,353.09	4,100,592,811.49
Other cash and bank balances with restrictions	<u>174,320,545.22</u>	<u>212,232,204.96</u>
	<u>5,167,036,566.03</u>	<u>6,221,029,697.99</u>

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

As at 30 June 2023, the Group's cash and bank balances deposited overseas amounted to RMB62,341,366.32 (31 December 2022: RMB73,512,223.83).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

2. Financial assets held for trading

	30 June 2023	31 December 2022
Financial assets at fair value through profit or loss		
Debt instrument investment	927,130,401.02	1,104,962,284.86
Equity instrument investment	14,294,500.00	11,992,200.00
	941,424,901.02	1,116,954,484.86

3. Bills receivable

	30 June 2023	31 December 2022
Commercial acceptance bills	472,073,795.52	450,043,866.70
Bank acceptance bills	73,342,984.14	–
Less: Provision for bad debts of bills receivable	19,623,828.45	27,780,744.42
	525,792,951.21	422,263,122.28

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

	30 June 2023		31 December 2022	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Commercial acceptance bills	–	173,140,817.10	–	338,598,540.64
Bank acceptance bills	–	7,030,000.00	–	–
	–	180,170,817.10	–	338,598,540.64

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Bills receivable (continued)

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

	30 June 2023	31 December 2022
Commercial acceptance bills	179,674,379.95	195,995,079.12

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

	30 June 2023	31 December 2022
Balance at the beginning of the period/year	27,780,744.42	83,232,369.02
Provision for the period/year	1,904,582.00	736,229.88
Reversal for the period/year	(10,755,254.28)	(52,237,975.95)
Others	693,756.31	(3,949,878.53)
Balance at the end of the period/year	19,623,828.45	27,780,744.42

See Note VIII. 2 for transfer of bills receivable.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable

The credit periods of accounts receivable are generally 1 to 6 months. Accounts receivable are non-interest bearing.

An aging analysis of accounts receivable is as follows:

	30 June 2023	31 December 2022
Within 1 year	7,907,774,279.03	5,250,658,073.41
1 to 2 years	1,963,536,131.02	2,017,751,554.86
2 to 3 years	1,068,959,876.90	1,048,098,667.18
3 to 4 years	612,483,545.54	453,389,027.64
4 to 5 years	215,274,332.85	219,444,072.16
Over 5 years	1,394,362,473.72	1,350,723,570.94
	13,162,390,639.06	10,340,064,966.19
Less: Provision for bad debts of accounts receivable	2,828,101,954.00	2,721,890,819.75
	10,334,288,685.06	7,618,174,146.44

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

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

	30 June 2023	31 December 2022
Balance at the beginning of the period/year	2,721,890,819.75	2,607,321,953.57
Provision for the period/year	132,267,301.15	283,588,692.73
Transferred in upon acquisition of subsidiaries	–	2,483,101.56
Reversal for the period/year	(9,246,771.63)	(49,774,374.15)
Write-off for the period/year	–	(67,542,252.91)
Transferred out upon disposal of subsidiaries	(10,456,023.12)	(59,104,718.44)
Other (transfer out)/transfer in	(6,353,372.15)	4,918,417.39
	2,828,101,954.00	2,721,890,819.75

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

	30 June 2023				
	Balance of carrying amount		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individual provision for bad debts	1,626,092,500.29	12.35	705,627,150.20	43.39	920,465,350.09
Provision for bad debts by credit risk characteristics group	11,536,298,138.77	87.65	2,122,474,803.80	18.40	9,413,823,334.97
	<u>13,162,390,639.06</u>	<u>100.00</u>	<u>2,828,101,954.00</u>	<u>21.49</u>	<u>10,334,288,685.06</u>

	31 December 2022				
	Balance of carrying amount		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individual provision for bad debts	1,474,552,859.47	14.26	716,029,437.58	48.56	758,523,421.89
Provision for bad debts by credit risk characteristics group	8,865,512,106.72	85.74	2,005,861,382.17	22.63	6,859,650,724.55
	<u>10,340,064,966.19</u>	<u>100.00</u>	<u>2,721,890,819.75</u>	<u>26.32</u>	<u>7,618,174,146.44</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

As at 30 June 2023, accounts receivable which were subject to individual provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Unit 1	95,793,205.69	20,081,584.22	20.96	Partly uncollectible
Unit 2	67,170,448.13	67,170,448.13	100.00	All uncollectible
Unit 3	57,803,440.23	57,803,440.23	100.00	All uncollectible
Unit 4	41,669,156.58	41,669,156.58	100.00	All uncollectible
Unit 5	35,231,464.62	13,284,554.50	37.71	Partly uncollectible
Other units	<u>1,328,424,785.04</u>	<u>505,617,966.54</u>	38.06	Partly uncollectible
	<u>1,626,092,500.29</u>	<u>705,627,150.20</u>		

As at 31 December 2022, accounts receivable which were subject to individual provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Unit 1	95,793,205.69	20,081,584.22	20.96	Partly uncollectible
Unit 2	67,170,448.13	67,170,448.13	100.00	All uncollectible
Unit 3	57,803,440.23	57,803,440.23	100.00	All uncollectible
Unit 4	41,669,156.58	41,669,156.58	100.00	All uncollectible
Unit 6	20,636,678.02	20,636,678.02	100.00	All uncollectible
Other units	<u>1,191,479,930.82</u>	<u>508,668,130.40</u>	42.69	Partly uncollectible
	<u>1,474,552,859.47</u>	<u>716,029,437.58</u>		

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

The provision for bad debt of accounts receivable determined by the Group based on the credit risk characteristics group is as follows:

	Balance of carrying amount estimated to be in default	30 June 2023	
		Expected credit loss rate (%)	Lifetime expected credit loss
Within 1 year (inclusive of 1 year)	7,397,772,422.93	2.79	206,702,579.03
1 to 2 years (inclusive of 2 years)	1,745,255,323.55	15.56	271,502,265.93
2 to 3 years (inclusive of 3 years)	926,240,071.58	35.28	326,793,109.36
3 to 4 years (inclusive of 4 years)	386,638,729.78	61.32	237,085,258.55
4 to 5 years (inclusive of 5 years)	152,226,341.92	100.00	152,226,341.92
Over 5 years	928,165,249.01	100.00	928,165,249.01
	11,536,298,138.77		2,122,474,803.80

	Balance of carrying amount estimated to be in default	31 December 2022	
		Expected credit loss rate (%)	Lifetime expected credit loss
Within 1 year (inclusive of 1 year)	4,844,945,221.15	3.11	150,531,008.71
1 to 2 years (inclusive of 2 years)	1,787,180,851.58	15.95	284,969,586.78
2 to 3 years (inclusive of 3 years)	849,988,016.76	36.66	311,633,442.72
3 to 4 years (inclusive of 4 years)	345,723,695.07	63.94	221,053,021.80
4 to 5 years (inclusive of 5 years)	140,106,477.40	100.00	140,106,477.40
Over 5 years	897,567,844.76	100.00	897,567,844.76
	8,865,512,106.72		2,005,861,382.17

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

As at 30 June 2023, reversal of provision for bad debts of individually significant accounts receivable or recovery of individually significant accounts receivable are as follows:

	Reason for reversal	Basis of determining the original provisions for bad debts	Accumulated amount of provisions for bad debts before recovery	Reversal amount
Unit 7	Payment for goods received	Individual identification	7,614,949.19	7,614,949.19
Other units	Payment for goods received	Individual identification	5,426,095.73	1,631,822.44
			13,041,044.92	9,246,771.63

As at 31 December 2022, reversal of provision for bad debts of individually significant accounts receivable or recovery of individually significant accounts receivable are as follows:

	Reason for reversal	Basis of determining the original provisions for bad debts	Accumulated amount of provisions for bad debts before recovery	Reversal amount
Unit 4	Recovery of project fees	Individual identification	51,900,000.00	10,230,843.42
Unit 8	Payment for goods received	Individual identification	10,563,511.42	942,479.98
Unit 9	Payment for goods received	Individual identification	9,041,714.56	412,234.75
Unit 10	Recovery of project fees	Individual identification	4,890,015.22	4,490,827.45
Unit 11	Payment for goods received	Individual identification	4,338,518.85	150,000.00
Other units	Payment for goods received	Individual identification	34,109,156.30	33,547,988.55
			114,842,916.35	49,774,374.15

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable (continued)

As at 30 June 2023, the top 5 of the balance of accounts receivable were as follows:

	Balance	Proportion in total accounts receivable (%)	Provision for bad debts	Net amount
First	257,433,890.28	1.96	63,032,342.21	194,401,548.07
Second	251,005,423.21	1.91	58,935,606.43	192,069,816.78
Third	154,458,309.81	1.17	21,925,917.61	132,532,392.20
Fourth	150,332,607.67	1.14	6,013,304.31	144,319,303.36
Fifth	146,701,025.36	1.11	–	146,701,025.36
	959,931,256.33	7.29	149,907,170.56	810,024,085.77

As at 31 December 2022, the top 5 of the balance of accounts receivable were as follows:

	Balance	Proportion in total accounts receivable (%)	Provision for bad debts	Net amount
First	197,484,957.62	1.91	41,011,234.77	156,473,722.85
Second	176,429,751.78	1.71	23,201,174.66	153,228,577.12
Third	142,816,427.29	1.38	6,908,555.54	135,907,871.75
Fourth	95,793,205.69	0.93	20,081,584.22	75,711,621.47
Fifth	80,425,722.36	0.78	424,624.24	80,001,098.12
	692,950,064.74	6.71	91,627,173.43	601,322,891.31

In January to June 2023, there were no actual amount of accounts receivable written-off (2022: RMB67,542,252.91).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Financing receivables

	30 June 2023	31 December 2022
Bank acceptance bills	<u>1,580,541,611.46</u>	<u>1,496,573,941.98</u>

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

As at 30 June 2023, the pledged bank acceptance bills of RMB11,800,000.00 were used for invoicing. For details of discounting and pledge of bank acceptance bills, please refer to Note V. 69.

As at 30 June 2023, the Group's bills endorsed or discounted but not yet due are as follows:

	Derecognised at the end of the period
Bank acceptance bills	<u>2,961,918,166.09</u>

As at 31 December 2022, the Group's bills endorsed or discounted but not yet due are as follows:

	Derecognised at the end of the year
Bank acceptance bills	<u>4,539,999,230.84</u>

As at 30 June 2023, the Group endorsed the undue notes receivable to its suppliers or discounted to banks to settle trade payables of the same amounts and derecognised these notes receivable and the payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue notes receivable is limited to when the issuance banks of these undue notes are unable to settle the amounts due to the holders of these notes. As at 30 June 2023, the maximum exposure to loss from its continuous involvement represents the amounts of undue notes receivable of RMB2,961,918,166.09 (31 December 2022: RMB4,539,999,230.84), which the Group endorsed to its suppliers or discounted to banks.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

6. Prepayments

An aging analysis of prepayments is as follows:

	30 June 2023		31 December 2022	
	Balance of carrying amount	Proportion (%)	Balance of carrying amount	Proportion (%)
Within 1 year	1,941,496,613.54	94.68	1,627,446,907.66	93.89
1 to 2 years	63,224,848.66	3.08	53,826,087.08	3.10
2 to 3 years	15,782,006.62	0.77	19,699,461.38	1.14
Over 3 years	30,132,093.46	1.47	32,391,846.54	1.87
	2,050,635,562.28	100.00	1,733,364,302.66	100.00
Less: Provision for bad debts of prepayments	29,867,370.94		28,202,020.78	
	2,020,768,191.34		1,705,162,281.88	

As at 30 June 2023, there were no significant prepayments aging over 1 year (31 December 2022: Nil).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

6. Prepayments (continued)

As at 30 June 2023, the top five prepayments based on balances of the debtors are analysed as follows:

	Balance	Percentage of total amount (%)
First	197,851,178.86	9.65
Second	165,107,075.55	8.05
Third	142,545,134.06	6.95
Fourth	56,899,818.16	2.78
Fifth	46,358,498.00	2.26
	608,761,704.63	29.69

As at 31 December 2022, the top five prepayments based on balances of the debtors are analysed as follows:

	Balance	Percentage of total amount (%)
First	283,309,238.87	16.34
Second	121,292,083.43	7.00
Third	65,657,723.88	3.79
Fourth	55,180,223.29	3.18
Fifth	66,279,535.23	3.82
	591,718,804.70	34.13

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

6. Prepayments (continued)

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

	30 June 2023	31 December 2022
Balance at the beginning of the period/year	28,202,020.78	31,693,854.03
Provision for the period/year	2,626,917.23	2,514,128.85
Reversal for the period/year	(804,866.87)	(1,530,688.23)
Transferred out upon disposal of subsidiaries	(156,700.20)	–
Other transfer out	–	(4,475,273.87)
	29,867,370.94	28,202,020.78

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables

	30 June 2023	31 December 2022
Interests receivable	29,798,770.44	81,718,376.75
Interests of borrowings due from associates and joint ventures	29,798,770.44	81,718,376.75
Dividends receivable	155,529,784.70	30,905,484.70
Other receivables	10,043,994,534.38	9,967,935,726.47
Deposits and reserve funds	1,334,604,864.22	1,161,959,747.70
Current account with other entities	2,729,922,849.08	2,626,494,426.43
Disbursements previously made	1,590,457,346.18	1,243,225,816.88
Investment receivable	214,309,096.51	461,592,865.89
Government grants receivable	56,328,732.41	26,043,617.06
Amount due from associates	635,172,647.42	907,019,905.89
Amount due from joint ventures	827,425,596.27	852,873,994.84
Other current account	2,655,773,402.29	2,688,725,351.78
	10,229,323,089.52	10,080,559,587.92
Less: Provision for bad debts of other receivables	2,821,930,498.01	2,723,101,739.57
	7,407,392,591.51	7,357,457,848.35

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables (continued)

An aging analysis of other receivables is as follows:

	30 June 2023	31 December 2022
Within 1 year	4,078,186,237.03	4,350,307,746.56
1 to 2 years	1,375,791,883.18	1,078,798,900.22
2 to 3 years	49,392,012.27	912,230,430.00
3 to 4 years	571,389,097.20	534,142,033.13
4 to 5 years	461,204,024.66	721,184,805.59
Over 5 years	<u>3,093,359,835.18</u>	<u>2,483,895,672.42</u>
	10,229,323,089.52	10,080,559,587.92
Less: Provision for bad debts of other receivables	<u>2,821,930,498.01</u>	<u>2,723,101,739.57</u>
	<u>7,407,392,591.51</u>	<u>7,357,457,848.35</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables (continued)

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

30 June 2023

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit-impaired financial assets (lifetime expected credit loss)	Total
Opening balance	2,959,444.50	1,024,336,255.32	1,695,806,039.75	2,723,101,739.57
Stage transfer during the period	(7,162,072.48)	(575,372,576.42)	(568,210,503.94)	-
Provision for the period	1,807,535.80	(360,035.12)	8,654,694.85	10,822,265.77
Reversal for the period	(324,900.00)	(5,654,290.34)	(44,092,784.98)	(50,071,975.32)
Transferred out upon disposal of subsidiaries	-	-	(317,374.41)	(317,374.41)
Other changes	-	-	138,395,842.40	138,395,842.40
Closing balance	<u>11,604,152.78</u>	<u>443,669,423.68</u>	<u>2,366,656,921.55</u>	<u>2,821,930,498.01</u>

As of 30 June 2023, provision for bad debts for the period amounted to RMB10,822,265.77 (2022: RMB149,215,548.92), and provision for bad debts reversed amounted to RMB50,071,975.32 (2022: RMB155,571,110.82). Other changes were mainly due to adjustment of the receivables due from Shanxi Tongde Xinghua Special Steel Co., Ltd. which will be due within one year from the long-term receivables to other receivables and the provision for bad debts of other receivables due from certain subsidiaries of the Group upon handing over such subsidiaries to the administrator due to the bankruptcy liquidation this year.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables (continued)

31 December 2022

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit-impaired financial assets (lifetime expected credit loss)	Total
Opening balance	2,832,576.32	962,875,110.00	1,755,244,456.00	2,720,952,142.32
Stage transfer during the year	(2,977,906.00)	653,521.70	2,324,384.30	–
Provision for the year	3,271,859.32	67,552,805.89	78,390,883.71	149,215,548.92
Reversal for the year	(166,295.48)	(2,389,031.81)	(153,015,783.53)	(155,571,110.82)
Write-off for the year	–	(3,652,090.77)	(103,050,364.61)	(106,702,455.38)
Transferred out upon disposal of subsidiaries	–	(156,605.64)	(49,778,751.30)	(49,935,356.94)
Other changes	(789.66)	(547,454.05)	165,691,215.18	165,142,971.47
Closing balance	<u>2,959,444.50</u>	<u>1,024,336,255.32</u>	<u>1,695,806,039.75</u>	<u>2,723,101,739.57</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables (continued)

As at 30 June 2023, the top 5 of other receivables were as follows:

	Closing balance	Proportion in total balance of other receivables (%)	Nature	Aging
First	1,120,728,870.69	10.96	Payments on behalf	Within 1 year, 1-2 years
Second	992,028,796.00	9.70	Other current account	0-3 years, over 5 years
Third	458,425,196.47	4.48	Current account with other entities	1-5 years
Fourth	441,659,207.20	4.32	Payments on behalf	over 4-5 years
Fifth	160,051,423.78	1.56	Other current account	Within 1 year
	3,172,893,494.14	31.02		

As at 31 December 2022, the top 5 of other receivables were as follows:

	Closing balance	Proportion in total balance of other receivables (%)	Nature	Aging
First	1,191,181,320.00	11.82	Other current account	0-3 years, 4-5 years
Second	777,415,185.82	7.71	Payments on behalf	1-2 years
Third	450,981,312.72	4.47	Current account with other entities	0-5 years
Fourth	278,303,307.26	2.76	Current account with other entities	Within 1 year
Fifth	156,701,654.49	1.55	Current account with other entities	Over 5 years
	2,854,582,780.29	28.31		

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables (continued)

As at 30 June 2023, government grants receivable were as follows:

	Grant item	Amount	Aging	Expected time of receipt, amount and basis
Local tax authorities	Refunds of VAT	<u>56,328,732.41</u>	Within 1 year	2023

As at 31 December 2022, government grants receivable were as follows:

	Grant item	Amount	Aging	Expected time of receipt, amount and basis
Local tax authorities	Refunds of VAT	<u>26,043,617.06</u>	Within 1 year	2023

As set out in Note IV. 2 Tax, certain companies of the Group enjoy the policy of immediate refund of VAT levied. The management expects that the amounts will be fully recovered in 2023.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Inventories

	30 June 2023		
	Balance of carrying amount	Provision for decline in value/ provision for impairment	Carrying value
Raw materials	2,417,367,643.68	12,700,655.15	2,404,666,988.53
Items in production	1,711,428,734.63	28,907,933.32	1,682,520,801.31
Finished goods	5,944,575,088.45	125,767,703.92	5,818,807,384.53
Turnover materials	11,043,653.05	–	11,043,653.05
Development costs	60,577,352,514.33	278,301,957.58	60,299,050,556.75
Products under development	34,130,374,789.58	826,968,433.90	33,303,406,355.68
Contract performance cost	180,382,326.82	–	180,382,326.82
	104,972,524,750.54	1,272,646,683.87	103,699,878,066.67

	31 December 2022		
	Balance of carrying amount	Provision for decline in value/ provision for impairment	Carrying value
Raw materials	2,541,239,163.92	56,974,989.49	2,484,264,174.43
Items in production	1,928,978,453.86	50,284,699.15	1,878,693,754.71
Finished goods	4,692,456,605.82	169,559,607.36	4,522,896,998.46
Turnover materials	5,743,874.97	–	5,743,874.97
Development costs	67,744,521,689.77	257,948,399.81	67,486,573,289.96
Products under development	35,754,271,823.33	1,020,990,038.16	34,733,281,785.17
Contract performance cost	72,677,139.21	–	72,677,139.21
	112,739,888,750.88	1,555,757,733.97	111,184,131,016.91

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Inventories (continued)

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

30 June 2023

	Balance at the beginning of the period	Increase during the period	Amortisation during the period	Balance at the end of the period
Contract performance cost	<u>72,677,139.21</u>	<u>872,819,558.24</u>	<u>765,114,370.63</u>	<u>180,382,326.82</u>

31 December 2022

	Opening balance	Increase during the year	Amortisation during the year	Closing balance
Contract performance cost	<u>31,837,094.45</u>	<u>1,514,445,413.91</u>	<u>1,473,605,369.15</u>	<u>72,677,139.21</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Inventories (continued)

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

30 June 2023

	Balance at the beginning of the period	Provision for the period	Decrease during the period			Balance at the end of the period
			Reversal	Write-off	Other decrease	
Raw materials	56,974,989.49	-	85,003.43	43,879,245.04	310,085.87	12,700,655.15
Items in production	50,284,699.15	237,864.63	-	21,614,630.46	-	28,907,933.32
Finished goods	169,559,607.36	2,284,509.23	-	46,076,412.67	-	125,767,703.92
Development costs	257,948,399.81	20,353,557.77	-	-	-	278,301,957.58
Products under development	1,020,990,038.16	58,962,788.25	-	252,984,392.51	-	826,968,433.90
	<u>1,555,757,733.97</u>	<u>81,838,719.88</u>	<u>85,003.43</u>	<u>364,554,680.68</u>	<u>310,085.87</u>	<u>1,272,646,683.87</u>

31 December 2022

	Opening balance	Provision for the year	Decrease during the year			Closing balance
			Reversal	Write-off	Other decrease/(increase)	
Raw materials	40,466,874.44	31,144,955.29	265,541.87	11,287,054.46	3,084,243.91	56,974,989.49
Items in production	28,377,555.08	33,589,156.75	3,972,509.60	-	7,709,503.08	50,284,699.15
Finished goods	165,065,737.74	47,630,724.38	-	35,087,422.47	8,049,432.29	169,559,607.36
Development costs	354,120,396.83	31,371,568.02	1,812,098.54	-	125,731,466.50	257,948,399.81
Products under development	725,035,575.83	557,752,497.45	-	387,529,501.62	(125,731,466.50)	1,020,990,038.16
	<u>1,313,066,139.92</u>	<u>701,488,901.89</u>	<u>6,050,150.01</u>	<u>433,903,978.55</u>	<u>18,843,179.28</u>	<u>1,555,757,733.97</u>

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For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Inventories (continued)

As at 30 June 2023, the balance of development costs included the capitalised borrowing costs of RMB2,785,290,031.95 (31 December 2022: RMB2,923,665,207.83). The capitalised borrowing costs amounted to RMB940,682,891.74 in aggregate in January to June 2023 (2022: RMB2,116,148,037.63), and the rate of interest capitalisation was 3.70% (2022: 3.60%).

Details of pledge of inventories are set out in Note V. 69.

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

Project name	Time of commencement	Estimated completion time of the next phase	Aggregate investment	30 June 2023	31 December 2022
Shanghai-Yangpu Plot R-09	December 2020	March 2024	9,597,920,000.00	8,367,054,802.77	7,972,866,358.96
Beijing – Anningzhuang	March 2019	December 2023	10,200,000,000.00	8,265,450,096.85	7,944,596,772.87
Tianjin – Airport Economic Zone	March 2018	December 2023	7,576,287,023.00	6,330,865,595.20	6,348,017,378.04
Hangzhou – HuichaoYuefu	November 2021	December 2024	4,736,327,988.00	4,326,258,632.86	4,138,277,575.11
Beijing – Shibalidian	March 2022	August 2024	5,269,300,000.00	4,174,244,945.82	4,356,613,009.50
Beijing – WangjingYunshang	December 2022	April 2025	5,136,000,000.00	3,479,736,396.21	3,331,061,483.44
Chongqing – Xinduhui Project	November 2020	December 2023	13,686,196,772.00	3,264,714,229.02	3,166,877,342.87
Tangshan – Mining & Metallurgical A	May 2022	September 2024	4,242,230,000.00	2,182,831,268.12	2,908,094,099.27
Tianjin – Jinyu Jinchen	December 2020	March 2024	6,721,820,000.00	3,073,039,442.49	5,336,955,029.80
Ningbo – Eastern New City Project	June 2021	November 2023	3,357,880,000.00	2,998,973,101.26	2,862,003,739.61
Changzhou – Zhonglou Project	December 2021	February 2024	2,768,660,000.00	2,295,549,569.45	2,151,175,627.92
Qingdao – Jinyu Jimo	December 2018	April 2024	3,910,000,000.00	2,164,033,636.84	2,161,969,623.54
Hefei – ShanhuYunzhu	April 2022	November 2024	2,491,080,000.00	1,758,830,142.10	1,755,775,197.05
Nanjing – G79 Qixia Project	November 2021	July 2024	2,100,000,000.00	1,646,622,014.68	1,585,894,945.62
Tianjin – Jinzhong River Project	April 2019	June 2024	2,439,430,000.00	967,821,947.98	876,936,719.86
Beijing – Linoleum Factory Project	September 2022	November 2024	3,852,150,000.00	779,727,290.54	453,407,891.92
Tangshan – Qixin Project	April 2014	December 2024	2,682,841,205.42	1,623,867,651.97	711,879,248.15
Chongqing – Times Metro	June 2021	August 2023	680,497,103.16	469,857,554.80	357,754,931.23
Beijing – Wangjing Star	September 2020	September 2023	926,000,000.00	457,983,363.80	375,314,138.96
Beijing – Kanghuiyuan	March 2019	December 2023	828,000,000.00	408,045,341.87	385,590,798.54
Beijing – Penglai Project	May 2015	December 2024	540,460,000.00	294,289,890.24	290,099,506.81
Hefei – Plot S1606 at Baohe District	February 2017	July 2023	270,000,000.00	227,192,272.38	116,705,143.00
Chongqing – Nanshanjun	June 2020	December 2023	99,785,819.29	97,010,003.53	64,311,109.79
Others				645,051,365.97	7,834,395,618.10
				60,299,050,556.75	67,486,573,289.96

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Inventories (continued)

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

Project name	Completion date of the latest phase	Opening balance	Increase during the period	Decrease during the period	Closing balance
Beijing – Incubator Technology Park	June 2023	2,836,193,565.79	2,862,119,031.70	202,411,349.16	5,495,901,248.33
Tianjin – Treasures Mansion	June 2021	3,729,466,935.64	–	172,204,017.00	3,557,262,918.64
Beijing – Jinlinjiayuan	December 2022	2,584,442,750.79	–	6,434,182.47	2,578,008,568.32
Chengdu – Gaoxin Zhonghe Project	December 2022	2,619,058,425.07	–	279,998,453.45	2,339,059,971.62
Tianjin-Jinzunyu	February 2023	–	2,677,166,027.76	362,479,495.52	2,314,686,532.24
Chongqing – Nanshanjun	September 2022	1,849,793,742.32	–	101,931,966.65	1,747,861,775.67
Beijing – Shangchengjun	December 2021	1,645,657,388.34	–	305,125,409.45	1,340,531,978.89
Nanjing – Zijingdieyuan	May 2023	1,853,497,023.79	14,572,593.22	551,028,932.68	1,317,040,684.33
Tangshan – Jin'an hongbao	June 2022	1,256,640,744.94	–	171,588,691.71	1,085,052,053.23
Qingdao – Treasures Mansion	August 2022	919,584,863.01	–	40,977,203.74	878,607,659.27
Beijing – Chaoyang New City	December 2020	741,502,800.28	–	1,103,169.93	740,399,630.35
Chengdu – Shangchengjun Project	August 2021	777,575,871.58	–	43,723,575.95	733,852,295.63
Tianjin-Yingshun Building	May 2022	985,905,486.99	–	282,274,596.10	703,630,890.89
Chongqing – Xinduhui	June 2022	690,838,045.22	–	126,760,716.54	564,077,328.68
Shanghai – Jiading Juyuan	March 2019	695,608,720.45	–	152,437,953.27	543,170,767.18
Chengdu – Shangxifu	June 2022	582,313,639.15	–	42,592,389.83	539,721,249.32
Beijing – Wangchuan Beiyuan	December 2020	660,984,401.59	–	194,816,141.37	466,168,260.22
Ningbo – Kanjiang Times	June 2019	430,160,029.40	–	36,211,198.62	393,948,830.78
Ningbo – Gaoxin District Project	March 2021	405,685,694.65	–	18,523,214.37	387,162,480.28
Beijing – Jin'gang Jiayuan	December 2020	369,375,052.55	–	780,522.43	368,594,530.12
Hefei – Nanqi Garden	November 2020	539,668,415.44	–	175,855,113.42	363,813,302.02
Tangshan – Treasures Mansion	June 2022	452,990,395.40	–	171,861,345.61	281,129,049.79
Hefei – Baohe project	March 2022	637,391,738.05	–	360,113,163.00	277,278,575.05
Tangshan – Caofeidian E-02-2	February 2022	277,285,961.78	–	35,238,368.24	242,047,593.54
Chongqing – Times Metro	August 2018	254,310,630.76	–	17,571,762.24	236,738,868.52
Haikou – Yangguangjun	June 2022	240,165,611.50	–	15,206,034.43	224,959,577.07
Chengde – Chengde Project	December 2020	234,718,883.30	–	15,251,246.69	219,467,636.61
Tangshan – Qixin 1889#	November 2020	199,303,650.12	–	7,292,833.96	192,010,816.16
Hangzhou – Metro Forest	November 2020	184,876,110.01	–	229,679.47	184,646,430.54
Hefei – Nanqi Cultural and Creative Center	December 2022	197,009,218.42	–	14,369,718.57	182,639,499.85
Chengdu – Dachengjun	December 2014	166,760,019.76	–	1,642,820.70	165,117,199.06
Beijing – Jinlingfu	December 2020	173,078,894.54	–	16,762,654.22	156,316,240.32
Qingdao – Qingdao Hefu	January 2020	142,276,835.82	–	191,076.69	142,085,759.13
Hangzhou – Chuntang Lanfu	February 2023	–	2,552,691,476.80	2,423,555,600.93	129,135,875.87
Beijing – Jinyu Xuefu	November 2021	172,154,432.17	–	47,929,063.06	124,225,369.11
Hefei – Jincheng Mansions	December 2022	199,028,753.05	–	75,018,004.02	124,010,749.03
Beijing – Shanglin Jiayuan	October 2022	160,558,750.84	–	42,766,674.88	117,792,075.96
Hangzhou – Senlin Lanfu	December 2022	2,474,715,141.25	–	2,358,787,850.77	115,927,290.48
Others		2,392,703,161.41	–	663,378,367.83	1,729,324,793.58
		<u>34,733,281,785.17</u>	<u>8,106,549,129.48</u>	<u>9,536,424,558.97</u>	<u>33,303,406,355.68</u>

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For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

9. Contract assets

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

	30 June 2023			31 December 2022		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Completed but not yet settled	<u>259,818,041.84</u>	<u>8,310,185.19</u>	<u>251,507,856.65</u>	<u>232,457,046.93</u>	<u>9,654,787.26</u>	<u>222,802,259.67</u>

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

	Balance at the beginning of the period/year	Provision for the period/year	Reversal for the period/year	Write-off for the period/year	Balance at the end of the period/year
January to June 2023	<u>9,654,787.26</u>	<u>717,615.77</u>	<u>2,013,411.55</u>	<u>48,806.29</u>	<u>8,310,185.19</u>
2022	<u>1,521,456.55</u>	<u>8,133,330.71</u>	<u>-</u>	<u>-</u>	<u>9,654,787.26</u>

10. Non-current assets due within one year

	30 June 2023	31 December 2022
Debt investment due within one year (Note V.12)	<u>142,983,710.10</u>	-
Long-term receivables due within one year (Note V.13)	<u>320,000,571.86</u>	<u>269,845,114.30</u>
	<u>462,984,281.96</u>	<u>269,845,114.30</u>

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

11. Other current assets

	30 June 2023	31 December 2022
Prepaid enterprise income tax	789,094,394.13	823,767,093.49
Prepaid value-added tax	1,573,871,034.35	1,325,535,865.48
Prepaid other tax	680,468,109.43	684,114,316.54
Input tax recoverable	4,844,546,228.05	4,513,114,250.31
Input tax certifiable	196,683,225.93	199,937,254.55
Cost of obtaining a contract	118,245,617.61	122,271,767.06
Debt investments	–	682,593,800.00
Others	1,178,659,397.05	1,083,221,902.99
	9,381,568,006.55	9,434,556,250.42

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

30 June 2023

	Opening balance	Increase during the period	Amortisation during the period	Provisions for impairment	Closing balance
Cost of obtaining a contract	<u>122,271,767.06</u>	<u>80,842,988.17</u>	<u>84,869,137.62</u>	–	<u>118,245,617.61</u>

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

31 December 2022

	Opening balance	Increase during the year	Amortisation during the year	Provisions for impairment	Closing balance
Cost of obtaining a contract	<u>114,859,719.63</u>	<u>83,608,172.21</u>	<u>76,196,124.78</u>	–	<u>122,271,767.06</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

12. Debt investments

		30 June 2023	31 December 2022
		Carrying value	Carrying value
Financial Bonds of Policy Bank -19 Nong			
Fa 01	(Note 1)	–	199,917,800.00
20 China Cinda Bonds 01BC	(Note 2)	399,799,528.09	399,855,819.18
19 Great Wall Bonds 02BC (Type II)	(Note 3)	419,737,278.36	420,689,184.92
21 Beijing Rural Commercial Level II	(Note 4)	10,034,520.68	–
Beijing Trust Fengshi Rongxin No. 12			
B003	(Note 5)	140,348,817.85	135,301,268.86
Dewei Property 2023 State-owned			
Enterprise Capital Support Plan	(Note 6)	50,076,293.15	–
		1,019,996,438.13	1,155,764,072.96
Less: Debt investment due within one			
year	(Note V. 10)	142,983,710.10	–
		877,012,728.03	1,155,764,072.96

Note 1: In 2019, BBMG Finance Co., Ltd. purchased the first tranche of financial bonds for 2019 of Agricultural Development Bank of China totaling RMB199,917,800.00 with a coupon rate of 3.75% and maturity date of 24 January 2029. Interest is payable annually in arrears on 25 January of each year. The Group has disposed of the financial bonds on 18 January 2023.

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

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

Note 4: In 2023, BBMG Finance Co., Ltd. purchased financial bonds of Sealand Securities Co., Ltd. totaling RMB9,943,770.00 with a coupon rate of 3.64% and maturity date of 27 December 2031. Interest is payable annually in arrears on 27 December of each year.

Note 5: In 2022, BBMG Finance Lease Co., Ltd. purchased Beijing Trust Fengshi Rongxin No. 12 (BOC Zhaifu) Collective Fund Trust Plan No. B003 totaling RMB136,000,000.00 with the term of 22 months. The distribution date of the trust returns will be 13 January 2023 and 14 January 2024, respectively. The reference yield is 8.30%. Since the financial assets will be due within one year, it will be reclassified as long-term receivables due within one year.

Note 6: In 2023, BBMG Finance Lease Co., Ltd. purchased Dewei Property 2023 State-owned Enterprise Capital Support Plan totaling RMB50,000,000.00 with the term of 10 years and maturity date of 19 June 2033. The annualized rate of return is 5.5%, interest is paid every six months, and repayment is in installments. The Company reclassified the interest due within one year of RMB2,634,892.25 to debt investments due within one year.

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For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

13. Long-term receivables

	30 June 2023		
	Balance of carrying amount	Provision for bad debts	Carrying value
Sales of goods by instalments	399,350,959.00	13,561,373.20	385,789,585.80
Loans to related parties	1,190,862,473.84	10,146,309.13	1,180,716,164.71
Finance lease payment	845,595,826.29	–	845,595,826.29
Others	382,440,850.42	382,440,850.42	–
	2,818,250,109.55	406,148,532.75	2,412,101,576.80
Less: Long-term receivables due within one year	320,000,571.86	–	320,000,571.86
	2,498,249,537.69	406,148,532.75	2,092,101,004.94

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

13. Long-term receivables (continued)

	31 December 2022		
	Balance of carrying amount	Provision for bad debts	Carrying value
Sales of goods by instalments	379,742,026.55	12,624,882.77	367,117,143.78
Loans to related parties	705,606,225.43	4,806,749.13	700,799,476.30
Finance lease payment	772,003,145.51	–	772,003,145.51
Others	1,752,968,543.57	471,800,410.42	1,281,168,133.15
	3,610,319,941.06	489,232,042.32	3,121,087,898.74
Less: Long-term receivables due within one year	269,845,114.30	–	269,845,114.30
	<u>3,340,474,826.76</u>	<u>489,232,042.32</u>	<u>2,851,242,784.44</u>

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

Loans to related parties, mainly referred to the borrowings provided to the associate by Beijing BBMG Property Development Group Co., Ltd. and the borrowings and interest receivable provided to Mamba Cement Company (Pty) Ltd (RF), a joint venture of African Rhino Co., Ltd. (非洲犀牛有限公司) which is a subsidiary of the Group. Pursuant to the agreement between both parties, such borrowings will be recovered before March 2044.

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

13. Long-term receivables (continued)

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

	30 June 2023	31 December 2022
Balance at the beginning of the period/year	489,232,042.32	178,724,045.95
Provision for the period/year	140,706.65	277,506,788.59
Reversal for the period/year	(14,235,657.15)	–
Other (decrease)/increase	(68,988,559.07)	33,001,207.78
Balance at the end of the period/year	406,148,532.75	489,232,042.32

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Long-term equity investments

January to June 2023

	Opening balance	Movements during the period					Closing balance	Provision for impairment at the end of the period	
		Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity			Cash dividend declared
Joint ventures									
BBMG TUS Technology Incubator Co., Ltd.	5,276,029.14	-	-	953,374.15	-	-	-	6,229,403.29	-
STAR-USG Building Materials Co., Ltd.	55,488,456.01	-	-	1,454,484.81	-	-	-	56,942,940.82	-
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	562,770,229.05	-	-	26,473,967.92	-	(19,597.32)	(127,500,000.00)	461,763,794.29	-
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	409,074,351.74	-	-	32,676,367.19	-	124,835.87	(103,436,500.00)	338,439,054.80	-
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	134,933,998.90	-	-	(4,447,790.89)	-	-	-	130,486,208.01	-
Anshan Jidong Cement Co., Ltd.	208,728,929.17	-	-	(13,459,668.44)	-	-	-	195,269,260.73	-
Cross Point Trading 274 (Pty) Ltd (RF)	231,222,642.14	-	-	26,701,584.04	(35,204,375.14)	-	(4,855,500.61)	217,864,350.43	-
Hebei Xiongan Zhitong Technology Co., Ltd.	16,102,196.67	-	-	2,803,150.25	-	-	-	18,905,346.92	-
Dahongmen (Beijing) Construction Development Co., Ltd.	59,086,555.04	-	-	11,850,953.06	-	-	-	70,937,508.10	-
BBMG Vanke Property Development Co., Ltd.	190,399,564.70	-	-	(1,467,691.13)	-	-	-	188,931,873.57	-
Sub-total	1,873,082,952.56	-	-	83,538,730.96	(35,204,375.14)	(144,433.19)	(235,792,000.61)	1,685,769,740.96	-

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Long-term equity investments (continued)

January to June 2023 (continued)

	Opening balance	Movements during the period					Cash dividend declared	Closing balance	Provision for impairment at the end of the period
		Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity			
Associates									
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	24,410,234.10	-	-	-	-	-	24,410,234.10	-	
Beijing Chenyu Real Estate Development Co., Ltd.	2,291,759,007.87	-	-	(4,034,703.76)	-	-	2,287,724,304.11	-	
Nanjing Huayu Real Estate Development Co., Ltd. (南京華宇房地產開發有限公司)	485,988,293.59	-	-	(2,906,911.82)	-	-	483,081,381.77	-	
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	634,645,431.01	-	-	(1,568,000.00)	-	-	633,077,431.01	-	
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	744,232.37	-	(740,726.62)	(3,505.75)	-	-	-	-	
Beijing Sinobaide Technology Co., Ltd.	18,113,163.83	-	-	(338,969.93)	-	-	17,774,193.90	-	
Beijing Jinhaicheng Management Consulting Partnership LLP (北京金海誠管理諮詢合夥企業(有限合夥))	342,975.97	-	-	14,179.08	-	-	357,155.05	-	

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Long-term equity investments (continued)

January to June 2023 (continued)

	Opening balance	Movements during the period					Closing balance	Provision for impairment at the end of the period
		Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity		
Associates (continued)								
Beijing Jinhai Cheng Technology Innovation Investment Partnership LLP (北京金海誠科創投資合夥企業(有限合夥))	64,490,349.13	30,000,000.00	-	2,511,982.65	-	-	97,002,331.78	-
Zehnder (China) Indoor Climate Co., Ltd.	74,369,782.95	-	-	(1,546,603.09)	-	-	72,823,179.86	-
OCV Reinforcements (Beijing) Co., Ltd.	83,682,042.86	-	-	836,333.71	-	-	84,518,376.57	-
Tangshan Conch Profiles Co., Ltd.	113,609,667.49	-	-	(437,534.50)	-	-	113,172,132.99	-
Toto Machinery (Beijing) Company Limited	148,692,869.74	-	-	740,857.56	-	-	149,433,727.30	-
Beijing Innovation Industry Investment Co., Ltd.	223,392,243.05	-	-	12,144,142.99	-	-	235,536,386.04	-
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. (北京京西生態文旅投資有限公司)	7,628,293.90	-	-	(687,180.41)	-	-	6,941,113.49	-
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	4,981,823.43	-	-	-	-	-	4,981,823.43	(4,981,823.43)
Jilin Changjitu Investment Co., Ltd.	125,339,906.13	-	-	(1,757,896.96)	-	-	123,582,009.17	-
Liaoning Yunding Cement Group Co., Ltd.	1,053,403.68	-	-	18,880.32	-	-	1,072,284.00	-
Jidong Cement Fufeng Transportation Co., Ltd.	5,687,472.11	-	-	147,914.94	-	5,732.91	5,841,119.96	-
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	26,668,964.19	-	-	-	-	-	26,668,964.19	-

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Long-term equity investments (continued)

January to June 2023 (continued)

	Opening balance	Movements during the period					Cash dividend declared	Closing balance	Provision for impairment at the end of the period
		Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity			
Associates (continued)									
Tianjin Yaopi Glass Co., Ltd.	172,664,122.30	-	-	(11,403,955.53)	-	-	-	161,260,166.77	-
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	-	-	-	-	-	-	31,940,000.00	(31,940,000.00)
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	-	-	-	-	8,244,156.30	(8,244,156.30)
Beijing Jinzhu Xingye Real Estate Development Co., Ltd. (北京金住興業房地產開發有限公司)	734,424,064.30	-	-	(12,492,751.20)	-	-	-	721,931,313.10	-
Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司)	607,891,447.31	-	(510,000,000.00)	(455,678.43)	-	-	-	97,435,768.88	-
Nanjing Huayu Decoration Engineering Co., Ltd. (南京華隅裝飾工程有限公司)	1,015,439.48	-	-	20,335.20	-	-	-	1,035,774.68	-
Hebei Jiaotou Green Building Materials Co., Ltd. (河北交投綠色建材有限公司)	12,000,000.00	-	-	-	-	-	-	12,000,000.00	-
Sub-total	5,903,779,387.09	30,000,000.00	(510,740,726.62)	(21,199,064.93)	-	5,732.91	-	5,401,845,328.45	(45,165,979.73)
Total	7,776,862,339.65	30,000,000.00	(510,740,726.62)	62,339,666.03	(35,204,375.14)	150,166.10	(235,792,000.61)	7,087,615,069.41	(45,165,979.73)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Long-term equity investments (continued)

2022

	Opening balance	Movements during the year						Closing balance	Provision for impairment at the end of the year
		Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		
Joint ventures									
BBMG TUS Technology									
Incubator Co., Ltd.	5,252,938.45	-	-	23,090.69	-	-	-	5,276,029.14	-
STAR-USG Building Materials									
Co., Ltd.	55,211,000.26	-	-	277,455.75	-	-	-	55,488,456.01	-
Jidong Heidelberg (Jingyang)									
Cement Co., Ltd.	627,065,121.34	-	-	120,699,229.51	-	5,878.20	(185,000,000.00)	562,770,229.05	-
Jidong Heidelberg (Fufeng)									
Cement Co., Ltd.	478,391,126.60	-	-	96,677,163.07	-	(14,437.93)	(165,979,500.00)	409,074,351.74	-
Tangshan Caofeidian Dunshi									
New Building Material									
Co., Ltd.	158,083,783.47	-	-	1,850,215.43	-	-	(25,000,000.00)	134,933,998.90	-
Anshan Jidong Cement									
Co., Ltd.	239,109,261.95	-	-	(25,380,332.78)	-	-	(5,000,000.00)	208,728,929.17	-
Cross Point Trading 274 (Pty)									
Ltd (RF)	189,117,234.50	-	-	52,922,333.81	(6,057,768.57)	-	(4,759,157.60)	231,222,642.14	-
Hebei Xiongan Zhitong									
Technology Co., Ltd	33,284,032.99	-	-	2,367,048.38	-	-	(19,548,884.70)	16,102,196.67	-
Dahongmen (Beijing)									
Construction									
Development Co., Ltd.	58,826,391.49	-	-	260,163.55	-	-	-	59,086,555.04	-
BBMG Vanke Real Estate									
Development Co., Ltd.									
(北京金隅萬科房地產開發有限公司)	-	190,399,564.70	-	-	-	-	-	190,399,564.70	-
Sub-total	1,844,340,891.05	190,399,564.70	-	249,696,367.41	(6,057,768.57)	(8,559.73)	(405,287,542.30)	1,873,082,952.56	-

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Long-term equity investments (continued)

2022 (continued)

	Opening balance	Movements during the year					Cash dividend declared	Closing balance	Provision for impairment at the end of the year
		Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity			
Associates									
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.									
	16,931,934.10	8,000,000.00	-	-	-	-	(521,700.00)	24,410,234.10	-
Beijing Chenyu Real Estate Development Co., Ltd.									
	2,337,445,112.30	-	-	(45,686,104.43)	-	-	-	2,291,759,007.87	-
Nanjing Huayu Real Estate Development Co., Ltd. (南京華宇房地產開發有限公司)									
	458,376,463.80	41,000,000.00	-	(13,388,170.21)	-	-	-	485,988,293.59	-
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)									
	432,296,170.03	207,853,995.00	-	(5,504,734.02)	-	-	-	634,645,431.01	-
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.									
	882,844.68	-	-	(138,612.31)	-	-	-	744,232.37	-
Beijing Sinobaide Technology Co., Ltd.									
	16,967,700.25	-	-	3,215,463.58	-	-	(2,070,000.00)	18,113,163.83	-
Beijing Jinhaicheng Management Consulting Partnership LLP (北京金海誠管理諮詢合夥企業(有限合夥))									
	300,000.00	120,000.00	-	(77,024.03)	-	-	-	342,975.97	-
Beijing Jinhaicheng Technology Innovation Investment Partnership LLP (北京金海誠科創投資合夥企業(有限合夥))									
	40,000,000.00	30,000,000.00	-	(5,509,650.87)	-	-	-	64,490,349.13	-

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Long-term equity investments (continued)

2022 (continued)

	Opening balance	Movements during the year					Cash dividend declared	Closing balance	Provision for impairment at the end of the year
		Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity			
Associates (continued)									
Zehnder (China) Indoor Climate Co., Ltd.	106,132,496.24	-	-	(221,313.29)	-	-	(31,541,400.00)	74,369,782.95	-
OCV Reinforcements (Beijing) Co., Ltd.	82,357,852.02	-	-	1,324,190.84	-	-	-	83,682,042.86	-
Tangshan Conch Profiles Co., Ltd.	122,019,147.62	-	-	(5,609,480.13)	-	-	(2,800,000.00)	113,609,667.49	-
Toto Machinery (Beijing) Company Limited	151,716,557.93	-	-	(3,023,688.19)	-	-	-	148,692,869.74	-
Beijing Toto Co., Ltd.	146,398,625.63	-	(146,702,224.75)	303,599.12	-	-	-	-	-
Beijing Innovation Industry Investment Co., Ltd.	208,198,341.15	-	-	15,193,901.90	-	-	-	223,392,243.05	-
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. (北京京西生態文旅投資有限公司)	10,000,503.03	-	-	(2,372,209.13)	-	-	-	7,628,293.90	-
Zhongfang Huanui (Tangshan) Real Estate Co., Ltd.	4,981,823.43	-	-	-	-	-	-	4,981,823.43	-
SINJI TRADING PTE LTD	19.72	-	(19.72)	-	-	-	-	-	-
Jilin Changjitu Investment Co., Ltd.	127,489,655.30	-	-	(2,149,749.17)	-	-	-	125,339,906.13	-
Liaoning Yunding Cement Group Co., Ltd.	1,154,255.04	-	-	(100,851.36)	-	-	-	1,053,403.68	-
Shanxi China Resources Fulong Cement Limited	121,330,311.34	13,042,110.00	(129,362,210.85)	(5,010,210.49)	-	-	-	-	-
Jidong Cement Fufeng Transportation Co., Ltd.	6,301,564.53	-	-	567,664.93	-	5,742.65	(1,187,500.00)	5,687,472.11	-
Tianjin Gangbei Concrete Co., Ltd.	48,320.69	-	(48,320.69)	-	-	-	-	-	-
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	29,699,874.85	-	-	(3,030,910.66)	-	-	-	26,668,964.19	-

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Long-term equity investments (continued)

2022 (continued)

	Opening balance	Movements during the year					Cash dividend declared	Closing balance	Provision for impairment at the end of the year
		Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity			
Associates (continued)									
Tianjin Yaopi Glass Co., Ltd.	168,352,375.51	-	-	4,311,746.79	-	-	-	172,664,122.30	-
Tianjin Binhai Jiantai Investment Co., Ltd.	110,474,400.00	-	(110,474,400.00)	-	-	-	-	-	-
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	-	-	-	-	-	-	31,940,000.00	(31,940,000.00)
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	-	-	-	-	8,244,156.30	(8,244,156.30)
Beijing Jinzhu Xingye Real Estate Development Co., Ltd. (北京金住興業房地產開發有限公司)	-	735,000,000.00	-	(575,935.70)	-	-	-	734,424,064.30	-
Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司)	-	613,605,276.00	-	(5,713,828.69)	-	-	-	607,891,447.31	-
Nanjing Huayu Decoration Engineering Co., Ltd. (南京輝陽裝飾工程有限公司)	-	1,000,000.00	-	15,439.48	-	-	-	1,015,439.48	-
Hebei Jiaotou Green Building Materials Co., Ltd. (河北交投綠色建材有限公司)	-	12,000,000.00	-	-	-	-	-	12,000,000.00	-
Sub-total	4,740,040,305.49	1,661,621,381.00	(386,587,176.01)	(73,180,466.04)	-	5,742.65	(38,120,600.00)	5,903,779,387.09	(40,184,156.30)
Total	6,584,381,396.54	1,852,020,945.70	(386,587,176.01)	176,515,901.37	(6,057,768.57)	(2,817.08)	(443,408,142.30)	7,776,862,339.65	(40,184,156.30)

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

14. Long-term equity investments (continued)

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

January to June 2023

	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	–	–	31,940,000.00
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	–	–	8,244,156.30
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	–	4,981,823.43	–	4,981,823.43
	<u>40,184,156.30</u>	<u>4,981,823.43</u>	<u>–</u>	<u>45,165,979.73</u>

2022

	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Beijing Toto Co., Ltd.	60,000,000.00	–	(60,000,000.00)	–
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	–	–	31,940,000.00
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	–	–	8,244,156.30
Tianjin Gangbei Concrete Co., Ltd.	48,320.69	–	(48,320.69)	–
	<u>100,232,476.99</u>	<u>–</u>	<u>(60,048,320.69)</u>	<u>40,184,156.30</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

15. Investment in other equity instruments

30 June 2023

	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	Equity instruments held of dividend income for the period
Investments in shares of listed companies	950,201,826.70	(419,822,549.04)	530,379,277.66	9,999,999.99
Equity investments in non-listed companies	<u>255,418,718.48</u>	<u>(57,436,716.20)</u>	<u>197,982,002.28</u>	<u>5,909,921.01</u>
	<u>1,205,620,545.18</u>	<u>(477,259,265.24)</u>	<u>728,361,279.94</u>	<u>15,909,921.00</u>

31 December 2022

	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	Equity instruments held of dividend income for the year
Investments in shares of listed companies	950,201,826.70	(374,288,588.26)	575,913,238.44	12,237,776.21
Equity investments in non-listed companies	<u>255,418,718.48</u>	<u>(57,383,209.27)</u>	<u>198,035,509.21</u>	<u>6,539,099.71</u>
	<u>1,205,620,545.18</u>	<u>(431,671,797.53)</u>	<u>773,948,747.65</u>	<u>18,776,875.92</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

16. Other non-current financial assets

	30 June 2023	31 December 2022
Financial assets at fair value through profit or loss	353,114,503.91	263,969,459.46

17. Investment properties

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

30 June 2023

	Completed buildings	Buildings in progress	Total
Opening balance	35,382,171,372.56	3,323,748,264.69	38,705,919,637.25
Acquisition for the period	4,485,942.22	212,118,256.21	216,604,198.43
Transfer from inventories	851,099,327.98	2,121,900,000.00	2,972,999,327.98
Transfer from construction in progress due to completion	801,618,288.16	(801,618,288.16)	-
Disposal for the period	(134,469,859.17)	-	(134,469,859.17)
Changes in fair value	278,262,646.83	-	278,262,646.83
Closing balance	37,183,167,718.58	4,856,148,232.74	42,039,315,951.32

2022:

	Completed buildings	Buildings in progress	Total
Opening balance	32,986,470,843.26	3,105,819,225.53	36,092,290,068.79
Acquisition for the year	33,307,725.85	1,884,731,514.61	1,918,039,240.46
Transfer from construction in progress due to completion	1,720,078,486.15	(1,720,078,486.15)	-
Transfer from fixed assets	85,000,000.00	53,276,010.70	138,276,010.70
Disposal for the year	(55,111,331.77)	-	(55,111,331.77)
Changes in fair value	612,425,649.07	-	612,425,649.07
Closing balance	35,382,171,372.56	3,323,748,264.69	38,705,919,637.25

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

17. Investment properties (continued)

All the above investment properties are located in the PRC and held under operating commercial leases. The title certificates of the Group's investment properties are available for a period ranging from 10 years to 65 years, which can be used for medium and long-term lease.

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

As at 30 June 2023, the carrying value of investment properties without completing their procedures for the title certificates was RMB1,223,229,259.00 (31 December 2022: RMB1,209,139,341.87). The Group was in the process of handling the procedures for changing the relevant titles. The management was of the view that the Group had the legitimate and valid right to occupy and use or dispose of the above properties and the above matters would not impose material adverse effect on the operation of the Group.

Details of pledge of investment properties are set out in Note V. 69.

As at 30 June 2023, the completed investment properties without completing their procedures for the title certificates were as follows:

	Carrying value	Reasons for uncompleting the procedures for the title certificates
Jianjin Building	273,000,000.00	In the process of handling the procedures for changing the relevant titles
Jinquanyu Building	145,000,000.00	In the process of handling the procedures for changing the relevant titles
Tianjin Building Materials in Circum-Bohai Sea Golden Coast	805,229,259.00	In the process of handling the procedures for changing the relevant titles

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Fixed assets

30 June 2023

	Buildings	Machinery and equipment	Transportation equipment	Office and other equipment	Total
Original price					
Opening balance	36,119,777,319.68	32,584,150,267.98	545,242,820.96	1,067,093,947.20	70,316,264,355.82
Purchase	76,426,549.92	213,409,748.95	57,796,604.01	27,789,764.51	375,422,667.39
Transfer from construction in progress	253,335,530.02	347,016,206.43	1,073,938.38	31,765,394.83	633,191,069.66
Disposal or retirement	(102,727,083.65)	(155,053,853.93)	(73,940,112.70)	(21,362,508.97)	(353,083,559.25)
Transferred out upon disposal of subsidiaries	(12,948,796.43)	(48,107,211.28)	(4,319,634.29)	(1,194,708.37)	(66,570,350.37)
Closing balance	<u>36,333,863,519.54</u>	<u>32,941,415,158.15</u>	<u>525,853,616.36</u>	<u>1,104,091,889.20</u>	<u>70,905,224,183.25</u>
Accumulated depreciation					
Opening balance	10,012,803,042.83	15,092,998,967.85	263,640,547.18	602,340,197.40	25,971,782,755.26
Provision	712,036,707.22	1,176,192,593.22	63,397,709.59	63,728,097.28	2,015,355,107.31
Disposal or retirement	(36,857,633.77)	(130,222,981.53)	(66,587,403.98)	(19,091,526.08)	(252,759,545.36)
Transferred out upon disposal of subsidiaries	(8,890,534.24)	(35,482,356.85)	(4,103,652.58)	(1,099,472.14)	(49,576,015.81)
Closing balance	<u>10,679,091,582.04</u>	<u>16,103,486,222.69</u>	<u>256,347,200.21</u>	<u>645,877,296.46</u>	<u>27,684,802,301.40</u>
Provision for impairment					
Opening balance	354,543,733.98	317,279,003.15	16,526,621.17	2,164,088.68	690,513,446.98
Provision	-	2,736,216.32	-	-	2,736,216.32
Disposal or retirement	-	(8,458,479.36)	(836,123.76)	(301,973.37)	(9,596,576.49)
Transferred out upon disposal of subsidiaries	-	(9,043,781.69)	-	(6,473.59)	(9,050,255.28)
Closing balance	<u>354,543,733.98</u>	<u>302,512,958.42</u>	<u>15,690,497.41</u>	<u>1,855,641.72</u>	<u>674,602,831.53</u>
Carrying value					
At the end of the period	<u>25,300,228,203.52</u>	<u>16,535,415,977.04</u>	<u>253,815,918.74</u>	<u>456,358,951.02</u>	<u>42,545,819,050.32</u>
At the beginning of the period	<u>25,752,430,542.87</u>	<u>17,173,872,296.98</u>	<u>265,075,652.61</u>	<u>462,589,661.12</u>	<u>43,653,968,153.58</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Fixed assets (continued)

31 December 2022

	Buildings	Machinery and equipment	Transportation equipment	Office and other equipment	Total
Original price					
Opening balance	34,965,067,448.94	32,080,855,436.51	579,060,137.88	960,643,522.55	68,585,626,545.88
Purchase	44,076,149.36	1,105,741,566.87	172,307,310.17	143,614,160.16	1,465,739,186.56
Transfer from construction in progress	711,007,365.41	599,542,522.23	6,329,927.97	15,053,977.95	1,331,933,793.56
Acquisition of subsidiaries	871,173,385.53	305,648,914.71	21,594,727.48	1,623,124.94	1,200,040,152.66
Disposal or retirement	(244,692,392.28)	(1,306,020,494.53)	(218,991,392.16)	(44,145,660.16)	(1,813,849,939.13)
Other transfer out	(226,854,637.28)	(201,617,677.81)	(15,057,890.38)	(9,695,178.24)	(453,225,383.71)
Closing balance	<u>36,119,777,319.68</u>	<u>32,584,150,267.98</u>	<u>545,242,820.96</u>	<u>1,067,093,947.20</u>	<u>70,316,264,355.82</u>
Accumulated depreciation					
Opening balance	8,828,006,044.03	13,829,955,584.30	354,042,657.16	528,848,269.54	23,540,852,555.03
Provision	1,355,108,031.75	2,300,753,458.40	112,605,999.97	120,165,920.78	3,888,633,410.90
Disposal or retirement	(132,603,327.92)	(928,092,428.82)	(196,110,302.66)	(40,008,097.43)	(1,296,814,156.83)
Other transfer out	(37,707,705.03)	(109,617,646.03)	(6,897,807.29)	(6,665,895.49)	(160,889,053.84)
Closing balance	<u>10,012,803,042.83</u>	<u>15,092,998,967.85</u>	<u>263,640,547.18</u>	<u>602,340,197.40</u>	<u>25,971,782,755.26</u>
Provision for impairment					
Opening balance	307,846,270.24	341,655,584.64	22,679,979.22	1,216,387.29	673,398,221.39
Provision	60,125,453.27	48,902,627.57	2,033,486.76	1,200,553.26	112,262,120.86
Disposal or retirement	(5,064,330.00)	(31,119,954.07)	(7,237,991.52)	(128,777.75)	(43,551,053.34)
Other transfer out	(8,363,659.53)	(42,159,254.99)	(948,853.29)	(124,074.12)	(51,595,841.93)
Closing balance	<u>354,543,733.98</u>	<u>317,279,003.15</u>	<u>16,526,621.17</u>	<u>2,164,088.68</u>	<u>690,513,446.98</u>
Carrying value					
At the end of the year	<u>25,752,430,542.87</u>	<u>17,173,872,296.98</u>	<u>265,075,652.61</u>	<u>462,589,661.12</u>	<u>43,653,968,153.58</u>
At the beginning of the year	<u>25,829,215,134.67</u>	<u>17,909,244,267.57</u>	<u>202,337,501.50</u>	<u>430,578,865.72</u>	<u>44,371,375,769.46</u>

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For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Fixed assets (continued)

Fixed assets that are temporarily idle are as follows:

January to June 2023

	Original price	Accumulated depreciation	Provision for impairment	Carrying value
Buildings	205,178,834.40	84,133,148.37	68,274,251.18	52,771,434.85
Machinery and equipment	194,945,693.12	124,282,109.85	66,925,090.00	3,738,493.27
Transportation equipment	12,230,389.93	6,424,009.17	5,739,346.93	67,033.83
Office and other equipment	7,539,014.72	6,299,697.47	981,384.21	257,933.04
	<u>419,893,932.17</u>	<u>221,138,964.86</u>	<u>141,920,072.32</u>	<u>56,834,894.99</u>

2022

	Original price	Accumulated depreciation	Provision for impairment	Carrying value
Buildings	128,651,668.38	49,181,714.91	–	79,469,953.47
Machinery and equipment	92,468,279.65	75,564,899.68	4,465,819.33	12,437,560.64
Office and other equipment	6,703,685.33	5,468,956.67	857,310.08	377,418.58
	<u>227,823,633.36</u>	<u>130,215,571.26</u>	<u>5,323,129.41</u>	<u>92,284,932.69</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Fixed assets (continued)

Fixed assets leased under operating leases are as follows:

January to June 2023

	Buildings	Machinery and equipment	Transportation equipment	Total
Original price				
Opening balance	341,801,852.49	12,070,316.67	326,588.00	354,198,757.16
Closing balance	<u>329,364,608.90</u>	<u>12,070,316.67</u>	<u>326,588.00</u>	<u>341,761,513.57</u>
Accumulated depreciation				
Opening balance	144,258,134.34	5,659,201.27	310,258.60	150,227,594.21
Closing balance	<u>140,246,238.29</u>	<u>5,834,222.05</u>	<u>310,258.60</u>	<u>146,390,718.94</u>
Provision for impairment				
Opening and closing balance	<u>7,185,051.99</u>	<u>4,505,546.99</u>	–	<u>11,690,598.98</u>
Carrying value				
At the end of the period	<u>181,933,318.62</u>	<u>1,730,547.63</u>	<u>16,329.40</u>	<u>183,680,195.65</u>
At the beginning of the period	<u>190,358,666.16</u>	<u>1,905,568.41</u>	<u>16,329.40</u>	<u>192,280,563.97</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Fixed assets (continued)

Fixed assets leased under operating leases are as follows: (continued)

2022

	Buildings	Machinery and equipment	Transportation equipment	Total
Original price				
Opening balance	383,578,684.17	12,070,316.67	326,588.00	395,975,588.84
Closing balance	<u>341,801,852.49</u>	<u>12,070,316.67</u>	<u>326,588.00</u>	<u>354,198,757.16</u>
Accumulated depreciation				
Opening balance	150,899,562.10	5,484,180.49	310,258.60	156,694,001.19
Closing balance	<u>144,258,134.34</u>	<u>5,659,201.27</u>	<u>310,258.60</u>	<u>150,227,594.21</u>
Provision for impairment				
Opening and closing balance	<u>7,185,051.99</u>	<u>4,505,546.99</u>	–	<u>11,690,598.98</u>
Carrying value				
At the end of the year	<u>190,358,666.16</u>	<u>1,905,568.41</u>	<u>16,329.40</u>	<u>192,280,563.97</u>
At the beginning of the year	<u>225,494,070.08</u>	<u>2,080,589.19</u>	<u>16,329.40</u>	<u>227,590,988.67</u>

As at 30 June 2023, the carrying amount for fixed assets pending completion of the procedures for the title certificates amounted to RMB1,223,477,518.83 (31 December 2022: RMB1,343,749,668.73). The Group was in the process of handling the procedures for changing the relevant titles. The management was of the view that the Group had the legitimate and valid right to occupy and use or dispose of the above fixed assets and the above matters would not impose material adverse effect on the operations of the Group.

Details of pledge of fixed assets are set out in Note V. 69.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Construction in progress

	30 June 2023	31 December 2022
Construction in progress	4,416,531,918.97	3,561,174,244.46
Construction materials	46,432,414.94	43,781,428.56
	4,462,964,333.91	3,604,955,673.02

	30 June 2023			31 December 2022		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Huahai Wind Power						
– Caofeidian New Wind Power Project	109,936,817.07	-	109,936,817.07	109,936,817.07	-	109,936,817.07
BBMG Residential Industrialization (Tangshan)						
– BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	21,703,185.38	-	21,703,185.38	136,523.79	-	136,523.79
– BBMG New Material Yutian Prefabricated Building Component Base Project Phase I	807,655.83	-	807,655.83	807,655.83	-	807,655.83
Datong Jidong Cement						
– Project of collaborative disposal of hazardous waste using cement kiln by Datong Company	734,586.72	-	734,586.72	734,586.72	-	734,586.72
– Mine stripping waste rock comprehensive utilization project of Datong Company	78,682,002.72	-	78,682,002.72	72,418,080.12	-	72,418,080.12
– Technical modification project of 1# Kiln of Datong Company SCR ultralow emission	-	-	-	20,318,080.05	-	20,318,080.05
Beijing Jinyu Aerated Concrete						
– Construction project of plants in Glass Cultural and Creative Industrial Park	99,984,161.59	-	99,984,161.59	55,143,179.27	-	55,143,179.27
– Glass Cultural and Creative Industrial Park renovation project	52,863,835.65	-	52,863,835.65	56,025,846.05	-	56,025,846.05
– 2022 Clay stripping project (CFX)	42,137,936.94	-	42,137,936.94	29,272,968.37	-	29,272,968.37
– Dongshan limestone (for cement use) restoration and treatment project	16,059,078.42	-	16,059,078.42	10,161,005.53	-	10,161,005.53
Badaling Hot Spring						
– Resort Upgrade and Renovation	12,723,084.75	-	12,723,084.75	12,510,702.22	-	12,510,702.22
Tianjin Tiancai Construction Investment						
– Research and Development Building	33,511,727.59	-	33,511,727.59	33,511,727.59	-	33,511,727.59

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Construction in progress (continued)

	30 June 2023			31 December 2022		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Tangshan Jidong Cement						
– Integrated management, control and operation information platform project of BBMG Jidong	-	-	-	14,507,399.90	-	14,507,399.90
BBMG Weiguan (Cangzhou) Chemical						
– Equipment modification and installation	72,006,251.65	-	72,006,251.65	67,608,790.91	-	67,608,790.91
Qianan BBMG Shougang Environmental Technology						
– Slag superfine powder project	218,376,474.94	-	218,376,474.94	212,063,976.07	-	212,063,976.07
BBMG Hongshulin Biomass Energy (Jingyang) (金隅紅樹林生物質能源(涇陽))						
– Renovation (expansion) project of collaborative disposal of sludge through the cement kiln	-	-	-	41,011,037.15	-	41,011,037.15
Jidong Cement Panshi						
– 4500t/d clinker cement production line project in new building materials industrial park	970,139,366.63	-	970,139,366.63	426,859,754.29	-	426,859,754.29
– Sand gravel aggregates production line project (CPS) with annual output of 3 million tonnes	-	-	-	40,242,030.98	-	40,242,030.98
– Comprehensive utilization construction project of fly ash storage and deep processing in new building materials industrial park (CPS)	45,660,293.03	-	45,660,293.03	15,893,336.53	-	15,893,336.53
Tianjin BBMG Concrete						
– New office building	23,650,000.00	-	23,650,000.00	23,650,000.00	-	23,650,000.00
Shaanxi BBMG Energy- Saving Materials & Technology						
– Stone wool production line project with annual output of 40,000 tonnes	194,592,786.84	-	194,592,786.84	194,628,375.30	-	194,628,375.30
Jidong Cement Heilongjiang						
– Construction project of green mines of Heilongjiang company	-	-	-	1,326,119.06	-	1,326,119.06

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For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Construction in progress (continued)

	30 June 2023			31 December 2022		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Shannxi Jinyu aerated assembly parts						
– Shannxi Jinyu aerated infrastructure project	284,921,953.03	–	284,921,953.03	261,874,852.46	–	261,874,852.46
Tangshan Jidong Development Machinery and Equipment						
– Equipment under installation	19,730,605.71	–	19,730,605.71	19,730,605.71	–	19,730,605.71
Chengde Jidong Cement						
– Technical modification project of mines	17,994,065.22	–	17,994,065.22	17,994,065.22	–	17,994,065.22
Tianjin BBMG Zhenxing Environmental Protection						
– “8.12” Tianjin Port Explosion Accident Scene Cleaning and Repairing Steel Structure Cover Assets to Offset the Technical Transformation Project of the Works under Construction (company: CZX)	20,562,909.52	–	20,562,909.52	18,906,615.15	–	18,906,615.15
Jilin BBMG Jidong Environmental Protection Technology						
– Construction project of limestone mines for cement use in Qincaigou	371,807.22	–	371,807.22	677,098.05	–	677,098.05
– New 100,000-tonne fly ash steel plate storage project	–	–	–	46,441,635.76	–	46,441,635.76
Tangxian Jidong Cement						
– Purchase capacity indicator project of Tangxian company	–	–	–	1,531,179.25	–	1,531,179.25

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Construction in progress (continued)

	30 June 2023			31 December 2022		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Dachang BBMG Tiantan Furniture						
– 800,000 standard project	5,288,483.00	–	5,288,483.00	7,748,452.37	–	7,748,452.37
BBMG Tiantan (Tangshan) Wood Technology						
– BBMG Tiantan Homeware (Caofeidian) Innovation Industry Construction Project	14,204,832.09	–	14,204,832.09	13,952,001.91	–	13,952,001.91
BBMG (Dachang) Modern Industrial Park						
– Standard plant project of Tiantan furniture with Land No. 12	–	–	–	35,416,287.13	–	35,416,287.13
– Tiantan furniture Land No. 12 construction and installation project	–	–	–	6,725,952.32	–	6,725,952.32
– Tiantan furniture Land No. 12 prepaid expense	–	–	–	2,384,271.84	–	2,384,271.84
– Tiantan furniture Land No. 12 fence	–	–	–	1,918,105.30	–	1,918,105.30
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology						
– Shendan project	12,157,690.30	–	12,157,690.30	12,157,690.30	–	12,157,690.30
Beijing Jinyu Pinggu Cement						
– Mortar project	145,780,973.68	–	145,780,973.68	69,964,893.13	–	69,964,893.13
– Digital chain project	274,714,424.30	–	274,714,424.30	257,801,789.72	–	257,801,789.72
BBMG Hongshulin Environmental Protection Technology (北京金隅紅樹林環保技術)						
– Qixin collaborative disposal of domestic waste using cement kilns power generation system project	92,000,920.64	–	92,000,920.64	92,000,920.42	–	92,000,920.42
Tangshan Jidong Qixin Cement						
– Qixin clinker silo project	36,534,176.26	–	36,534,176.26	20,481,724.25	–	20,481,724.25
– Collaborative disposal of comprehensive solid waste using cement kilns and waste heat power generation cycle industry project	53,270,302.43	–	53,270,302.43	49,668,730.71	–	49,668,730.71

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Construction in progress (continued)

	30 June 2023			31 December 2022		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Beijing Jingu Zhitong Lulian Technology (北京金谷智通綠鏈科技)						
– Jingu Zhitong mining and construction industry Internet project	15,577,440.42	–	15,577,440.42	15,536,663.72	–	15,536,663.72
Zanhuang BBMG Cement						
– Zanhuang BBMG Third Line Ultra-low Emission and Energy Saving Technical Renovation Project	51,636,276.73	–	51,636,276.73	–	–	–
Beijing Longshuncheng Chinese Furniture						
– BBMG Longshuncheng Cultural and Creative Park	127,098,159.35	–	127,098,159.35	105,577,362.38	–	105,577,362.38
Tangshan Caofeidian Jidong Equipment Machinery Thermal Processing						
– Large-scale metal material intelligent manufacturing project	256,889,471.89	–	256,889,471.89	244,259,047.96	–	244,259,047.96
Construction materials	49,882,927.01	3,450,512.07	46,432,414.94	47,231,940.63	3,450,512.07	43,781,428.56
Others	1,102,030,111.76	107,801,930.33	994,228,181.43	927,458,236.93	107,801,930.33	819,656,306.60
Total	4,574,216,776.31	111,252,442.40	4,462,964,333.91	3,716,208,115.42	111,252,442.40	3,604,955,673.02

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

19. Construction in progress (continued)

Changes of major construction in progress from January to June 2023 are as below:

	Budget (RMB'000)	Opening balance	Increase in the period	Transferred to fixed assets in the period	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Badaling Hot Spring – Resort Upgrade and Renovation	730,000.00	12,510,702.22	6,426,231.44	274,216.10	5,939,632.81	12,723,084.75	Self-financing	97%
BBMG Beishui Environmental Protection Technology – Carbon dioxide capture, storage and resource utilization and resources	183,330.00	624,912.98	32,213,090.90	–	–	32,838,003.88	Self-owned funds	18%
BBMG Hongshulin Environmental Protection Technology – Qixin collaborative disposal of domestic waste using cement kilns power generation system project	103,000.00	92,000,920.42	0.22	–	–	92,000,920.64	Self-financing	96%
Beijing Jinyu Aerated Concrete – Construction project of plants in Glass Cultural and Creative Industrial Park	100,000.00	55,143,179.27	44,840,982.32	–	–	99,984,161.59	Group funding	100%
– Glass Cultural and Creative Industrial Park renovation project	60,000.00	56,025,846.05	–	–	3,162,010.40	52,863,835.65	Group funding	93%
Beijing Jinyu Pinggu Cement – Mortar project	190,179.20	69,964,893.13	75,816,080.55	–	–	145,780,973.68	Self-financing and borrowing	37%
– Digital chain project	331,266.90	257,801,789.72	16,912,634.58	–	–	274,714,424.30	Self-financing and borrowing	78%
Beijing Longshuncheng Chinese Furniture – BBMG Longshuncheng Cultural and Creative Park	140,000.00	105,577,362.38	21,520,796.97	–	–	127,098,159.35	Self-financing	91%
Dachang BBMG Tiantan Furniture – 800,000 standard project	558,600.00	7,748,452.37	26,461.36	2,486,430.73	–	5,288,483.00	Self-financing and state funding	65%

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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

19. Construction in progress (continued)

Changes of major construction in progress from January to June 2023 are as below: (continued)

	Budget (RMB'000)	Opening balance	Increase in the period	Transferred to fixed assets in the period	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Datong Jidong Cement								
- Mine stripping waste rock comprehensive utilization project of Datong Company	85,410.00	72,418,080.12	6,263,922.60	-	-	78,682,002.72	Self-financing	94%
- Project of collaborative disposal of hazardous waste using cement kiln by Datong Company	77,370.00	734,586.72	-	-	-	734,586.72	Self-financing	100%
Handan BBMG Taihang Cement								
- XM-2021-01 2*4500Vd Project of collaborative disposal of solid waste using cement kiln and production line project	2,125,468.90	17,125,827.22	844,339.61	-	-	17,970,166.83	Self-financing	20%
Jilin BBMG Jidong Environmental Protection Technology								
- New 100,000-tonne fly ash steel plate storage project	57,530.00	46,441,635.76	4,713,059.74	51,154,695.50	-	-	Self-financing	89%
Jidong Cement Panshi								
- Sand gravel aggregates production line project (CPS) with annual output of 3 million tonnes	70,211.20	40,242,030.98	21,280,369.65	61,522,400.63	-	-	Project loan	100%
- 4500Vd clinker cement production line project in new building materials industrial park	1,396,060.00	426,859,754.29	543,279,612.34	-	-	970,139,366.63	Project loan	69%
- Comprehensive utilization construction project of fly ash storage and deep processing in new building materials industrial park (CPS)	88,230.00	15,893,336.53	29,766,956.50	-	-	45,660,293.03	Project loan	52%

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

19. Construction in progress (continued)

Changes of major construction in progress from January to June 2023 are as below: (continued)

	Budget (RMB'000)	Opening balance	Increase in the period	Transferred to fixed assets in the period	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Jiaozuo Jinyu Jidong New Materials – Annual output of 5 million-tonne aggregate production line project (CPS)	114,640.00	8,482,756.47	40,221,720.19	-	-	48,704,476.66	Self-financing	60%
BBMG Taini (Dai County) Environmental Protection Technology – Daixian company new waste heat power generation project	57,980.00	5,956,380.34	40,577,363.22	-	-	46,533,743.56	Self-financing	89%
BBMG Tiantan (Tangshan) Wood Technology – BBMG Tiantan Home Furnishing (Caofeidian) Innovative Industry Construction Project	848,117.40	13,952,001.91	252,830.18	-	-	14,204,832.09	Self-financing	100%
BBMG Weiguan (Cangzhou) Chemical – Equipment modification and installation	80,000.00	67,608,790.91	4,397,460.74	-	-	72,006,251.65	Self-financing	98%
BBMG Residential Industrialization (Tangshan) – BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	235,512.60	136,523.79	21,600,443.13	33,781.54	-	21,703,185.38	Self-financing	49%
Qianan BBMG Shougang Environmental Technology – Slag superfine powder project	261,880.30	212,063,976.07	6,312,498.87	-	23,290,300.00	195,086,174.94	Shareholders invest in registered capital, bank loans	83%
Shaanxi Jinyu Aerated Assembly Parts – Shanxi jinyu aerated infrastructure project	390,370.00	261,874,852.46	23,047,100.57	-	-	284,921,953.03	Self-financing	85%

Notes to Unaudited Interim Financial Statements

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RMB

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

19. Construction in progress (continued)

Changes of major construction in progress from January to June 2023 are as below: (continued)

	Budget (RMB'000)	Opening balance	Increase in the period	Transferred to fixed assets in the period	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Shaanxi BBMG Energy-Saving Materials & Technology								
– Stone wool production line project with annual output of 40,000 tonnes	223,080.30	194,628,375.30	-	-	35,588.46	194,592,786.84	Self-financing and borrowing	0%
Tangshan Jidong Qixin Cement								
– Collaborative disposal of comprehensive solid waste using cement kilns and waste heat power generation cycle industry project	156,190.00	49,668,730.71	3,601,571.72	-	-	53,270,302.43	Self-financing	34%
Tangshan Jidong Cement Co., Ltd.								
– Integrated management, control and operation information platform project of BBMG Jidong	88,580.00	14,507,399.90	-	-	14,507,399.90	-	Self-financing	100%
Zanhuang BBMG Cement								
– Zanhuang BBMG Third Line Ultra-low Emission and Energy Saving Technical Renovation Project	58,340.00	-	52,698,223.48	-	1,061,946.75	51,636,276.73	Self-financing	89%

Note: Other decrease was mainly due to the fact that the resort upgrade and renovation project was transferred to administrative expenses and intangible assets, and the integrated management, control and operation information platform project of Tangshan Jidong Cement Co., Ltd. and slag superfine powder project of Qianan BBMG were transferred to intangible assets.

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For the six months ended 30 June 2023

RMB

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

19. Construction in progress (continued)

Changes of major construction in progress in 2022 are as below:

	Budget (RMB'000)	Opening balance	Increase in the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Badaling Hot Spring – Resort Upgrade and Renovation	730,000.00	42,735,686.71	93,871,375.96	80,149,994.45	43,946,366.00	12,510,702.22	Self-financing	97%
Beijing Jianji Assets Management Co., Ltd. – Lock factory renovation	74,000.00	59,530,631.91	2,221,031.97	61,751,663.88	–	–	Self-financing	84%
Beijing Jinyu Aerated Concrete – Construction project of plants in Glass Cultural and Creative Industrial Park	60,000.00	55,143,179.27	–	–	–	55,143,179.27	Self-financing	92%
– Glass Cultural and Creative Industrial Park renovation project	120,000.00	50,124,852.12	5,900,993.93	–	–	56,025,846.05	Self-financing	93%
Dachang BBMG Tiantan Furniture – 800,000 standard project	558,600.00	13,215,269.78	–	2,630,250.37	2,836,567.04	7,748,452.37	Self-financing and state funding	65%
Datong Jidong Cement – Mine stripping waste rock comprehensive utilization project of Datong Company	85,410.00	58,937,421.15	13,480,658.97	–	–	72,418,080.12	Self-financing	94%
– Project of collaborative disposal of hazardous waste using cement kiln by Datong Company	77,370.00	67,230,865.22	3,950,553.29	70,029,442.41	417,389.38	734,586.72	Self-financing	100%
Huahai Wind Power Development – Caofeidian New Wind Power Project	200,000.00	108,462,903.07	1,473,914.00	–	–	109,936,817.07	Self-financing	100%
Jidong Cement – Integrated management, control and operation information platform project	108,860.00	10,255,663.25	4,251,736.65	–	–	14,507,399.90	Self-financing	73%

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For the six months ended 30 June 2023

RMB

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

19. Construction in progress (continued)

Changes of major construction in progress in 2022 are as below: (continued)

	Budget (RMB'000)	Opening balance	Increase in the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Jidong Cement Panshi								
– Sand gravel aggregates production line project (CPS) with annual output of 3 million tonnes	70,211.20	–	40,242,030.98	–	–	40,242,030.98	Self-financing	57%
– Comprehensive utilization construction project of fly ash storage and deep processing in new building materials industrial park (CPS)	88,230.00	–	15,893,336.53	–	–	15,893,336.53	Self-financing	18%
Jidong Cement Tongchuan								
– New clinker cement production line	1,560,361.80	46,019,748.28	238,860,783.29	284,880,531.57	–	–	Self-financing and borrowing	98%
– Yangquanshan mine development project	76,420.00	51,745.02	770,713.13	157,734.57	664,723.58	–	Self-financing and borrowing	98%
BBMG Jidong Fengxiang Environmental Technology								
– Phase II construction project of the mine	59,760.00	52,840,003.06	4,804,553.70	–	57,644,556.76	–	Self-owned funds	100%
– 2022 Clay stripping project	62,986.40	–	29,272,968.37	–	–	29,272,968.37	Self-owned funds	100%
Qianan BBMG Shougang Environmental Technology								
– Slag superfine powder project	261,880.00	33,551,838.34	178,512,137.73	–	–	212,063,976.07	Self-financing and borrowing	81%
BBMG Weiguan (Cangzhou) Chemical								
– Equipment modification and installation	80,000.00	38,653,147.58	29,343,253.97	387,610.64	–	67,608,790.91	Self-financing	98%

Notes to Unaudited Interim Financial Statements

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

19. Construction in progress (continued)

Changes of major construction in progress in 2022 are as below: (continued)

	Budget (RMB'000)	Opening balance	Increase in the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
BBMG Residential Industrialization (Tangshan) – BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	235,513.60	90,245,282.97	38,736,599.24	128,845,358.42	–	136,523.79	Self-financing	49%
Tianjin Tiancai Construction Investment – Research and Development Building	167,558.64	33,511,727.59	–	–	–	33,511,727.59	Borrowing	20%
Xingtai BBMG Jidong Cement – Project of collaborative disposal of integrated solid waste	93,830.00	908,685.52	3,433,255.50	4,341,941.02	–	–	Self-financing and borrowing	100%
Jilin BBMG Jidong Environmental Protection Technology – New 100,000-tonne fly ash steel plate storage project	57,530.00	–	46,441,635.76	–	–	46,441,635.76	Self-financing	65%
Beijing Jinyu Pinggu Cement – Mortar project	190,179.20	–	69,964,893.13	–	–	69,964,893.13	Self-financing and borrowing	37%
– Digital chain project	331,266.90	–	257,801,789.72	–	–	257,801,789.72	Self-financing and borrowing	78%

Notes to Unaudited Interim Financial Statements

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RMB

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

19. Construction in progress (continued)

Changes of major construction in progress in 2022 are as below: (continued)

	Budget (RMB'000)	Opening balance	Increase in the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
BBMG Hongshulin Environmental Protection Technology (北京金隅紅樹林 環保技術)								
– Qixin collaborative disposal of domestic waste using cement kilns power generation system project	103,000.00	–	92,000,920.42	–	–	92,000,920.42	Self-financing	96%

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Construction in progress (continued)

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

30 June 2023

	Progress of works (%)	Accumulated amount of capitalized interest	Including: capitalized interest for the period	Capitalization rate of interest for the period (%)
Tangshan Caofeidian Jidong Equipment Machinery Hot Working Co., Ltd. – Large-scale metal material intelligent manufacturing project	5.00	3,518,551.46	2,128,443.27	2.84
Shaanxi Jinyu Aerated Assembly Parts Co., Ltd. – Shanxi Jinyu aerated infrastructure project	100.00	5,123,440.89	3,196,326.72	3.36
Jidong Cement Panshi Co., Ltd. – Comprehensive utilization construction project of fly ash storage and deep processing	80.00	1,051,624.96	731,541.64	3.29
– Sand gravel aggregates production line project	100.00	1,373,491.72	981,170.86	3.26
– 4500t/d clinker cement production line project in new building materials industrial park	90.00	26,605,219.31	10,808,747.17	3.54
Qianan BBMG Shougang Environmental Technology Co., Ltd. – Slag superfine powder project	83.00	3,581,229.74	1,971,403.68	4.23
Others	–	247,710.77	247,710.77	–
		41,501,268.85	20,065,344.11	

Note: The amount of capitalized interests included in construction in progress for January to June 2023 was RMB20,065,344.11 (2022: RMB22,518,868.44), and RMB3,151,821.73 (2022: RMB7,107,139.70) had been transferred to fixed assets.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Construction in progress (continued)

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

31 December 2022

	Progress of works (%)	Accumulated amount of capitalized interest	Including: capitalized interest for the year	Capitalization rate of interest for the year (%)
Shaanxi Jinyu Aerated Assembly Parts Co., Ltd.				
– Project of assembly parts with an annual output of 600,000 m ³	95.00	1,927,114.17	1,927,114.17	1.70
Tangshan Caofeidian Jidong Equipment Machinery Hot Working Co., Ltd.				
– Large-scale metal material intelligent manufacturing project	39.00	1,390,108.19	1,380,605.44	1.03
Qianan BBMG Shougang Environmental Technology Co., Ltd.				
– Slag superfine powder project	80.98	1,609,826.06	1,609,826.06	4.03
Jidong Cement Panshi Co., Ltd.				
– 4500t/d clinker cement production line project in new building materials industrial park	75.00	15,796,472.14	14,340,909.64	3.58
Jidong Cement Tongchuan Co., Ltd.				
– New clinker cement production line	95.00	2,485,652.00	1,966,339.22	3.04
Others	–	1,378,573.91	1,294,073.91	–
		<u>24,587,746.47</u>	<u>22,518,868.44</u>	

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Construction in progress (continued)

Provision for impairment of construction in progress for 30 June 2023:

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Jidong Group				
– Nanhu Yingbinguan	64,378,932.25	–	–	64,378,932.25
Jidong Cement Tongchuan				
– Conveyor belt project	15,484,675.98	–	–	15,484,675.98
Others	27,938,322.10	–	–	27,938,322.10
Provision for impairment of construction in progress	107,801,930.33	–	–	107,801,930.33
Provision for impairment of construction materials	3,450,512.07	–	–	3,450,512.07
Total	111,252,442.40	–	–	111,252,442.40

Provision for impairment of construction in progress for 31 December 2022:

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Jidong Group				
– Nanhu Yingbinguan	64,378,932.25	–	–	64,378,932.25
Jidong Cement Tongchuan				
– Conveyor belt project	13,062,373.46	2,422,302.52	–	15,484,675.98
Others	20,168,279.51	7,770,042.59	–	27,938,322.10
Provision for impairment of construction in progress	97,609,585.22	10,192,345.11	–	107,801,930.33
Provision for impairment of construction materials	13,842,826.62	923,971.57	11,316,286.12	3,450,512.07
Total	111,452,411.84	11,116,316.68	11,316,286.12	111,252,442.40

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

20. Right-of-use assets

30 June 2023

	Lands	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Opening balance	781,690,777.38	643,232,441.96	22,785,641.14	783,769.42	21,211,535.40	1,469,704,165.30
Increase	18,863,288.53	61,371,816.87	-	-	-	80,235,105.40
Disposal	(1,005,527.88)	(15,198,669.26)	-	-	-	(16,204,197.14)
Closing balance	<u>799,548,538.03</u>	<u>689,405,589.57</u>	<u>22,785,641.14</u>	<u>783,769.42</u>	<u>21,211,535.40</u>	<u>1,533,735,073.56</u>
Accumulated depreciation						
Opening balance	156,402,577.32	341,394,801.91	8,450,594.69	206,431.97	8,930,313.54	515,384,719.43
Provision	33,354,391.99	59,596,939.90	1,228,846.17	232,163.23	-	94,412,341.29
Disposal	(339,240.84)	(14,915,497.29)	-	-	-	(15,254,738.13)
Closing balance	<u>189,417,728.47</u>	<u>386,076,244.52</u>	<u>9,679,440.86</u>	<u>438,595.20</u>	<u>8,930,313.54</u>	<u>594,542,322.59</u>
Provision for impairment						
Opening and closing balance	<u>464,557.00</u>	-	-	-	-	<u>464,557.00</u>
Carrying amount						
At the end of the period	<u>609,666,252.56</u>	<u>303,329,345.05</u>	<u>13,106,200.28</u>	<u>345,174.22</u>	<u>12,281,221.86</u>	<u>938,728,193.97</u>
At the beginning of the period	<u>624,823,643.06</u>	<u>301,837,640.05</u>	<u>14,335,046.45</u>	<u>577,337.45</u>	<u>12,281,221.86</u>	<u>953,854,888.87</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

20. Right-of-use assets (continued)

31 December 2022

	Lands	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Opening balance	549,239,466.11	503,408,162.65	64,788,570.20	–	21,211,535.40	1,138,647,734.36
Increase	273,151,565.38	152,952,223.39	–	783,769.42	–	426,887,558.19
Disposal	(40,700,254.11)	(13,127,944.08)	(42,002,929.06)	–	–	(95,831,127.25)
Closing balance	<u>781,690,777.38</u>	<u>643,232,441.96</u>	<u>22,785,641.14</u>	<u>783,769.42</u>	<u>21,211,535.40</u>	<u>1,469,704,165.30</u>
Accumulated depreciation						
Opening balance	135,646,344.78	234,740,574.88	48,153,815.38	–	8,891,313.54	427,432,048.58
Provision	35,637,992.87	109,007,664.09	2,299,708.37	206,431.97	39,000.00	147,190,797.30
Disposal	(14,881,760.33)	(2,353,437.06)	(42,002,929.06)	–	–	(59,238,126.45)
Closing balance	<u>156,402,577.32</u>	<u>341,394,801.91</u>	<u>8,450,594.69</u>	<u>206,431.97</u>	<u>8,930,313.54</u>	<u>515,384,719.43</u>
Provision for impairment						
Opening and closing balance	<u>464,557.00</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>464,557.00</u>
Carrying value						
At the end of the year	<u>624,823,643.06</u>	<u>301,837,640.05</u>	<u>14,335,046.45</u>	<u>577,337.45</u>	<u>12,281,221.86</u>	<u>953,854,888.87</u>
At the beginning of the year	<u>413,128,564.33</u>	<u>268,667,587.77</u>	<u>16,634,754.82</u>	<u>–</u>	<u>12,320,221.86</u>	<u>710,751,128.78</u>

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

21. Intangible assets

30 June 2023

	Land use rights	Software use rights	Mining rights	Trademark rights	Others	Total
Original value						
Opening balance	15,028,387,218.03	503,290,797.62	4,026,991,211.46	84,329,478.76	272,806,807.49	19,915,805,513.36
Purchase	133,237,394.81	95,157,163.99	163,667,541.05	-	714,102.83	392,776,202.68
Disposal	(5,836,540.75)	-	-	-	(229,296.22)	(6,065,836.97)
Other decrease	(14,795,659.49)	(4,663,708.68)	-	(914,778.76)	(721,851.09)	(21,095,998.02)
Closing balance	<u>15,140,992,412.60</u>	<u>593,784,252.93</u>	<u>4,190,658,752.51</u>	<u>83,414,700.00</u>	<u>272,569,763.01</u>	<u>20,281,419,881.05</u>
Accumulated amortization						
Opening balance	2,464,265,512.05	265,635,970.37	982,088,289.89	9,662,097.15	133,910,401.36	3,855,562,270.82
Provision	193,321,021.68	40,156,249.64	66,269,531.21	-	6,846,550.33	306,593,352.86
Disposal	(2,607,865.14)	-	-	-	-	(2,607,865.14)
Other decrease	(95,132.75)	(3,958,151.04)	-	(60,985.24)	(547,452.89)	(4,661,721.92)
Closing balance	<u>2,654,883,535.84</u>	<u>301,834,068.97</u>	<u>1,048,357,821.10</u>	<u>9,601,111.91</u>	<u>140,209,498.80</u>	<u>4,154,886,036.62</u>
Provision for impairment						
Opening and closing balance	<u>32,074,445.75</u>	<u>-</u>	<u>130,098,195.50</u>	<u>5,000,000.00</u>	<u>5,717,504.26</u>	<u>172,890,145.51</u>
Carrying value						
At the end of the period	<u>12,454,034,431.01</u>	<u>291,950,183.96</u>	<u>3,012,202,735.91</u>	<u>68,813,588.09</u>	<u>126,642,759.95</u>	<u>15,953,643,698.92</u>
At the beginning of the period	<u>12,532,047,260.23</u>	<u>237,654,827.25</u>	<u>2,914,804,726.07</u>	<u>69,667,381.61</u>	<u>133,178,901.87</u>	<u>15,887,353,097.03</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

21. Intangible assets (continued)

31 December 2022

	Land use rights	Software use rights	Mining rights	Trademark rights	Others	Total
Original value						
Opening balance	15,336,037,489.73	417,194,896.48	3,801,786,663.94	83,414,700.00	254,844,650.23	19,893,278,400.38
Purchase	276,398,475.56	88,871,100.19	137,937,200.04	914,778.76	26,435,498.75	530,557,053.30
Acquisition of subsidiaries	354,102,951.46	6,210.15	103,773,860.42	-	-	457,883,022.03
Disposal	(876,750,161.82)	(2,491,757.20)	(7,939,612.94)	-	(8,278,706.28)	(895,460,238.24)
Other decrease	(61,401,536.90)	(289,652.00)	(8,566,900.00)	-	(194,635.21)	(70,452,724.11)
Closing balance	<u>15,028,387,218.03</u>	<u>503,290,797.62</u>	<u>4,026,991,211.46</u>	<u>84,329,478.76</u>	<u>272,806,807.49</u>	<u>19,915,805,513.36</u>
Accumulated amortization						
Opening balance	2,234,485,485.41	206,716,290.17	874,339,197.84	4,557,245.92	119,393,053.68	3,439,491,273.02
Provision	343,790,117.29	60,377,350.18	116,315,992.05	5,104,851.23	14,517,347.68	540,105,658.43
Disposal	(93,478,892.54)	(1,341,684.13)	-	-	-	(94,820,576.67)
Other decrease	(20,531,198.11)	(115,985.85)	(8,566,900.00)	-	-	(29,214,083.96)
Closing balance	<u>2,464,265,512.05</u>	<u>265,635,970.37</u>	<u>982,088,289.89</u>	<u>9,662,097.15</u>	<u>133,910,401.36</u>	<u>3,855,562,270.82</u>
Provision for impairment						
Opening and closing balance	<u>32,074,445.75</u>	<u>-</u>	<u>130,098,195.50</u>	<u>5,000,000.00</u>	<u>5,717,504.26</u>	<u>172,890,145.51</u>
Carrying value						
At the end of the year	<u>12,532,047,260.23</u>	<u>237,654,827.25</u>	<u>2,914,804,726.07</u>	<u>69,667,381.61</u>	<u>133,178,901.87</u>	<u>15,887,353,097.03</u>
At the beginning of the year	<u>13,069,477,558.57</u>	<u>210,478,606.31</u>	<u>2,797,349,270.60</u>	<u>73,857,454.08</u>	<u>129,734,092.29</u>	<u>16,280,896,981.85</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

21. Intangible assets (continued)

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

	30 June 2023	31 December 2022
Less than 50 years	<u>12,454,034,431.01</u>	<u>12,532,047,260.23</u>

Details of pledge of intangible assets are set out in Note V. 69.

As at 30 June 2023, the useful life of trademark rights with a carrying amount of RMB68,813,588.09 was indefinite (31 December 2022: RMB69,667,381.61). The Group can apply for extension at the end of the expiration of protection periods of trademark rights with lower handling fees, and according to comprehensive judgment on product life cycle, market conditions and other factors, such trademark rights will bring economic benefits to the Group during future periods. After evaluated by the management of the Group, no provision for impairment is necessary.

As at 30 June 2023, the carrying value of intangible assets of the Group pending completion of the procedures for title certificates amounted to RMB402,855,501.12 (31 December 2022: RMB312,378,905.03). The management of the Company is of the view that there would not be any material adverse impact on the business operation of the Group from the aforementioned incomplete procedures for the title certificates.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

22. Goodwill

	30 June 2023	31 December 2022
Jidong Cement Business	2,013,854,242.93	2,013,854,242.93
Jidong Equipment Business	477,549,380.23	477,549,380.23
Hebei BBMG Dingxin Cement Co., Ltd.	189,815,999.91	189,815,999.91
Shanxi BBMG Jidong Environmental Protection Technology Co., Ltd. (山西金隅冀東環保科技有限公司)	70,191,522.45	70,191,522.45
Handan Shexian BBMG Cement Co., Ltd.	56,276,121.38	56,276,121.38
Handan BBMG Taihang Cement Co., Ltd.	26,884,752.28	26,884,752.28
Baoding Taihang Heyi Cement Co., Ltd.	11,428,946.82	11,428,946.82
Tianjin BBMG Zhenxing Environmental Protection Technology Co., Ltd.	10,931,009.96	10,931,009.96
Handan Dongfang Risheng Commercial Concrete Co., Ltd. (邯鄲市東方日盛商品混凝土有限公司)	4,995,998.32	4,995,998.32
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	3,967,009.95	3,967,009.95
Beijing Jingu Zhitong Lulian Technology Co., Ltd. (北京金谷智通綠鏈科技有限公司)	3,441,762.77	3,441,762.77
Beijing Qianglian Cement Co., Ltd.	2,742,710.29	2,742,710.29
Baogang Jidong Cement Co., Ltd.	1,181,333.25	1,181,333.25
	2,873,260,790.54	2,873,260,790.54
Less: Provision for impairment of goodwill	359,757,523.95	359,757,523.95
	2,513,503,266.59	2,513,503,266.59

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

22. Goodwill (continued)

Movements in provision for impairment of goodwill are as follows:

January to June 2023

	Amount
Opening and closing balance	<u>359,757,523.95</u>

2022

	Amount
Opening balance	369,240,395.59
Provision for the year	<u>(9,482,871.64)</u>
Closing balance	<u>359,757,523.95</u>

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

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

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

The goodwill formed by the acquisition of equity interests of the listed companies by the Company was determined as the net amount of fair value less costs to sell based on the market value of the interests held by the Group in the RMB denominated ordinary shares of the listed companies issued by way of public issuance as at 30 June 2023 after adjustments.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

22. Goodwill (continued)

The estimated future cash flows of the asset group are based on the five-year financial budget approved by the management at a discount rate of 10%-11% (2022: 10%-11%). The estimated cash flows of these assets groups beyond five years are determined at a fixed growth rate of 1%-3% (2022: 1%-3%) per annum. Other key assumptions adopted during the evaluation include estimated production capacity, future selling price, growth rate, expected gross profit margin and relevant expenditures of the asset product portfolio, and the above assumptions are based on the previous performance of these assets groups, industry standard and the management's expectations on market development.

23. Long-term deferred expenditures

30 June 2023

	Opening balance	Increase in the period	Amortisation in the period	Other decrease	Closing balance
Decoration	136,347,240.10	16,349,976.32	14,351,545.31	668,577.99	137,677,093.12
Leasehold improvement for fixed assets rented	23,140,003.86	27,198.93	745,631.75	-	22,421,571.04
Land lease prepayments and compensation for land acquisition	307,363,758.65	5,883,150.98	13,349,842.72	-	299,897,066.91
Cost of stripping mines	734,621,560.46	15,924,918.77	44,884,571.14	-	705,661,908.09
Others	562,056,886.48	226,905,442.07	113,595,111.79	10,608,830.06	664,758,386.70
	<u>1,763,529,449.55</u>	<u>265,090,687.07</u>	<u>186,926,702.71</u>	<u>11,277,408.05</u>	<u>1,830,416,025.86</u>

31 December 2022

	Opening balance	Increase in the year	Amortisation in the year	Other decrease	Closing balance
Decoration	122,492,146.97	52,271,485.01	35,213,746.60	3,202,645.28	136,347,240.10
Leasehold improvement for fixed assets rented	32,488,955.29	286,174.56	4,408,971.88	5,226,154.11	23,140,003.86
Land lease prepayments and compensation for land acquisition	300,353,780.91	14,695,435.03	7,685,457.29	-	307,363,758.65
Cost of stripping mines	737,537,685.62	95,285,864.69	95,538,526.76	2,663,463.09	734,621,560.46
Others	490,530,187.98	271,896,047.58	184,870,149.72	15,499,199.36	562,056,886.48
	<u>1,683,402,756.77</u>	<u>434,435,006.87</u>	<u>327,716,852.25</u>	<u>26,591,461.84</u>	<u>1,763,529,449.55</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

24. Deferred income tax assets/liabilities

Deferred income tax assets not eliminated:

	30 June 2023		31 December 2022	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deferred income tax assets				
Provision for LAT	1,347,161,905.36	336,790,476.34	2,682,680,092.04	670,670,023.01
Deductible losses	8,429,022,040.96	2,107,255,510.24	6,341,535,434.96	1,585,383,858.74
Provision for impairment of assets	2,025,529,193.00	506,382,298.25	2,118,130,414.28	529,532,603.57
Difference in accounting and tax of revenue recognition	49,067,424.68	12,266,856.17	58,183,930.08	14,545,982.52
Accrual of property development cost	1,829,561,420.04	457,390,355.01	1,826,215,769.24	456,553,942.31
Unrealised profits and losses of internal transactions	922,710,003.04	230,677,500.76	995,986,481.56	248,996,620.39
Changes in fair value of other equity instruments	464,876,056.00	116,219,014.00	419,288,588.32	104,822,147.08
Others	969,955,525.92	242,488,881.48	1,024,565,455.43	256,141,363.86
	16,037,883,569.00	4,009,470,892.25	15,466,586,165.91	3,866,646,541.48

Deferred income tax liabilities not eliminated:

	30 June 2023		31 December 2022	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Deferred income tax liabilities				
Assessment increase in investment properties	12,047,503,344.32	3,011,875,836.08	11,747,502,319.44	2,936,875,579.86
Assessment increase/decrease in business combination	11,057,630,110.12	2,764,407,527.53	11,140,677,754.32	2,785,169,438.58
Others	1,873,682,884.36	468,420,721.09	1,976,548,682.07	494,137,170.52
	24,978,816,338.80	6,244,704,084.70	24,864,728,755.83	6,216,182,188.96

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

24. Deferred income tax assets/liabilities (continued)

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

	30 June 2023	31 December 2022
Deductible temporary differences	9,858,779,288.69	8,423,703,824.34
Deductible losses	<u>16,995,039,004.90</u>	<u>17,049,681,031.65</u>
	<u>26,853,818,293.59</u>	<u>25,473,384,855.99</u>

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

	30 June 2023	31 December 2022
2023	1,040,143,325.66	1,128,412,587.71
2024	3,015,669,402.24	3,829,516,288.68
2025	2,264,742,817.86	2,631,941,860.42
2026	3,677,239,021.47	3,768,252,712.50
2027	5,371,000,360.07	5,691,557,582.34
2028	<u>1,626,244,077.60</u>	—
	<u>16,995,039,004.90</u>	<u>17,049,681,031.65</u>

The Group's subsidiaries with deductible losses prepare the profit forecasts for the next 5 years based on the approved budget to assess the taxable income to be generated from the subsidiaries enjoying the deductible loss before the expiration of the deductible loss, and to recognize the deferred income tax assets for the deductible loss based on the assessment result.

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

25. Other non-current assets

	30 June 2023	31 December 2022
Prepayment for projects, equipment and plants	294,795,149.64	659,855,317.47
Prepayment for lands	90,716,408.95	131,491,664.68
Prepayment for exploration rights	63,000,000.00	63,000,000.00
Other assets	147,765,066.57	149,749,783.35
	596,276,625.16	1,004,096,765.50

26. Short-term loans

	30 June 2023	31 December 2022
Guaranteed loans (Note 1)	3,517,806,971.35	3,499,460,000.00
Credit loans	25,334,805,823.07	21,748,528,700.00
Pledged loans (Note 2)	4,415,619.08	234,837,071.43
	28,857,028,413.50	25,482,825,771.43

Note 1: As at 30 June 2023 and 31 December 2022, the guaranteed loans were guaranteed by entities within the Group.

Note 2: As at 30 June 2023 and 31 December 2022, details and value of collaterals corresponding to pledged loans of the Group are set out in Note V. 69.

As at 30 June 2023, the interest rates of the above loans of the Group were 2.10%-3.70% per annum (31 December 2022: 2.00%-4.20%).

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

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

27. Bills payable

	30 June 2023	31 December 2022
Commercial acceptance bills	144,030,423.18	94,091,365.38
Bank acceptance bills	<u>3,886,156,619.93</u>	<u>3,538,970,659.69</u>
	<u>4,030,187,043.11</u>	<u>3,633,062,025.07</u>

As at 30 June 2023, there were no outstanding bills payable (31 December 2022: Nil).

28. Accounts payable

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

	30 June 2023	31 December 2022
Within 1 year (inclusive of 1 year)	14,291,091,934.60	14,645,426,829.98
1 to 2 years (inclusive of 2 years)	3,284,732,774.00	3,046,374,198.75
2 to 3 years (inclusive of 3 years)	928,875,841.74	494,573,903.00
Over 3 years	<u>891,429,467.61</u>	<u>840,985,043.35</u>
	<u>19,396,130,017.95</u>	<u>19,027,359,975.08</u>

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

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

28. Accounts payable (continued)

As at 30 June 2023, significant accounts payable aging over 1 year of the Group are as follows:

	Relationship with the Group	Amount payable	Percentage of total accounts payable (%)	Reasons for non- repayment
First	Third party	1,232,447,312.89	6.35	Unsettled
Second	Third party	526,985,923.52	2.72	Unsettled
Third	Third party	333,865,621.48	1.72	Unsettled
Fourth	Third party	152,282,907.92	0.79	Unsettled
Fifth	Third party	151,869,787.32	0.78	Unsettled

29. Receipts in advance

	30 June 2023	31 December 2022
Advances on rents	316,678,464.46	315,238,031.96

As at 30 June 2023, there were no significant receipts in advance aged over one year (31 December 2022: Nil).

30. Contract liabilities

	30 June 2023	31 December 2022
Advances on pre-sale of properties	31,596,496,723.33	28,847,776,133.09
Advances on sale of goods	1,511,413,027.13	1,011,799,096.46
Advances on construction costs	33,231,915.43	11,828,895.82
Advances on property fees	152,781,795.60	229,446,337.87
Others	277,199,194.74	256,921,112.80
	33,571,122,656.23	30,357,771,576.04

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

30. Contract liabilities (continued)

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

Projects	Expected settlement date of the next batch	Proportion of the pre-sale	30 June 2023	31 December 2022
Beijing – Anningzhuang	November 2023	80%	9,864,175,878.83	9,671,155,896.35
Shanghai –Yangpu R-10 Plot	September 2024	90%	7,927,208,625.04	3,788,080,934.97
Hangzhou – Huichao Yuefu	April 2025	94%	5,018,987,176.84	4,774,257,977.38
Beijing – Shibalidian	December 2024	71%	2,069,092,608.27	710,762,819.97
Nanjing – G79 Qixia Project	November 2023	76%	1,483,499,494.39	964,799,714.17
Ningbo – Eastern New City Project	November 2023	100%	1,236,726,796.04	897,833,100.13
Hefei – Shanhu Yunzhu	November 2024	100%	1,132,298,984.53	461,883,472.31
Beijing – Chaoyang New City	September 2023	99%	609,191,466.82	609,482,300.15
Beijing – Wangjing Yunshang	December 2025	51%	512,245,032.95	–
Changzhou – Zhonglou Project	February 2024	30%	433,892,006.89	115,290,841.14
Chengdu–Gaoxin Zhonghe Project	December 2023	23%	186,511,269.80	85,770,936.69
Tianjin – Jinzu Park	June 2024	8%	167,734,665.42	377,541,852.06
Nanjing – Zijingdieyuan	September 2023	81%	88,891,714.68	177,283,853.56
Beijing – Shangchengjun	December 2024	88%	87,848,889.86	127,584,370.25
Chongqing – Nanshanjun	December 2023	45%	83,180,357.16	129,615,942.71
Beijing – Wangchuan Beiyuan	September 2023	98%	56,079,615.80	112,571,069.99
Beijing – Fangshan Project	July 2023	100%	45,400,578.76	25,511,199.48
Tianjin – Yingshun Building	December 2024	22%	38,334,921.87	40,811,952.22
Hangzhou – Senlinlanfu	August 2023	100%	27,235,828.01	2,559,064,420.52
Haikou – Yangguangjun	December 2023	84%	17,193,177.06	40,680,020.10
Chengdu – Shangchengjun Project	December 2023	46%	16,208,941.71	13,914,641.58
Chongqing – Xinduhui	December 2023	17%	15,264,757.33	33,866,302.11
Hefei – Baohe Project	December 2023	93%	12,409,079.74	14,154,334.36
Hangzhou – Chuntanglanfu	August 2023	100%	11,503,783.84	2,652,636,156.28
Others			455,381,071.69	463,222,024.61
Total			31,596,496,723.33	28,847,776,133.09

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

31. Wages payable

January to June 2023

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Short-term remunerations	485,655,529.41	2,976,092,070.62	3,221,625,710.87	240,121,889.16
Post-employment benefits (defined contribution plan)	52,449,934.78	433,107,814.44	444,569,405.64	40,988,343.58
Termination benefits	3,117,907.16	56,465,782.89	58,172,932.22	1,410,757.83
	<u>541,223,371.35</u>	<u>3,465,665,667.95</u>	<u>3,724,368,048.73</u>	<u>282,520,990.57</u>

2022

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short-term remunerations	388,621,710.30	6,379,266,682.88	6,282,232,863.77	485,655,529.41
Post-employment benefits (defined contribution plan)	13,686,478.32	838,407,202.51	799,643,746.05	52,449,934.78
Termination benefits	34,262,666.66	49,699,021.16	80,843,780.66	3,117,907.16
	<u>436,570,855.28</u>	<u>7,267,372,906.55</u>	<u>7,162,720,390.48</u>	<u>541,223,371.35</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

31. Wages payable (continued)

Short-term remunerations are as bellow:

January to June 2023

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Salaries, bonuses, allowances and subsidies	355,775,237.23	2,234,329,434.26	2,463,001,750.59	127,102,920.90
Staff welfare	647,220.40	159,060,687.51	158,154,806.63	1,553,101.28
Social insurance	21,180,238.03	225,582,831.28	234,184,065.85	12,579,003.46
Including: Medical insurance	18,852,825.06	203,506,803.35	211,400,930.77	10,958,697.64
Work injury insurance	2,327,412.97	22,076,027.93	22,783,135.08	1,620,305.82
Housing funds	47,666,954.40	251,071,728.52	266,261,895.38	32,476,787.54
Union fund and employee education fund	46,994,891.86	68,879,479.97	63,089,111.39	52,785,260.44
Other short-term remunerations	13,390,987.49	37,167,909.08	36,934,081.03	13,624,815.54
	<u>485,655,529.41</u>	<u>2,976,092,070.62</u>	<u>3,221,625,710.87</u>	<u>240,121,889.16</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

31. Wages payable (continued)

Short-term remunerations are as bellow: (continued)

2022

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Salaries, bonuses, allowances and subsidies	283,196,622.28	4,802,410,322.88	4,729,831,707.93	355,775,237.23
Staff welfare	1,578,724.33	456,679,142.05	457,610,645.98	647,220.40
Social insurance	14,597,835.58	445,646,975.37	439,064,572.92	21,180,238.03
Including: Medical insurance	12,437,997.06	396,760,480.40	391,128,165.38	18,070,312.08
Work injury insurance	997,983.75	45,807,028.33	44,477,599.11	2,327,412.97
Maternity insurance	1,161,854.77	3,079,466.64	3,458,808.43	782,512.98
Housing funds	29,042,578.37	486,507,674.69	467,883,298.66	47,666,954.40
Union fund and employee education fund	47,127,719.42	116,352,689.71	116,485,517.27	46,994,891.86
Other short-term remunerations	13,078,230.32	71,669,878.18	71,357,121.01	13,390,987.49
	<u>388,621,710.30</u>	<u>6,379,266,682.88</u>	<u>6,282,232,863.77</u>	<u>485,655,529.41</u>

As at the balance sheet date, there was no wages payable in arrears in balance of the account (31 December 2022: Nil).

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

31. Wages payable (continued)

Details of defined contribution plan are as follows:

January to June 2023

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Basic pension	49,865,445.25	344,665,079.39	355,609,864.89	38,920,659.75
Unemployment insurance	1,907,093.18	13,122,269.30	13,600,462.42	1,428,900.06
Corporate annuity	677,396.35	75,320,465.75	75,359,078.33	638,783.77
	<u>52,449,934.78</u>	<u>433,107,814.44</u>	<u>444,569,405.64</u>	<u>40,988,343.58</u>

2022

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Basic pension	12,124,114.87	662,337,359.48	624,596,029.10	49,865,445.25
Unemployment insurance	715,274.75	25,471,668.32	24,279,849.89	1,907,093.18
Corporate annuity	847,088.70	150,598,174.71	150,767,867.06	677,396.35
	<u>13,686,478.32</u>	<u>838,407,202.51</u>	<u>799,643,746.05</u>	<u>52,449,934.78</u>

The Group participated in the pension insurance and unemployment insurance managed by local government, to which the Group and employees made contributions based on 16% and 0.5%-0.8% (31 December 2022: 16% and 0.5%-0.8%) of the total wages in the previous year respectively. In addition, the Group also participated in the corporate annuity scheme operated and managed by a competent external management organization, to pay ascertain percentage of annuity for eligible enterprises and employees.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

32. Tax payable

	30 June 2023	31 December 2022
VAT	363,287,644.74	429,959,542.76
Corporate income tax	375,995,070.13	679,462,282.15
Individual income tax	8,776,610.31	16,285,886.07
City maintenance and construction tax	40,157,632.50	41,186,563.63
Resource tax	33,973,974.80	27,522,079.29
Land appreciation tax	108,769,150.01	387,796,499.28
Education surcharges	30,089,519.39	31,160,661.37
Urban and rural land use tax	16,331,018.14	20,803,011.77
Real estate tax	33,310,637.83	34,709,342.61
Deed tax and others	76,431,932.91	172,256,555.55
	<u>1,087,123,190.76</u>	<u>1,841,142,424.48</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

33. Other payables

	30 June 2023	31 December 2022
Interests payable	–	1,403,033,226.31
Interests on borrowings	–	240,803,944.15
Including: Interests on long-term borrowings	–	32,425,993.46
Interests on short-term borrowings	–	208,377,950.69
Interests of corporate bonds	–	1,162,229,282.16
Dividends payable	1,124,162,977.65	317,934,963.81
Other shareholders	856,802,424.38	75,464,277.73
Interest on perpetual bonds	267,360,553.27	242,470,686.08
Other payables	6,126,789,158.13	7,520,223,305.05
Amounts collected on behalf and temporary receipts	2,628,723,287.32	4,050,934,136.36
Deposits	1,405,927,730.87	1,486,649,441.74
Payables to related companies	442,919,228.83	7,191,549.58
Payables for relocation compensation	340,705,145.26	504,378,896.95
Construction costs payable	130,865,745.11	174,630,355.63
Freight and miscellaneous charges payable	122,850,457.74	107,591,576.42
Payables for land use right	67,420,976.83	67,410,976.83
Current portion of net liabilities of defined benefit plan (Note V. 40)	45,329,286.36	59,853,941.17
Public maintenance fund payable	24,083,394.49	44,392,793.73
Payables for acquisition of equity investments	11,403,231.71	20,874,093.86
Utilities	9,894,405.77	13,092,438.69
Others	896,666,267.84	983,223,104.09
	<u>7,250,952,135.78</u>	<u>9,241,191,495.17</u>

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

33. Other payables (continued)

As at 30 June 2023, significant other payables aging more than one year of the Group are as follows:

	Relationship with the Group	Amount payable	Percentage of total other payables (%)	Reasons for non- repayment
First	Third party	484,746,940.07	6.69	Unsettled
Second	Third party	416,500,000.00	5.74	Unsettled
Third	Third party	300,033,343.80	4.14	Unsettled
Fourth	Third party	242,675,029.16	3.35	Unsettled
Fifth	Third party	184,852,832.07	2.55	Unsettled

34. Non-current liabilities due within one year

	30 June 2023	31 December 2022
Long-term loans due within one year (Note V. 36)	8,076,258,715.95	8,778,039,209.66
Bonds payable due within one year (Note V. 37)	7,172,925,256.83	7,798,265,845.57
Lease liabilities due within one year (Note V. 38)	99,773,386.45	108,721,410.88
Long-term payables due within one year (Note V. 39)	58,187,949.89	39,919,859.47
	15,407,145,309.12	16,724,946,325.58

35. Other current liabilities

	30 June 2023	31 December 2022
Accrued expenses	3,492,029,914.84	5,121,166,768.24
Including: Accrued development costs	1,855,709,059.71	2,028,118,438.83
Provision for LAT	1,335,694,596.93	2,718,537,241.60
Accrued costs for treatment of solid wastes	48,580,540.75	122,059,282.34
Other accrued expenses	252,045,717.45	252,451,805.47
Tax to be written off	1,966,862,865.45	1,558,734,328.27
	5,458,892,780.29	6,679,901,096.51

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

36. Long-term loans

	30 June 2023	31 December 2022
Pledged loans (Note 1)	2,331,278,822.22	2,480,000,000.00
Mortgaged loans (Note 1)	6,869,717,480.01	9,322,533,991.35
Guaranteed loans (Note 2)	5,585,880,157.90	4,740,540,220.79
Credit loans	29,676,991,211.17	24,872,120,000.00
	44,463,867,671.30	41,415,194,212.14
Less: Long-term loans due within one year	8,076,258,715.95	8,778,039,209.66
	36,387,608,955.35	32,637,155,002.48

Note 1: As at 30 June 2023 and 31 December 2022, details and value of collaterals corresponding to mortgaged and pledged loans of the Group are set out in Note V. 69.

Note 2: As at 30 June 2023 and 31 December 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:

	30 June 2023	31 December 2022
Within 1 year	8,076,258,710.66	8,778,039,209.66
1-2 years	11,381,937,500.00	13,925,587,633.22
2-5 years	18,474,000,247.63	14,856,997,369.26
Over 5 years	6,531,671,213.01	3,854,570,000.00
	44,463,867,671.30	41,415,194,212.14

As at 30 June 2023, the annual interest rates of the above loans were 1.20%-5.14% (31 December 2022: 1.20%-5.23%).

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

37. Short-term financing bonds payable and bonds payable

	30 June 2023	31 December 2022
Short-term financing bonds payable	<u>7,051,501,917.81</u>	<u>5,000,000,000.00</u>
Corporate bonds	<u>18,907,296,038.62</u>	21,294,735,325.47
Medium-term notes	<u>11,282,933,552.20</u>	<u>12,997,489,458.54</u>
Balance at the end of the period/year	<u>30,190,229,590.82</u>	34,292,224,784.01
Less: Bonds payable due within one year	<u>7,172,925,256.83</u>	<u>7,798,265,845.57</u>
Non-current portion	<u>23,017,304,333.99</u>	<u>26,493,958,938.44</u>

Analysis of maturity of bonds payable:

	30 June 2023	31 December 2022
Within 1 year (inclusive of 1 year)	<u>7,172,925,256.83</u>	7,798,265,845.57
1 to 2 years (inclusive of 2 years)	<u>7,408,263,220.69</u>	7,920,532,843.74
2 to 5 years (inclusive of 5 years)	<u>15,609,041,113.30</u>	<u>18,573,426,094.70</u>
	<u>30,190,229,590.82</u>	<u>34,292,224,784.01</u>

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

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

As at 30 June 2023, the balance of bonds payable is as follows:

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the period	Interest charged during the period	Amortisation of discount/premium	Repayment during the period	Interests of bonds payables	Reclassified to due within one year	Closing balance
Non-current portion:												
1) RMB500 million corporate bonds	RMB500 million	19 May 2017	5+2 years	500,000,000.00	333,104.54	-	14,750.00	313.85	-	6,338.08	(339,756.47)	-
2) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	3+2 years	1,499,936,000.00	1,499,269,927.41	-	25,123,928.00	536,247.45	-	48,733,537.05	(1,548,539,711.91)	-
2) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	5+2 years	1,500,000,000.00	1,497,991,079.41	-	37,500,000.00	379,062.89	-	72,739,726.03	(72,739,726.03)	1,498,360,142.10
3) RMB2.5 billion medium-term notes	RMB2.5 billion	9 August 2018	5 years	2,500,000,000.00	2,500,000,000.00	-	58,750,000.00	-	-	103,335,616.44	(2,603,335,616.44)	-
4) RMB1.5 billion corporate bonds	RMB1.5 billion	9 January 2019	5+2 year	1,500,000,000.00	1,497,521,677.67	-	30,525,000.00	388,435.37	-	28,936,027.40	(28,936,027.40)	1,497,910,113.04
5) RMB2.5 billion medium-term notes	RMB2.5 billion	7 March 2019	5 years	2,500,000,000.00	2,500,000,000.00	-	54,375,000.00	-	-	33,071,917.81	(2,533,071,917.81)	-
6) RMB1.5 billion corporate bonds	RMB1.5 billion	29 October 2019	5 years	1,500,000,000.00	1,420,199,339.20	-	20,874,000.00	(52,002.66)	-	28,266,075.57	(28,266,075.57)	1,420,147,736.54
7) RMB2.0 billion medium-term notes	RMB2.0 billion	7 August 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	39,400,000.00	-	-	70,164,383.56	(70,164,383.56)	2,000,000,000.00
7) RMB2.0 billion medium-term notes	RMB2.0 billion	12 November 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	41,300,000.00	-	-	51,596,712.33	(51,596,712.33)	2,000,000,000.00
8) RMB4.5 billion corporate bonds	RMB4.5 billion	10 January 2020	5+2 years	4,500,000,000.00	4,491,408,100.31	-	89,775,000.00	1,119,039.99	-	84,609,863.01	(84,609,863.01)	4,492,527,140.30
8) RMB2.0 billion corporate bonds	RMB2.0 billion	15 June 2020	3+2 years	2,000,000,000.00	1,996,878,044.16	-	31,036,750.00	674,009.00	(1,008,500,000.00)	1,222,397.26	(1,222,397.26)	999,052,053.16
8) RMB1.5 billion corporate bonds	RMB1.5 billion	13 August 2020	3+2 years	1,500,000,000.00	1,497,135,950.33	-	27,300,000.00	524,301.03	-	48,018,082.19	(48,018,082.19)	1,497,660,251.36
9) RMB2.82 billion corporate bonds	RMB2.82 billion	5 November 2020	6 years	2,820,000,000.00	1,595,583,023.46	-	7,145,255.86	27,566,632.05	(12,100.00)	9,381,367.51	(9,381,367.51)	1,623,140,956.11
10) RMB1.0 billion corporate bonds	RMB1.0 billion	10 June 2021	5 years	1,000,000,000.00	999,023,966.48	-	18,349,999.98	144,708.63	-	2,038,888.81	(2,038,888.81)	999,168,675.11
10) RMB1.0 billion corporate bonds	RMB1.0 billion	12 October 2021	5 years	1,000,000,000.00	998,927,534.72	-	17,850,000.00	144,601.74	-	25,623,387.10	(25,623,387.10)	999,072,156.46
11) RMB2.0 billion corporate bonds	RMB2.0 billion	19 November 2021	3+2 years	2,000,000,000.00	2,001,476,839.62	-	31,700,000.00	677,294.30	-	38,387,397.26	(38,387,397.26)	2,002,154,133.92
12) RMB1.0 billion medium-term notes	RMB1.0 billion	30 May 2022	3 years	1,000,000,000.00	998,819,335.82	-	14,650,000.02	243,895.17	-	2,520,430.15	(2,520,430.15)	999,063,450.99
12) RMB1.0 billion medium-term notes	RMB1.0 billion	25 August 2022	3 years	1,000,000,000.00	998,669,922.72	-	14,200,000.02	377,622.18	-	-	-	999,047,544.90
13) RMB1.8 billion corporate bonds	RMB1.8 billion	14 March 2016	5+2 years	1,799,994,000.00	1,799,994,918.16	-	12,949,956.84	998,081.84	(1,799,994,000.00)	-	-	-
14) RMB2.0 billion medium-term notes	RMB2.0 billion	18 January 2018	5 years	2,000,000,000.00	2,000,000,000.00	-	71,500,000.00	-	(2,000,000,000.00)	-	-	-
				36,119,930,000.00	34,292,224,784.01	-	579,969,640.72	33,725,243.23	(4,808,506,100.00)	672,785,663.58	(7,172,925,256.83)	23,017,304,333.99

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

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

As at 30 June 2023, the balance of bonds payable is as follows: (continued)

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the period	Interest charged during the period	Amortisation of discount/premium	Repayment during the period	Interests of bonds payables	Redclassified to due within one year	Closing balance
Short-term financing bond:												
RMB3.0 billion ultra-short financing bonds	RMB3.0 billion	23 May 2022	268 days	3,000,000,000.00	3,000,000,000.00	-	7,336,986.29	-	(9,000,000,000.00)	-	-	-
RMB2.0 billion ultra-short financing bonds	RMB2.0 billion	25 October 2022	149 days	2,000,000,000.00	2,000,000,000.00	-	7,960,958.90	-	(2,000,000,000.00)	-	-	-
RMB3.0 billion ultra-short financing bonds	RMB3.0 billion	7 February 2023	260 days	3,000,000,000.00	-	3,000,000,000.00	27,973,150.68	-	-	27,973,150.68	-	3,027,973,150.68
RMB2.0 billion ultra-short financing bonds	RMB2.0 billion	22 March 2023	245 days	2,000,000,000.00	-	2,000,000,000.00	12,876,712.33	-	-	12,876,712.33	-	2,012,876,712.33
RMB2.0 billion ultra-short financing bonds	RMB2.0 billion	11 April 2023	247 days	2,000,000,000.00	-	2,000,000,000.00	10,652,054.80	-	-	10,652,054.80	-	2,010,652,054.80
				12,000,000,000.00	5,000,000,000.00	7,000,000,000.00	66,799,863.00	-	(5,000,000,000.00)	51,501,917.81	-	7,051,501,917.81
				48,119,930,000.00	39,292,224,784.01	7,000,000,000.00	646,769,503.72	33,725,243.23	(9,808,506,100.00)	724,287,581.39	(7,172,925,256.83)	30,068,806,251.80

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

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

As at 31 December 2022, the balance of bonds payable is as follows:

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Non-current portion:											
1) RMB500 million corporate bonds	RMB500 million	19 May 2017	5+2 years	500,000,000.00	499,219,937.85	-	10,404,498.61	113,166.69	(499,000,000.00)	-	333,104.54
2) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	3+2 years	1,499,936,000.00	1,498,216,369.04	-	50,247,856.00	1,053,558.37	-	(1,499,769,927.41)	-
2) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	5+2 years	1,500,000,000.00	1,497,742,422.83	-	75,000,000.00	738,656.58	-	-	1,497,981,079.41
3) RMB2.5 billion medium-term notes	RMB2.5 billion	9 August 2018	5 years	2,500,000,000.00	2,500,000,000.00	-	117,500,000.00	-	-	(2,500,000,000.00)	-
4) RMB1.5 billion corporate bonds	RMB1.5 billion	9 January 2019	5+2 years	1,500,000,000.00	1,496,774,868.06	-	61,050,000.00	746,809.61	-	-	1,497,521,677.67
5) RMB2.5 billion medium-term notes	RMB2.5 billion	7 March 2019	5 years	2,500,000,000.00	2,500,000,000.00	-	108,750,000.00	-	-	-	2,500,000,000.00
6) RMB1.5 billion corporate bonds	RMB1.5 billion	29 October 2019	5 years	1,500,000,000.00	1,497,592,892.28	619,000,000.00	59,384,010.95	2,606,946.92	(699,000,000.00)	-	1,420,199,739.20
7) RMB2.0 billion medium-term notes	RMB2.0 billion	7 August 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	78,800,000.00	-	-	-	2,000,000,000.00
7) RMB2.0 billion medium-term notes	RMB2.0 billion	12 November 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	82,600,000.00	-	-	-	2,000,000,000.00
8) RMB4.5 billion corporate bonds	RMB4.5 billion	10 January 2020	5+2 years	4,500,000,000.00	4,489,254,771.89	-	179,550,000.00	2,153,238.42	-	-	4,491,408,100.31
8) RMB2.0 billion corporate bonds	RMB2.0 billion	15 June 2020	3+2 years	2,000,000,000.00	1,995,500,238.15	-	64,800,000.00	1,377,806.01	-	-	1,996,878,044.16
8) RMB1.5 billion corporate bonds	RMB1.5 billion	13 August 2020	3+2 years	1,500,000,000.00	1,496,098,207.44	-	54,600,000.00	1,037,742.89	-	-	1,497,135,950.33
9) RMB2.82 billion corporate bonds	RMB2.82 billion	5 November 2020	6 years	2,820,000,000.00	1,535,478,103.30	-	7,317,261.30	60,118,620.16	(13,300.00)	-	1,595,583,423.46
10) RMB1.0 billion corporate bonds	RMB1.0 billion	10 June 2021	5 years	1,000,000,000.00	998,739,676.26	-	36,699,999.96	284,290.22	-	-	999,023,966.48
10) RMB1.0 billion corporate bonds	RMB1.0 billion	12 October 2021	5 years	1,000,000,000.00	998,645,687.23	-	35,700,000.00	281,867.49	-	-	999,927,554.72
11) RMB2.0 billion corporate bonds	RMB2.0 billion	19 November 2021	3+2 years	2,000,000,000.00	2,000,160,354.48	-	63,400,000.00	13,164,852.44	-	-	2,001,476,839.62
12) RMB1.0 billion medium-term notes	RMB1.0 billion	30 May 2022	3 years	1,000,000,000.00	-	998,500,000.00	17,170,430.13	319,555.82	-	-	998,819,555.82
12) RMB1.0 billion medium-term notes	RMB1.0 billion	25 August 2022	3 years	1,000,000,000.00	-	998,500,000.00	9,993,516.00	169,922.72	-	(1,798,995,918.16)	-
13) RMB1.8 billion corporate bonds	RMB1.8 billion	14 March 2016	5+2 years	1,799,994,000.00	1,797,438,281.49	-	62,999,790.00	1,557,656.67	-	(2,000,000,000.00)	-
14) RMB2.0 billion medium-term notes	RMB2.0 billion	18 January 2018	5 years	2,000,000,000.00	2,000,000,000.00	-	117,000,000.00	-	-	-	-
RMB800 million corporate bonds	RMB800 million	15 October 2012	10 years	800,000,000.00	799,513,346.73	-	38,000,000.00	486,653.27	(800,000,000.00)	-	-
RMB1.75 billion corporate bond	RMB1.75 billion	13 July 2017	3+2 years	140,000,000.00	137,159,872.72	-	1,726,277.78	2,840,127.28	(140,000,000.00)	-	-
RMB3.5 billion corporate bonds	RMB3.5 billion	19 May 2017	3+2 years	3,500,000,000.00	3,498,042,647.26	-	43,244,444.44	1,957,352.74	(3,500,000,000.00)	-	-
RMB500 million corporate bonds	RMB500 million	9 January 2019	3+2 years	500,000,000.00	499,239,759.25	-	673,472.22	760,240.75	(500,000,000.00)	-	-
RMB1.2 billion corporate bonds	RMB1.2 billion	21 March 2019	5 years	1,200,000,000.00	1,198,532,632.25	-	9,940,000.00	1,467,267.65	(1,200,000,000.00)	-	-
				42,259,930,000.00	38,932,850,068.31	2,616,000,000.00	1,386,491,557.39	8,138,015.70	(7,338,013,300.00)	(7,798,265,845.57)	26,493,958,938.44

Notes to Unaudited Interim Financial Statements

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

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

As at 31 December 2022, the balance of bonds payable is as follows: (continued)

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Short-term financing bond:											
RMB3.0 billion ultra-short financing bonds	RMB3.0 billion	23 May 2022	268 days	3,000,000,000.00	-	3,000,000,000.00	38,480,000.00	-	-	-	3,000,000,000.00
RMB2.0 billion ultra-short financing bonds	RMB2.0 billion	25 October 2022	149 days	2,000,000,000.00	-	2,000,000,000.00	6,490,000.00	-	-	-	2,000,000,000.00
RMB2.5 billion ultra-short financing bonds	RMB2.5 billion	11 August 2021	259 days	2,500,000,000.00	2,500,000,000.00	-	201,388,889.89	-	(2,500,000,000.00)	-	-
RMB3.0 billion ultra-short financing bonds	RMB3.0 billion	1 September 2021	205 days	3,000,000,000.00	3,000,000,000.00	-	18,200,000.00	-	(3,000,000,000.00)	-	-
RMB2.0 billion ultra-short financing bonds	RMB2.0 billion	6 September 2021	269 days	2,000,000,000.00	2,000,000,000.00	-	22,377,777.78	-	(2,000,000,000.00)	-	-
RMB2.0 billion ultra-short financing bonds	RMB2.0 billion	16 March 2022	132 days	2,000,000,000.00	-	2,000,000,000.00	14,777,777.78	-	(2,000,000,000.00)	-	-
RMB2.5 billion ultra-short financing bonds	RMB2.5 billion	19 April 2022	127 days	2,500,000,000.00	-	2,500,000,000.00	17,658,888.89	-	(2,500,000,000.00)	-	-
				17,000,000,000.00	7,500,000,000.00	9,500,000,000.00	138,103,333.34	-	(12,000,000,000.00)	-	5,000,000,000.00
				59,259,930,000.00	46,432,850,168.31	12,116,000,000.00	1,524,594,890.73	81,388,015.70	(19,338,013,300.00)	(7,780,265,845.57)	31,493,958,938.44

Notes to Unaudited Interim Financial Statements

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RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

- (1) Pursuant to the document [2017] No. 46 issued by the China Securities Regulatory Commission, 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 RMB500,000,000.00 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 RMB499,000,000.00 (exclusive of interests).
- (2) 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 RMB1,500,000,000.00 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%. On 27 May 2021 (at the end of the fifth year of the duration), the Company published an announcement, in which the Company decided to adjust the coupon rate of "18 BBMG 01" for the next two years, i.e. the coupon rate of such tranche of bonds for the period from 12 July 2021 to 11 July 2023 shall be 3.35%. The total sale back amount as announced on 28 May 2021 was RMB177,064,000.00 (exclusive of interests). As announced on 28 July 2021, part of the sale-back bonds were resold with an amount of RMB177,000,000.00 (exclusive of interests), and the bond not resold with the remaining amount of RMB64,000.00 were cancelled. 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 RMB1,500,000,000.00 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%. On 26 May 2023 (at the end of the fifth year of the duration), the Company published an announcement, in which the Company decided to adjust the coupon rate of "18 BBMG 02" for the next two years, i.e. the coupon rate of such tranche of bonds for the period from 12 July 2023 to 11 July 2025 shall be 2.80%.
- (3) Pursuant to the Notice of Acceptance of Registration issued by the National Association of Financial Market Institutional Investors (the "National Association of Financial Market Institutional Investors"), 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 RMB2,500,000,000.00 with a term of 5 years and a coupon rate of 4.70%.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

- (4) Pursuant to the document (Zheng Jian Xu Ke [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 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 RMB1,500,000,000.00 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%.
- (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 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 RMB2,500,000,000.00 with a term of 5 years and a coupon rate of 4.35%.
- (6) 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 second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 29 October 2019 (hereinafter referred to as "19 Jidong 02"), totalling RMB1,500,000,000.00 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%. The total sale back amount as announced on 28 October 2022 (at the end of the third year of the duration) was RMB699,000,000.00 (exclusive of interests). As announced, part of the sale-back bonds were resold with an amount of RMB619,000,000.00 (exclusive of interests) and the bonds not resold with the remaining amount of RMB80,000,000.00 were cancelled.
- (7) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DF16) (《接受註冊通知書》(中市協註[2019]DF16號)) issued by the National Association of Financial Market Institutional Investors, 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 RMB2,000,000,000.00 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 RMB2,000,000,000.00 with a term of 5 years and a coupon rate of 4.13%.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

- (8) Pursuant to the Replies (Zheng Jian Xu Ke [2019] No. 2255) issued by the China Securities Regulatory Commission (中國證券監督管理委員會出具的批復(證監許可[2019]2255號)), 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 RMB4,500,000,000.00 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 RMB2,000,000,000.00 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%; as announced on 5 May 2023, investors sold back the bonds of RMB1,008,500,000.00 (excluding interest), and adjusted the coupon rate to 3.00%; 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 RMB1,500,000,000.00 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%.
- (9) Pursuant to the Replies (Zheng Jian Xu Ke [2020] No. 2416) issued by the China Securities Regulatory Commission (中國證券監督管理委員會出具的批復(證監許可[2020]2416號)), Tangshan Jidong Cement Co., Ltd. issued the convertible corporate bonds of Tangshan Jidong Cement Co., Ltd. on 5 November 2020 (hereinafter referred to as "Jidong Convertible Bonds"), totalling RMB2,820,000,000.00 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).
- (10) 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 10 June 2021 (hereinafter referred to as "21 Jidong 01"), totalling RMB1,000,000,000.00 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 12 October 2021 (hereinafter referred to as "21 Jidong 02"), totalling RMB1,000,000,000.00 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%.



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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

- (11) 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 RMB2,000,000,000.00 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%.
- (12) As approved by the document (Zhong Shi Xie Zhu [2021] No. MTN1) (中市協註[2021] MTN1號文件) from the National Association of Financial Market Institutional Investors, 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 RMB1,000,000,000.00 with a term of 3 years and a coupon rate of 2.93%. The Company publicly issued the second tranche of medium term notes of Tangshan Jidong Cement Co., Ltd. for 2022 in the national inter-bank bond market on 25 August 2022 (hereinafter referred to as "22 Jidong Cement MTN002"), totalling RMB1,000,000,000.00 with a term of 3 years and a coupon rate of 2.84%.
- (13) Pursuant to the document [2016] No. 35 issued by the China Securities Regulatory Commission, 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 RMB1,800,000,000.00 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 RMB1,353,306,000.00 (exclusive of interests). As announced on 15 March 2021, part of the sale-back bonds were resold with an amount of RMB1,353,300,000.00 (exclusive of interests) and the remaining bonds not resold was cancelled with an amount of RMB6,000.00. The remaining amount of RMB1,799,994,000.00 (exclusive of interests) was due for payment on 14 March 2023.
- (14) 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 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 RMB2,000,000,000.00 with a term of 5 years and a coupon rate of 5.85%, which was due for payment on 22 January 2023.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

38. Lease liabilities

	30 June 2023	31 December 2022
Principal of lease liabilities	812,230,820.58	784,228,262.40
Less: Unrecognised finance cost	223,300,956.94	193,973,900.69
	588,929,863.64	590,254,361.71
Less: Lease liabilities due within one year	99,773,386.45	108,721,410.88
Non-current portion	489,156,477.19	481,532,950.83

39. Long-term payables

	30 June 2023	31 December 2022
Long-term payables	333,186,205.72	339,570,674.41
Less: Long-term payables due within one year	58,187,949.89	39,919,859.47
Non-current portion	274,998,255.83	299,650,814.94

Analysis of maturity of long-term payables:

	30 June 2023	31 December 2022
Within 1 year (inclusive of 1 year)	58,187,949.89	39,919,859.47
1 to 2 years (inclusive of 2 years)	60,845,938.35	65,811,596.14
2 to 5 years (over 2 years and inclusive of 5 years)	214,152,317.48	233,839,218.80
	333,186,205.72	339,570,674.41

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

40. Long-term wages payable

	30 June 2023	31 December 2022
Net liabilities of defined benefit plan	448,298,516.16	449,511,908.54

The Group's defined benefit plans are various supplementary benefit plans targeting at employees retiring before the designated dates, and the plans are subject to impacts from interest rate risk and changes in the life expectancy of pension beneficiaries. The present value of the net liabilities of the defined benefit plans was determined by Beijing Branch of Towers Watson Management and Consulting (Shenzhen) Company Limited (韜睿惠悅管理諮詢(深圳)有限公司), a member of the China Association of Actuaries (中國精算學會), on 30 June 2023 using the projected accumulated benefit units method.

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

	30 June 2023	31 December 2022
Discount rate (%)	2.50-3.25	2.75-4.00
Growth rate of benefit costs of retirees and early retirees (%)	2.50	2.50

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

30 June 2023

	Increase (%)	(Decrease)/increase of defined benefit plan obligations	Decrease (%)	Increase/(decrease) of defined benefit plan obligations
Discount rate (%)	0.25	(7,105,568.44)	0.25	7,271,914.47
Expected growth rate of future retiree benefit costs (%)	0.5	13,317,989.98	0.5	(12,589,109.55)

The above sensitivity analysis represents the inference on the impacts over the defined benefit obligations based on reasonable changes in key assumptions as at the balance sheet date. The sensitivity analysis is based on changes in major assumptions with other assumptions remain unchanged. As changes in assumptions are always not isolated from each other, the sensitivity analysis may not represent the actual changes in the defined benefit obligations.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

40. Long-term wages payable (continued)

The table below sets out the relevant costs recognised in profit or loss:

	30 June 2023	31 December 2022
Net interest expenses charged to finance expenses	4,740,843.00	15,100,941.00
Charged to management expenses	128,413.25	(6,067,232.88)
	4,869,256.25	9,033,708.12

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

	30 June 2023	31 December 2022
Balance at the beginning of the period/year	496,334,846.90	553,753,961.84
Interest expenses for the period/year	4,740,843.00	15,100,941.00
Service costs for the period/year	128,413.25	(6,508,232.88)
Previous service costs	–	441,000.00
Welfare benefits paid for the period/year	(13,475,459.63)	(42,588,649.06)
Actuarial gains recognised in other comprehensive income	5,899,159.00	(23,864,174.00)
<i>Including: Actuarial changes arising from changes in financial assumptions</i>	5,899,159.00	3,180,000.00
<i>Including: Actuarial gains on difference in experience</i>	–	(27,044,174.00)
Balance at the end of the period/year	493,627,802.52	496,334,846.90
Less: Current portion of net liabilities of defined benefit plan	45,329,286.36	46,822,938.36
Balance at the end of the period/year	448,298,516.16	449,511,908.54

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

40. Long-term wages payable (continued)

Expected future payments to the defined benefit plan:

	30 June 2023	31 December 2022
Within 1 year	45,329,286.36	46,822,938.36
2 to 5 years	162,773,062.57	165,182,994.57
5 to 10 years	163,419,584.58	165,980,351.58
Over 10 years	518,904,067.00	525,595,365.00
Total expected payments	890,426,000.51	903,581,649.51

41. Accrued liabilities

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Pending litigations or arbitration	1,902,183.67	522,546.00	-	2,424,729.67
Accrued concrete loss (Note 1)	24,694,758.46	613,672.07	13,309,084.24	11,999,346.29
Restoration cost of mines (Note 2)	413,146,825.97	1,378,664.17	6,445,303.78	408,080,186.36
Others (Note 3)	38,589,976.77	185,196.93	5,000,000.00	33,775,173.70
	478,333,744.87	2,700,079.17	24,754,388.02	456,279,436.02

Note 1: Accrued concrete loss was recognized based on potential difference between concrete's warehouse out amount and future settlement amount by the Group's subsidiaries engaged in the production of concrete.

Note 2: Accrued restoration cost was recognized based on the expenditure on restoration of mines required to be incurred in subsequent years by the Group's subsidiaries engaged in the production of cement.

Note 3: Others include the estimated project compensation for subsidiaries of the Group.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

42. Deferred income

	30 June 2023	31 December 2022
Balance at the beginning of the period/year	762,550,771.11	795,357,234.52
Increase in the period/year	63,070,600.00	56,328,425.87
Decrease in the period/year	<u>(42,851,151.24)</u>	<u>(89,134,889.28)</u>
Balance at the end of the period/year	<u>782,770,219.87</u>	<u>762,550,771.11</u>

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

	30 June 2023	31 December 2022
Government grants related to assets		
Environmental protection projects	476,590,822.38	443,719,894.29
Relocation compensation	216,450,764.15	221,511,921.07
Specific funds	810,889.01	852,555.67
Others	80,533,985.98	87,001,714.54
Government grants related to income		
Research and development funds	<u>8,383,758.35</u>	<u>9,464,685.54</u>
Balance at the end of the period/year	<u>782,770,219.87</u>	<u>762,550,771.11</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

42. Deferred income (continued)

As at 30 June 2023, the major items related to government grants were as follows:

	Opening balance	Increase in the period	Included in other income in the period	Closing balance	Related to assets/gains
Asset subsidy for relocation compensation of Tiantan	136,870,967.45	-	3,463,001.78	133,407,965.67	Related to assets
Subsidy for environmental protection equipment for Bio-Island project	80,222,398.74	-	7,685,892.62	72,536,506.12	Related to assets
Appropriation for mud project of Beijing Cement Plant	13,016,388.84	-	1,446,418.04	11,569,970.80	Related to assets
Tangshan Qixin Cement Industry Museum Project	43,531,431.09	-	676,943.04	42,854,488.05	Related to assets
Grant of Liushui construction garbage project	26,942,666.68	-	850,000.02	26,092,666.66	Related to assets
Relocation compensation for Jianji	40,533,333.76	-	921,212.10	39,612,121.66	Related to assets
Replacement subsidy for Jianyuan	18,573,113.21	-	589,622.64	17,983,490.57	Related to assets
Zanhuang collaborative disposal of household garbage and sludge project	11,239,500.00	-	531,000.00	10,708,500.00	Related to assets
Special subsidies to support the development of advanced manufacturing and modern service industries	11,790,000.00	-	-	11,790,000.00	Related to assets
Grant of Heilongjiang industrial production project	10,286,747.04	-	514,337.34	9,772,409.70	Related to assets
Project of the production line with a capacity of 4,600 tonnes of cement clinkers in Hechuan	11,837,511.96	-	161,054.58	11,676,457.38	Related to assets
Raw material storage tent of Zhenxing	5,967,333.34	-	335,690.61	5,631,642.73	Related to assets
Heat supply renovation project of Liulihe	4,374,999.77	-	250,000.02	4,124,999.75	Related to assets
Special subsidies for pollution control and energy conservation and carbon reduction (for energy conservation and carbon reduction)	-	20,000,000.00	-	20,000,000.00	Related to assets
Government subsidy in intelligent parks	-	13,690,000.00	-	13,690,000.00	Related to assets
	<u>415,186,391.88</u>	<u>33,690,000.00</u>	<u>17,425,172.79</u>	<u>431,451,219.09</u>	

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

42. Deferred income (continued)

As at 31 December 2022, the major items related to government grants were as follows:

	Opening balance	Increase in the year	Included in other income in the year	Closing balance	Related to assets/gains
Asset subsidy for relocation compensation of Tiantan	143,798,903.17	–	6,927,935.72	136,870,967.45	Related to assets
Subsidy for environmental protection equipment for Bio-Island project	95,598,316.38	–	15,375,917.64	80,222,398.74	Related to assets
Appropriation for mud project of Beijing Cement Plant	15,993,055.52	–	2,976,666.68	13,016,388.84	Related to assets
Tangshan Qixin Cement Industry Museum Project	44,885,317.17	–	1,353,886.08	43,531,431.09	Related to assets
Grant of Liushui construction garbage project	29,392,000.00	–	2,449,333.32	26,942,666.68	Related to assets
Relocation compensation for Jianji	42,375,757.96	–	1,842,424.20	40,533,333.76	Related to assets
Replacement subsidy for Jianyuan	18,867,924.53	–	294,811.32	18,573,113.21	Related to assets
Zanhuang collaborative disposal of household garbage and sludge project	12,301,500.00	–	1,062,000.00	11,239,500.00	Related to assets
Special subsidies to support the development of advanced manufacturing and modern service industries	–	11,790,000.00	–	11,790,000.00	Related to assets
Grant of Heilongjiang industrial production project Project of the production line with a capacity of 4,600 tonnes of cement clinkers in Hechuan	11,315,421.72	–	1,028,674.68	10,286,747.04	Related to assets
Raw material storage tent of Zhenxing	12,159,621.12	–	322,109.16	11,837,511.96	Related to assets
Heat supply renovation project of Liulihe	6,639,333.34	–	672,000.00	5,967,333.34	Related to assets
	4,874,999.81	–	500,000.04	4,374,999.77	Related to assets
	<u>438,202,150.72</u>	<u>11,790,000.00</u>	<u>34,805,758.84</u>	<u>415,186,391.88</u>	

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

43. Share capital

30 June 2023

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

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

43. Share capital (continued)

31 December 2022

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

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Other equity instruments

Perpetual bonds

	Issuance date	30 June 2023	31 December 2022
2020 First Tranche of Medium-term Notes	22 April 2020	–	1,500,000,000.00
2020 Second Tranche of Medium-term Notes	19 June 2020	–	1,500,000,000.00
Jiangsu Trust Perpetual Bonds Investment	28 September 2021	4,000,000,000.00	4,000,000,000.00
Jiangsu Trust Perpetual Bonds Investment	29 October 2021	999,000,000.00	999,000,000.00
2021 First Tranche of Renewable Corporate Bonds	12 November 2021	1,500,000,000.00	1,500,000,000.00
2021 Second Tranche of Renewable Corporate Bonds	21 December 2021	1,500,000,000.00	1,500,000,000.00
2022 First Tranche of Renewable Corporate Bonds	6 January 2022	1,000,000,000.00	1,000,000,000.00
2022 First Tranche of Renewable Corporate Bonds	6 January 2022	500,000,000.00	500,000,000.00
2022 Second Tranche of Renewable Corporate Bonds	17 January 2022	1,500,000,000.00	1,500,000,000.00
2022 Third Tranche of Renewable Corporate Bonds	22 August 2022	2,000,000,000.00	2,000,000,000.00
2022 Third Tranche of Renewable Corporate Bonds	22 August 2022	500,000,000.00	500,000,000.00
2023 First Tranche of Medium-term Notes	13 March 2023	2,000,000,000.00	–
2023 First Tranche of Renewable Corporate Bonds for Technological Innovation	20 April 2023	2,000,000,000.00	–
2023 Second Tranche of Renewable Corporate Bonds for Technological Innovation	10 May 2023	2,000,000,000.00	–
2023 Second Tranche of Medium-term Notes	23 May 2023	2,000,000,000.00	–
2023 Third Tranche of Renewable Corporate Bonds for Technological Innovation	5 June 2023	3,000,000,000.00	–
2023 Third Tranche of Renewable Corporate Bonds for Technological Innovation	5 June 2023	500,000,000.00	–
		<u>24,999,000,000.00</u>	<u>16,499,000,000.00</u>

According to the contract terms of various types of perpetual bonds issued by the Company, the Company has no contractual obligation to repay the principal or pay interest on the bonds, nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds. The perpetual bonds were accounted for by the Company based on issuance income and the net proceeds after deducting issue expenses and included in other equity instruments, and the relevant coupon payments declared will be treated as distribution to the holders of the equity.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Other equity instruments (continued)

(1) *According to the Prospectus, the major terms of the medium-term notes are as follows:*

Maturity date	The medium-term notes have no fixed maturity date. The term is 2+N (2) years, and will expire when the issuer redeems the notes according to the requirement of the issuance provisions.
Deferred distribution	Unless a mandatory interest payment event has occurred, on each interest payment date of the medium-term notes, the Company can elect to defer payment of interest due and all interest deferred according to the issuance provisions and its fruits to the next interest payment date without any limitation on the number of times of such deferral. The foregoing deferred interest payment does not make the Company fail to pay the interest in full according to the requirement. Interest shall accrue on each of the deferred interest at the prevailing coupon rate over the period of deferral.
Mandatory distribution payment events	If any of the following events occurs within 12 months prior to the interest payment date, the Company shall not defer the payment of interest due or all interest deferred pursuant to this term and its fruits: <ul style="list-style-type: none"> (1) distributing dividends to ordinary shareholders; (2) reducing the registered capital.
Redemption and purchase	The Company is entitled to redeem the medium-term notes at par value plus payable interest (including all deferred interest and its fruits) on each of the coupon rate reset date.
Interest rate determination	Medium-term notes carried fixed rate; <p>The end of the second year of interest calculation is the first coupon rate reset date. The coupon rate shall be reset every two years from the third year of interest calculation.</p> <p>In the event that the issuer does not exercise its redemption right, starting from the third year of interest calculation, the coupon rate shall be adjusted to benchmark interest rate for the current period plus initial spread plus 300 basis points. Thereafter, the coupon interest rates is reset every two years to the benchmark interest rate for the current period plus the initial spread plus 300 basis points.</p>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Other equity instruments (continued)

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

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

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Other equity instruments (continued)

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

Mandatory distribution payment events	<p>If the Company has any of the following events within 12 months before the payment date of any i-th investment income, the Company shall not defer the payment of the current i-th investment income and all the deferred i-th investment income:</p> <p>(1) paying dividends to shareholders;</p> <p>(2) reducing the registered capital;</p> <p>(3) making any form of interest payment or payment with respect to other perpetual bonds or securities or creditor's rights with the same repayment order as or inferior repayment order than the Perpetual Bonds.</p>
Redemption and purchase	<p>Before 90 days of the expiration date of each investment period, the Company shall have the right, according to the provisions of this Contract, fully pay such investment fund, the investment income (including the deferred investment income under such investment fund) and other amounts payable.</p>
Interest rate determination	<p>The Perpetual Bonds shall bear interest at the fixed rate of return within the previous 7 years;</p> <p>The investment income will be adjusted on the day immediately after the expiration date of the 7th year from the starting date of the i-th investment period. The adjusted interest rate will be the original applicable investment income rate plus 300bp, and such investment income rate will remain unchanged thereafter.</p>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Other equity instruments (continued)

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

Maturity date	The basic period of the Bonds shall be 2, 3 or 5 years, with every 2, 3 or 5 interest-bearing years as a cycle (repricing cycle). The Company has the option of renewal at the end of each agreed period, and the Company has the right to choose to extend the period of the Bonds for one cycle, or choose to pay the Bonds in full at the expiration of the repricing cycle.
Deferred distribution	Unless a mandatory interest payment event has occurred, on each interest payment date of the current bonds, the Company can elect to defer payment of interest due and all interest deferred according to the provisions and its fruits to the next interest payment date without any limitation on the number of times of such deferral. The foregoing deferred interest payment does not make the Company fail to pay the interest in full according to the requirement.
Mandatory distribution payment events	<p>If any of the following events occurs within 12 months prior to the interest payment date, the Company shall not defer the payment of interest due or all interest deferred as agreed and its fruits:</p> <p>(1) distributing dividends to ordinary shareholders;</p> <p>(2) reducing the registered capital.</p>
Redemption and purchase	The Company has no right or obligation to redeem the Bonds, except that the Company redeems the Bonds due to change of tax policies and change of accounting standards. If the Company redeems the Bonds, it will redeem all the Bonds from the investors with the par value plus the current interest, the deferred interest and its fruits (if any). The payment method of redemption will be the same as the payment method of the principal and interest due for the Bonds. The list of bondholders will be counted according to the relevant regulations of the registration authority of the Bonds, and it will be handled according to the relevant regulations of the registration authority of the Bonds.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Other equity instruments (continued)

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

Interest rate determination	The Renewable Bonds will be in the form of fixed interest rate, with simple interest bearing annual interest, excluding compound interest.
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If there is any deferral, each deferred interest will accrue at the current coupon rate during the deferred period. The coupon rate of the first cycle of the Bonds shall be fixed in the first cycle, and then reset once every cycle.

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

The interest rate of medium-term notes, perpetual bonds investment and renewable corporate bonds of the Group was 2.95%~5.45%, and as at 30 June 2023, the interest accrued was RMB383,489,404.17 and interest payable to specific investors amounted to RMB358,599,536.98 (as at 31 December 2022, the interest accrued was RMB862,798,631.90 and interest payable to specific investors amounted to RMB767,845,500.01).



Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

45. Capital reserve

30 June 2023

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Share premium	<u>5,432,314,011.21</u>	<u>–</u>	<u>–</u>	<u>5,432,314,011.21</u>

31 December 2022

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium	<u>5,229,289,084.34</u>	<u>203,024,926.87</u>	<u>–</u>	<u>5,432,314,011.21</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

46. Other comprehensive income

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

30 June 2023

	1 January 2023	Increase/(decrease)	30 June 2023
Changes arising from re-measurement of defined benefit plans	112,971,550.00	(5,892,568.75)	107,078,981.25
Changes in fair value of investment in other equity instruments	(177,031,886.02)	(18,584,933.91)	(195,616,819.93)
The effect of the change in the equity of other owners of an investee under equity method	(6,754,613.87)	(11,617,443.80)	(18,372,057.67)
Cash flow hedging reserves	(733,367.25)	4,359,230.05	3,625,862.80
Exchange differences on foreign currency translation	48,024,329.75	13,792,094.71	61,816,424.46
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	709,826,289.08	13,952,490.40	723,778,779.48
	<u>686,302,301.69</u>	<u>(3,991,131.30)</u>	<u>682,311,170.39</u>

31 December 2022

	1 January 2022	Increase/(decrease)	31 December 2022
Changes arising from re-measurement of defined benefit plans	89,906,576.00	23,064,974.00	112,971,550.00
Changes in fair value of investment in other equity instruments	(31,375,996.21)	(145,655,889.81)	(177,031,886.02)
The effect of the change in the equity of other owners of an investee under equity method	(4,755,550.24)	(1,999,063.63)	(6,754,613.87)
Cash flow hedging reserves	(733,367.25)	-	(733,367.25)
Exchange differences on foreign currency translation	6,591,950.92	41,432,378.83	48,024,329.75
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	683,577,565.65	26,248,723.43	709,826,289.08
	<u>743,211,178.87</u>	<u>(56,908,877.18)</u>	<u>686,302,301.69</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

46. Other comprehensive income (continued)

Changes in other comprehensive income:

January to June 2023

	Amount before tax	Less: Income tax	Attributable to the shareholders of the parent company	Attributable to minority shareholders
Other comprehensive income not allowed to be reclassified to profit or loss				
Changes in net liabilities arising from re-measurement of defined benefit plans	(5,899,159.00)	-	(5,892,568.75)	(6,590.25)
Changes in fair value of investment in other equity instruments	(45,587,467.71)	(11,396,866.93)	(18,584,933.91)	(15,605,666.87)
Other comprehensive income to be reclassified into profit or loss				
Other comprehensive income that may be reclassified to profit or loss under the equity method	(35,204,375.14)	-	(11,617,443.80)	(23,586,931.34)
Cash flow hedging reserves	8,806,525.35	-	4,359,230.05	4,447,295.30
Exchange differences on foreign currency translation	13,739,487.29	-	13,792,094.71	(52,607.42)
The difference between the fair value and the carrying value of the self-occupied properties or inventories on the date when it changed to the investment properties measured with the fair value model	15,677,937.09	1,078,404.18	13,952,490.40	647,042.51
	<u>(48,467,052.12)</u>	<u>(10,318,462.75)</u>	<u>(3,991,131.30)</u>	<u>(34,157,458.07)</u>

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

46. Other comprehensive income (continued)

Changes in other comprehensive income: (continued)

2022

	Amount before tax	Less: Income tax	Attributable to the shareholders of the parent company	Attributable to minority shareholders
Other comprehensive income not allowed to be reclassified to profit or loss				
Changes in net liabilities arising from re-measurement of defined benefit plans	23,864,174.00	-	23,064,974.00	799,200.00
Changes in fair value of investment in other equity instruments	(322,281,323.66)	(80,570,330.91)	(145,655,889.81)	(96,055,102.94)
Other comprehensive income to be reclassified into profit or loss				
Other comprehensive income that may be reclassified to profit or loss under the equity method	(6,057,768.57)	-	(1,999,063.63)	(4,058,704.94)
Cash flow hedging reserves	-	-	-	-
Exchange differences on foreign currency translation	57,509,746.69	-	41,432,378.83	16,077,367.86
The difference between the fair value and the carrying value of the self-occupied properties or inventories on the date when it changed to the investment properties measured with the fair value model	34,998,297.91	8,749,574.48	26,248,723.43	-
	<u>(211,966,873.63)</u>	<u>(71,820,756.43)</u>	<u>(56,908,877.18)</u>	<u>(83,237,240.02)</u>

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

47. Specific reserve

30 June 2023

	Opening balance	Increase during the period	Decrease during the period	Closing balance
Production safety cost	<u>62,794,408.27</u>	<u>87,861,280.88</u>	<u>64,502,549.08</u>	<u>86,153,140.07</u>

31 December 2022

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Production safety cost	<u>45,874,273.14</u>	<u>135,444,321.30</u>	<u>118,524,186.17</u>	<u>62,794,408.27</u>

Pursuant to the requirements of the Administrative Measures on Provision and Usage of Production Safety Cost of Enterprises (Caiqi [2012] No.16) issued by the Ministry of Finance and the State Administration of Work Safety, the Group began to accrue production safety fund for the stipulated non-metal mineral products industries at a fixed amount from 2012, the details of which are set out in Note III. 32 Production safety cost.

48. Surplus reserve

30 June 2023

	Opening balance	Increase during the period	Closing balance
Statutory surplus reserve	<u>2,620,134,353.87</u>	<u>–</u>	<u>2,620,134,353.87</u>

31 December 2022

	Opening balance	Increase during the year	Closing balance
Statutory surplus reserve	<u>2,470,978,188.48</u>	<u>149,156,165.39</u>	<u>2,620,134,353.87</u>

Notes to Unaudited Interim Financial Statements

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

48. Surplus reserve (continued)

According to the requirements of the Company Law and the Articles of Association of the Company, the Company shall appropriate 10% of its net profit to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve of the Company has exceeded 50% of the registered capital of the Company, additional appropriation will not be needed.

After the appropriation to statutory surplus reserve, the Company may make appropriation to the discretionary surplus reserve. Upon approval, discretionary surplus reserve can be used to make up for losses from previous years or to increase the share capital.

49. General risk reserve

30 June 2023

	Opening balance	Increase in the period	Closing balance
General risk reserve	<u>495,759,173.46</u>	<u>–</u>	<u>495,759,173.46</u>

31 December 2022

	Opening balance	Increase in the year	Closing balance
General risk reserve	<u>457,650,791.76</u>	<u>38,108,381.70</u>	<u>495,759,173.46</u>

The general risk reserve is made by the Company's subsidiary Beijing BBMG Finance Co., Ltd., Beijing BBMG Finance Lease Co., Ltd. and BBMG Finance Lease Co., Ltd. based on a certain ratio of the balance of risk assets at the end of the period pursuant to the Administrative Measures on Provision of Reserves of Financial Enterprises (《金融企業準備金計提管理辦法》) issued by the Ministry of Finance.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

50. Retained earnings

	30 June 2023	31 December 2022
Retained earnings as at the beginning of the period/ year	27,155,839,982.99	28,103,717,810.21
Net profit attributable to the shareholders of the parent company	410,060,289.04	1,212,673,549.71
Less: Interest of perpetual bonds	383,489,404.17	862,798,631.90
Less: Appropriation of surplus reserve	–	149,156,165.39
Less: Appropriation of general risk reserve	–	38,108,381.70
Less: Cash dividends payable	715,410,665.98	<u>1,110,488,197.94</u>
Retained earnings at the end of the period/year	<u>26,467,000,201.88</u>	<u>27,155,839,982.99</u>

Upon the consideration and approval by the 2022 annual general meeting of the Company convened on 11 May 2023, profit distribution for the year 2022 was calculated based on the total share capital of the Company of 10,677,771,134 shares before implementation of distribution plan, with the distribution of a cash dividend of RMB0.067 per share (tax inclusive) in an aggregate amount of cash dividends of RMB715,410,665.98. The Board does not recommend the payment of interim dividend in respect of the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

51. Operating revenue and costs

	January to June 2023		January to June 2022	
	Revenue	Costs	Revenue	Costs
Principal operations	48,668,620,897.13	43,373,068,775.87	54,557,415,139.00	46,407,799,098.68
Other operations	467,680,275.00	251,181,998.86	475,706,391.89	239,008,363.37
	<u>49,136,301,172.13</u>	<u>43,624,250,774.73</u>	<u>55,033,121,530.89</u>	<u>46,646,807,462.05</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

51. Operating revenue and costs (continued)

Operating revenue are as follows:

	January to June 2023	January to June 2022
Revenue from contracts with customers	48,042,681,916.22	53,907,999,815.35
Rental income	800,273,657.27	893,330,446.59
Including: Rental income from investment properties	686,645,497.87	806,759,260.48
Other rental income	113,628,159.40	86,571,186.11
Interest income	293,345,598.64	231,791,268.95
	49,136,301,172.13	55,033,121,530.89

Disaggregated operating revenue from contracts with customers is as follows:

	January to June 2023	January to June 2022
Revenue recognition time		
Revenue recognized at a point in time		
Sale of products	18,700,237,978.69	19,475,988,637.39
Bulk commodity trade	17,182,250,530.43	16,776,281,131.80
Sale of properties	9,252,801,360.48	14,864,653,648.72
Others	888,337,055.00	984,028,580.45
Revenue recognized over time		
Property management	520,517,896.33	531,617,229.27
Hotel operation	178,322,564.67	120,836,945.23
Income from decoration	789,343,459.36	620,513,987.07
Treatment of solid wastes	530,871,071.26	534,079,655.42
	48,042,681,916.22	53,907,999,815.35

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

52. Tax and surcharges

	January to June 2023	January to June 2022
City maintenance and construction tax	60,511,407.46	77,570,259.97
Education surcharges	49,483,991.23	62,747,359.76
Resource tax	79,809,080.06	65,486,311.10
Real estate tax	201,696,348.35	205,021,952.74
Urban and rural land use tax	100,157,065.81	96,610,078.28
Stamp duty	46,367,080.92	63,661,656.29
Land appreciation tax	(201,098,645.96)	211,496,763.62
Green tax	23,967,813.83	23,750,372.83
Vehicle and vessel tax	828,541.53	883,543.54
Others	2,626,590.30	6,840,810.20
	364,349,273.53	814,069,108.33

53. Selling expenses

	January to June 2023	January to June 2022
Employee remuneration	470,851,393.94	450,752,756.93
Office expenses	209,049,265.06	220,222,451.59
Lease fee	30,964,852.68	39,345,800.78
Agency intermediary fee	189,160,046.69	218,420,855.71
Advertisement fee	184,686,822.54	148,694,975.61
Transportation expenses	19,704,366.64	13,771,968.56
Others	36,255,873.81	39,141,638.19
	1,140,672,621.36	1,130,350,447.37

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

54. Administrative expenses

	January to June 2023	January to June 2022
Employee remunerations	1,345,519,607.10	1,348,893,876.04
Office expenses	536,548,584.71	498,326,795.48
Intermediary service fees	121,654,390.32	132,530,577.37
Lease fee	97,819,368.06	113,658,049.18
Sewage and afforestation fees	20,665,444.52	30,697,314.17
Others	1,145,275,907.79	1,100,801,574.07
	<u>3,267,483,302.50</u>	<u>3,224,908,186.31</u>

55. Research and development expenses

	January to June 2023	January to June 2022
Employee remunerations	163,439,135.91	128,203,949.76
Material and equipment cost	50,349,404.63	28,710,709.54
Others	47,207,107.67	39,498,681.98
	<u>260,995,648.21</u>	<u>196,413,341.28</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

56. Finance costs

	January to June 2023	January to June 2022
Interest expense	2,292,997,892.02	2,574,969,635.64
<i>Including: Interests on bank loans and other loans to be fully repaid within 5 years</i>	1,713,784,500.16	2,073,537,425.43
<i>Interests on bank loans and other loans to be repaid over 5 years</i>	133,417,493.30	75,414,536.17
<i>Interest expense on lease liabilities</i>	62,488,207.15	76,092,639.73
<i>Interest expenses on significant financing component</i>	383,307,691.41	349,925,034.31
Less: Interest income	142,753,690.75	102,038,167.45
Less: Amount of capitalized interest	960,748,235.85	1,056,109,057.91
Exchange losses	37,402,376.95	16,820,984.90
Handling charges	53,336,440.34	65,968,601.72
Others	14,771,598.87	15,565,759.32
	<u>1,295,006,381.58</u>	<u>1,515,177,756.22</u>

From January to June 2023, the amount of capitalised borrowing costs has been included in construction in progress of RMB20,065,344.11 (January to June 2022: RMB8,187,119.61) and costs for properties under development of RMB940,682,891.74 (January to June 2022: RMB1,047,921,938.30).

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

57. Other gains

Government subsidies in relation to the ordinary activities are as follows:

	January to June 2023	January to June 2022	Related to assets/gains
Refunds of taxes	124,930,086.91	160,465,373.02	Related to gains
Government incentives	37,920,267.62	7,361,000.00	Related to gains
Government subsidies for environment protection governance	11,349,944.87	15,636,150.24	Related to assets
Income from relocation compensation	4,384,213.88	4,385,450.54	Related to gains
Grants on sale of heat	2,900,000.00	3,000,000.00	Related to assets
Income from other subsidies	52,672,320.52	53,367,027.38	Related to assets/gains
	234,156,833.80	244,215,001.18	

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

58. Investment gains

	January to June 2023	January to June 2022
Gains from long-term equity investments under equity method	62,339,666.03	148,318,125.69
Investment gains/(losses) from disposal of subsidiaries	5,596,175.97	(594,049.17)
Investment losses from disposal of associates	–	(2,670,483.12)
Investment gains from financial assets held for trading during the holding Period	112,406.67	1,100,974.76
Investment gains from financial assets measured at amortized cost during the holding period	29,398,554.62	17,856,531.53
Investment gains from disposal of financial assets held for trading	2,392,681.89	937,703.69
Dividend income from investment in other equity instruments during the holding period	15,909,921.00	18,345,801.58
Gains on derecognition of financial assets measured at amortized cost	8,723,280.95	5,083,445.71
Others	4,631,936.98	(682,711.75)
	129,104,624.11	187,695,338.92

There were no significant restrictions on the repatriation of investment gains of the Group from January to June 2023 (January to June 2022: Nil). For the six months ended 30 June 2023, there were no gains from listed share investment among the Group's investment gains (January to June 2022: Nil).

59. Gains from changes in fair value

	January to June 2023	January to June 2022
Financial assets at fair value through profit or loss	59,169,173.71	20,167,522.89
Investment properties measured at fair value	278,262,646.83	289,793,218.19
Hedging business	(730,049.99)	(1,106,919.85)
	336,701,770.55	308,853,821.23

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

60. Credit impairment losses

	January to June 2023	January to June 2022
Reversal of bad debts of bills receivables	8,850,672.28	16,297,059.75
Losses on bad debts of accounts receivable	(123,020,529.52)	(108,840,388.90)
Reversal of bad debts of other receivables	39,249,709.55	11,993,841.45
Reversal of bad debts of long-term receivables	14,094,950.50	238,536.68
	(60,825,197.19)	(80,310,951.02)

61. Asset impairment losses

	January to June 2023	January to June 2022
Losses on decline in value of inventory	(81,753,716.45)	(28,313,491.98)
Reversal of/(losses on) impairment of contract assets	1,295,795.78	(3,127,795.51)
Losses on impairment of fixed assets	(2,736,216.32)	–
Losses on impairment of prepayments	(1,822,050.36)	–
Losses on impairment of long-term equity investment	(4,981,823.43)	–
Others	678,920.33	(465,193.89)
	(89,319,090.45)	(31,906,481.38)

62. Gains on disposal of assets

	January to June 2023	January to June 2022
Gains on disposal of fixed assets	30,253,958.79	44,535,928.04
Gains on disposal of intangible assets	525,185,155.33	–
Others	64,283,966.34	–
	619,723,080.46	44,535,928.04

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

63. Non-operating income

	January to June 2023	January to June 2022	Recognised in non- recurring profit and loss for January to June 2023
Net gains from fines	24,184,959.35	18,718,050.09	24,184,959.35
Relocation compensation/government grants	3,092,775.67	1,104,171,614.06	3,092,775.67
Amounts not required to be paid	17,345,666.05	21,671,892.29	17,345,666.05
Gains on disposal of non-current assets	9,593,567.41	60,297,850.37	9,593,567.41
Others	69,589,796.93	56,157,582.80	69,589,796.93
	123,806,765.41	1,261,016,989.61	123,806,765.41

64. Non-operating expenses

	January to June 2023	January to June 2022	Recognised in non- recurring profit and loss for January to June 2023
Losses on disposal of non-current assets	27,375,900.30	24,761,303.86	27,375,900.30
<i>Including: Losses on disposal of fixed assets</i>	27,375,804.56	24,760,969.51	27,375,804.56
<i>Losses on disposal of other non-current assets</i>	95.74	334.35	95.74
Expenses on charity donation	1,490,939.87	2,690,000.00	1,490,939.87
Expenses on compensation, penalties and fines	6,477,412.09	16,868,306.25	6,477,412.09
Other expenses	15,865,864.20	20,694,400.96	15,865,864.20
	51,210,116.46	65,014,011.07	51,210,116.46

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

65. Expenses by nature

The supplemental information on the Group's operating costs, selling expenses, administrative expenses and R&D expenditure by nature is as follows:

	January to June 2023	January to June 2022
Consumption of raw materials	13,005,092,140.92	12,461,036,623.34
Procurement costs of tradable goods	17,815,868,271.99	17,309,118,400.73
Cost of sales of real estate	8,065,515,385.11	12,647,668,707.50
Changes in inventory of finished goods and work in progress	(1,170,208,554.44)	(1,477,813,076.18)
Employee remunerations	3,465,665,667.95	3,367,133,051.79
Depreciation and amortisation	2,602,901,548.50	2,384,795,555.14
Rentals	130,571,225.40	160,083,105.44
Maintenance expenses	496,901,063.33	581,687,919.64
Fuel and energy costs	1,253,234,486.83	1,284,895,055.49
Transportation fee	560,435,166.44	676,526,899.65
Advertisement fee	197,600,591.72	170,309,083.74
Office expenses	83,857,246.26	70,231,385.96
Intermediary fee	310,814,437.01	350,951,433.08
Others	1,703,704,636.57	1,211,855,291.69
	<u>48,521,953,313.59</u>	<u>51,198,479,437.01</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

66. Income tax expense

	January to June 2023	January to June 2022
Current income tax expense	506,198,769.72	988,678,691.22
Deferred income tax expense	(95,175,668.03)	(33,695,499.91)
	411,023,101.69	954,983,191.31

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

	January to June 2023	January to June 2022
Total profit	425,681,840.45	3,374,480,864.84
Income tax expense at the statutory income tax rate	68,947,785.67	843,620,216.21
Tax effect of different tax rates of some subsidiaries	(165,613.56)	(26,100,625.63)
Adjustments on the current income tax of previous periods	5,691,979.52	(6,306,619.08)
Share of profits and losses of joint ventures and associates	(15,584,916.51)	(39,695,314.45)
Income not subject to tax	(6,029,788.92)	(9,706,801.62)
Expenses not deductible	13,055,296.09	6,234,798.55
Deductible temporary difference and deductible losses not recognized	345,108,359.40	186,937,537.33
Income tax expense at the effective tax rate of the Group	411,023,101.69	954,983,191.31

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

67. Earnings per share

	January to June 2023 RMB/share	January to June 2022 RMB/share
Earnings		
Net profit for the period/year attributable to ordinary shareholders of the Company	410,060,289.04	1,835,550,026.14
Less: Interests on other equity instrument	<u>383,489,404.17</u>	<u>438,386,070.84</u>
	<u>26,570,884.87</u>	<u>1,397,163,955.30</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>10,677,771,134.00</u>	<u>10,677,771,134.00</u>
Basic earnings per share – continuing operations	<u>0.0025</u>	<u>0.13</u>

The calculation of the basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company after deducting interests on other equity instruments divided by the weighted average number of outstanding ordinary shares in issue.

The Company did not have potentially dilutive ordinary shares, and the diluted earnings per share was consistent with basic earnings per share. For earnings per share (before deducting other equity instruments), please refer to Supplementary Information to Financial Statements 2.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

68. Notes to items of statement of cash flows

	January to June 2023	January to June 2022
Cash received from other operating activities		
Current accounts and other current account	414,951,814.80	146,056,520.91
Interest income received	170,000,350.28	34,890,378.01
Principal on financing sale-leaseback	95,230,406.39	–
	680,182,571.47	180,946,898.92
Cash paid for other operating activities		
Selling and administrative expenses etc. paid	2,145,728,927.10	1,820,768,346.97
Deposit and other amounts paid	1,148,972,310.45	282,773,620.98
Principal on financing sale-leaseback	200,000,000.00	–
Other current accounts	442,008,758.91	729,855,480.56
	3,936,709,996.46	2,833,397,448.51
Cash received from other investing activities		
Collection of the principal and interest of borrowings from associates	1,198,719,430.73	2,613,807,982.07
Redemption of short-term wealth management products	–	200,937,703.69
Collection of the principal and interest of borrowings from external entities	37,000,000.00	–
Others	–	8,176,543.07
	1,235,719,430.73	2,822,922,228.83
Cash paid for other investing activities		
Purchase of short-term wealth management products	–	460,000,000.00
Payment of borrowings from associates	–	1,247,816,333.86
	–	1,707,816,333.86

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

68. Notes to items of statement of cash flows (continued)

	January to June 2023	January to June 2022
Cash received from other financing activities		
Receipts of borrowings	–	107,576,689.78
Borrowings received from minority shareholders	–	67,620,000.00
	<u>–</u>	<u>175,196,689.78</u>
Cash paid for other financing activities		
Payment for acquisition of minority interests	8,400,902,893.22	294,703,543.59
Repayment of borrowings of minority shareholders	505,400,000.00	1,880,057,297.71
Principal and interest of lease liabilities	80,610,144.46	112,102,401.40
Repayment of external borrowings	37,000,000.00	–
	<u>9,023,913,037.68</u>	<u>2,286,863,242.70</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

68. Notes to items of statement of cash flows (continued)

(1) Supplemental information to statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	January to June 2023	January to June 2022
Net profit	14,658,738.76	2,419,497,673.53
Add: Losses on credit impairment	60,825,197.19	80,310,951.02
Asset impairment losses	89,319,090.45	31,906,481.38
Depreciation of fixed assets	2,015,355,107.31	1,912,966,844.82
Depreciation of right-of-use assets	94,412,341.29	78,268,194.14
Amortisation of intangible assets	306,593,352.86	252,009,691.66
Amortisation of long-term deferred expenses	186,540,747.04	141,550,824.52
Gains from disposal of fixed assets, intangible assets and other long-term assets	(685,998,943.18)	(1,289,994,781.86)
Losses on retirement of non-current assets	17,782,332.89	24,761,303.86
Gains from changes in fair value	(336,701,770.55)	(308,853,821.23)
Finance costs	1,330,756,223.65	1,470,179,910.88
Investment gains	(129,104,624.11)	(187,695,338.92)
Increase in deferred income tax assets	(171,160,201.06)	(64,670,437.52)
Increase in deferred income tax liabilities	68,254,612.96	36,751,426.52
Decrease in inventories	5,367,496,593.16	7,704,680,494.07
Increase in operating receivables	(3,363,260,089.52)	(2,500,953,372.21)
Decrease in operating payables	(647,380,930.55)	(6,049,023,200.39)
Net cash flows from operating activities	4,218,387,778.59	3,751,692,844.27

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

68. Notes to items of statement of cash flows (continued)

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

Material financing activities not involving cash:

	January to June 2023	January to June 2022
Endorsement and transfer of bank acceptance bills received from sale of goods or rendering of services	<u>2,608,125,201.76</u>	<u>5,035,583,978.21</u>

Net changes in cash and cash equivalents:

	January to June 2023	January to June 2022
Balance of cash at the end of the period	<u>16,683,010,351.17</u>	13,461,571,841.53
Less: Balances of cash at the beginning of the period	<u>9,775,406,159.73</u>	<u>15,245,962,910.56</u>
Net increase/(decrease) in cash	<u>6,907,604,191.44</u>	<u>(1,784,391,069.03)</u>

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

Information on disposal of subsidiaries and other operating units

	January to June 2023	January to June 2022
Cash received from disposal of subsidiaries and other operating units	–	–
Less: Cash and cash equivalent held upon disposal of subsidiaries and other operating units	<u>795,612.81</u>	<u>16,095,835.60</u>
Decrease in net cash received from disposal of subsidiaries and other operating units	<u>795,612.81</u>	<u>16,095,835.60</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

68. Notes to items of statement of cash flows (continued)

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

Information on acquisition of subsidiaries and other operating units

	January to June 2023	January to June 2022
Cash and cash equivalents paid for acquisition of subsidiaries and other operating units	–	247,251,200.00
Less: Cash and cash equivalents held upon acquisition of subsidiaries and other operating units	–	122,577,801.51
Net cash payments for acquisition of subsidiaries and other operating units	–	124,673,398.49

(3) Cash and cash equivalents

	30 June 2023	31 December 2022
Cash	16,683,010,351.17	9,775,406,159.73
Including: Cash on hand	201,454.37	275,503.49
Bank deposits on demand	16,682,808,896.80	9,775,130,656.24
Balance of cash and cash equivalents at end of the period/year	16,683,010,351.17	9,775,406,159.73

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

69. Assets with restricted titles or right to use

	Notes	30 June 2023	31 December 2022
Pledges assets			
Cash and bank balances		1,983,467,667.72	1,908,204,681.54
Statutory deposit reserve placement with central bank by finance company	(1)	1,394,583,372.60	1,276,840,858.67
Guarantee deposits for L/C	(1)	25,250,791.05	25,885,885.11
Quality/performance deposits	(1)	391,682,753.37	397,064,650.72
Guarantee deposits for acceptance bills	(1)	171,950,750.70	208,413,287.04
Inventories	(2)	4,788,691,200.00	15,775,519,116.62
Bills receivable	(3)	4,908,758.01	34,837,071.43
Financing receivables	(3)	10,000,000.00	210,000,000.00
Construction in progress	(2)	94,923,500.00	88,818,500.00
Fixed assets	(2)	1,037,586,759.11	1,099,342,154.16
Investment properties	(2)	10,899,571,365.14	10,776,804,024.18
Equity interests	(2)	10,343,176,371.21	10,343,176,371.21
Land use rights	(2)	2,029,002,648.34	5,359,397,414.50
Cash and bank balances whose titles are restricted for other reasons			
Restricted cash arising from pre-sales of properties	(4)	3,009,248,353.09	4,100,592,811.49
Others		174,320,545.22	212,232,204.96
		34,374,897,167.84	49,908,924,350.09



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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

69. Assets with restricted titles or right to use (continued)

Note 1: As at 30 June 2023, the total amount of the Group's pledged cash and bank balances was RMB1,983,467,667.72 (31 December 2022: RMB1,908,204,681.54), of which the amount paid by BBMG Finance Co., Ltd. to the People's Bank of China as statutory deposit reserve in accordance with relevant regulations which cannot be used for daily operations was RMB1,394,538,372.60 (31 December 2022: RMB1,276,840,858.67).

Note 2: As at 30 June 2023, the Group obtained long-term borrowings of RMB9,190,711,311.03 (31 December 2022: RMB11,802,533,991.35) secured by inventories with a carrying amount of RMB4,788,691,200.00 (31 December 2022: RMB15,775,519,116.62), fixed assets with a carrying amount of RMB1,037,586,759.11 (31 December 2022: RMB1,099,342,154.16), investment properties with a carrying amount of RMB10,899,571,365.14 (31 December 2022: RMB10,776,804,024.18), land use rights with a carrying amount of RMB2,029,002,648.34 (31 December 2022: RMB5,359,397,414.50), construction in progress with a carrying amount of RMB94,923,500.00 (31 December 2022: RMB88,818,500.00) and equity with a carrying amount of RMB10,343,176,371.21 (31 December 2022: RMB10,343,176,371.21).

Note 3: As at 30 June 2023, the Group obtained short-term borrowings of RMB3,108,758.01 by discounting commercial acceptance bills with a carrying amount of RMB3,108,758.01 (31 December 2022: the Group obtained short-term borrowings of RMB234,837,071.43 by discounting bank acceptance bills with a carrying amount of RMB200,000,000.00 and commercial acceptance bills with a carrying amount of RMB34,837,071.43). As of 30 June 2023, the bank acceptance bills and commercial acceptance bills pledged by the Group for issuing bank acceptance bills were RMB10,000,000.00 (31 December 2022: RMB8,000,000.00) and RMB1,800,000.00 (31 December 2022: RMB2,000,000.00).

Note 4: In accordance with relevant provisions, funds from pre-sales of commodity housing of property developers have to be deposited in special bank accounts of funds from pre-sales of real estates for supervision to ensure that the pre-sales funds are used for construction projects first, and written application have to be made to the supervisory bank before using the funds. Where presale projects under supervision have been completed and accepted and other required conditions have been satisfied, application for lifting supervision of the funds may be made. As at 30 June 2023, there were no bank borrowings obtained from unreleased pledge by land use rights of commodity houses of the Company which had already been delivered to the purchasers.

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

70. Foreign currency monetary items

	30 June 2023			31 December 2022		
	Original currency	Exchange rate	As RMB	Original currency	Exchange rate	As RMB
Cash and bank balances						
USD	26,564,186.45	7.2258	191,947,498.46	35,080,614.19	6.9646	244,322,445.57
EUR	577,510.58	7.8771	4,549,108.59	582,853.78	7.4229	4,326,465.32
HKD	172,591.12	0.9220	159,125.56	179,073.77	0.8933	159,966.60
ZAR	199,467,763.31	0.3864	77,071,119.09	90,606,428.29	0.4113	37,266,423.96
MNT	1,054,690,984.13	0.0021	2,219,069.83	–	–	–
Accounts receivable						
USD	49,043,041.28	7.2258	354,375,207.68	93,850,340.40	6.9646	653,630,080.75
ZAR	–	–	–	3,756,062.00	0.4113	1,544,868.30
Other receivables						
USD	15,184,708.92	7.2258	109,721,669.71	12,095,443.02	6.9646	84,239,922.47
ZAR	37,710.46	0.3864	14,570.71	–	–	–
HKD	24,000.00	0.9220	22,127.52	3,630,711.00	0.8933	3,243,314.14
Long-term receivables						
USD	24,389,211.00	7.2258	176,231,560.84	32,296,372.00	6.9646	224,931,312.43
Total foreign currency monetary assets			<u>916,311,057.99</u>			<u>1,253,664,799.54</u>
Accounts payable						
USD	43,612,781.14	7.2258	315,137,233.96	93,850,340.40	6.9646	653,630,080.75
ZAR	46,537,246.56	0.3864	17,981,239.74	3,756,062.00	0.4113	1,544,868.30
Bills payable						
USD	151,584,092.67	7.2258	1,095,316,336.81	182,357,143.31	6.9646	1,270,044,559.44
Tax payable						
USD	1,419,383.00	7.2258	10,256,177.68	2,132,798.00	6.9646	14,854,084.95
Other payables						
USD	240,500.00	7.2258	1,737,804.90	–	–	–
ZAR	14,508,979.24	0.3864	5,606,035.02	17,647,815.01	0.4113	7,258,546.31
Long-term payables						
USD	7,649.00	7.2258	55,270.14	7,649.00	6.9646	53,272.23
Total foreign currency monetary liabilities			<u>1,446,090,098.25</u>			<u>1,947,385,411.98</u>
Net foreign currency monetary liabilities			<u>529,779,040.26</u>			<u>693,720,612.44</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

71. Hedging

Fair value hedge

The Group is engaged in trading of commodities such as non-ferrous metals and ferrous metals (including copper, iron ore, coke and thermal coal futures). These commodities are subject to the risk of price changes. Therefore, the Group uses futures contracts of futures exchanges to manage its exposure to commodity price risks arising from trading commodities it holds. The standard indicators for the industrial products sold by the Group are the same as the corresponding delivery grades in the futures contract. The basic variables of the hedging instrument (futures contract) and the hedged item (certain commodities held by the Group) are all standard parameter prices. Through qualitative analysis, the Group determines that the ratio of the number of hedging instruments to the number of hedged items was 1:1. The ineffective portion of hedging mainly arose from the basis risk, the risk of changes in supply and demand in the spot or futures market, and other risks of uncertainties in the spot or futures market. The amount of ineffective hedges recognized during the period was not significant. The Group adopted fair value hedge for such hedging.

The time distribution and average price of the nominal amount of the hedging instruments are as follows:

January to June 2023

	Within 6 months	Total
Nominal amount of copper futures	317,287,146.70	317,287,146.70
Average price of copper futures	64,423.79	64,423.79
Nominal amount of iron ore futures	195,925,020.20	195,925,020.20
Average price of iron ore futures	753.56	753.56
Nominal amount of steel billet futures	80,916,560.00	80,916,560.00
Average price of steel billet futures	4,045.83	4,045.83

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

71. Hedging (continued)

Fair value hedge (continued)

January to June 2022

	Within 6 months	Total
Nominal amount of iron ore futures	464,671,539.22	464,671,539.22
Average price of iron ore futures	856.85	856.85
Nominal amount of steel billet futures	59,316,140.00	59,316,140.00
Average price of steel billet futures	4,562.78	4,562.78
Nominal amount of coking coal futures	32,943,696.00	32,943,696.00
Average price of coking coal futures	2,745.31	2,745.31

Changes in the carrying amount and fair value of the hedging instruments are as follows:

January to June 2023

	Nominal amounts of the hedging instruments	Carrying amounts of the hedging instruments		Items on the balance sheet that contain hedging instruments	Changes in fair value of hedging instruments used as a basis for recognizing the ineffective portion of hedging for the period
		Assets	Liabilities		
Commodity price risk – inventories	594,128,726.90	597,202,316.87	–	Inventories	–

January to June 2022

	Nominal amounts of the hedging instruments	Carrying amounts of the hedging instruments		Items on the balance sheet that contain hedging instruments	Changes in fair value of hedging instruments used as a basis for recognizing the ineffective portion of hedging for the period
		Assets	Liabilities		
Commodity price risk – inventories	556,931,375.22	537,131,865.68	–	Inventories	–

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

71. Hedging (continued)

Fair value hedge (continued)

The carrying amount of hedged items and related adjustments are as follows:

January to June 2023

	Carrying amount of hedged items Assets	Cumulative amount of adjustments to fair value hedge of hedged items (included in carrying amount of hedged items) Assets	Items on the balance sheet that contain hedged items	Changes in fair value of hedged items used as a basis for recognizing the ineffective portion of hedging for the period
Commodity price risk – inventories	567,387,707.88	7,895,228.46	Inventories	-

January to June 2022

	Carrying amount of hedged items Assets	Cumulative amount of adjustments to fair value hedge of hedged items (included in carrying amount of hedged items) Assets	Items on the balance sheet that contain hedged items	Changes in fair value of hedged items used as a basis for recognizing the ineffective portion of hedging for the period
Commodity price risk – inventories	536,423,017.09	(20,236,539.46)	Inventories	-

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

71. Hedging (continued)

Fair value hedge (continued)

The ineffective portion of hedging in the changes in fair value of hedging instruments is set out below:

January to June 2023

	Ineffective portion of hedging included in profit or loss	Ineffective portion of hedging included in other comprehensive income	Items on the income statement that contain ineffective portion of hedging
Inventory price risk	(5,996,550.00)	–	–

January to June 2022

	Ineffective portion of hedging included in profit or loss	Ineffective portion of hedging included in other comprehensive income	Items on the income statement that contain ineffective portion of hedging
Inventory price risk	(2,441,140.00)	–	–

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VI. CHANGE IN SCOPE OF CONSOLIDATION

1. Disposal of subsidiaries

On 8 June 2023, Beijing BBMG Coating Co., Ltd. (a subsidiary of the Group, hereinafter referred to as “Beijing BBMG Coating”) and Xinjiang Haoxiang Modern Building Materials Co., Ltd. (hereinafter referred to as “Xinjiang Haoxiang”) signed the Equity Transfer Agreement, which stipulated that Beijing BBMG Coating intended to sell all of its 55% equity in Xinjiang BBMG Coating Co., Ltd. (hereinafter referred to as “Xinjiang BBMG Coating”) to Xinjiang Haoxiang at a consideration of RMB120,000.00. On 21 June 2023, both parties completed the equity transfer procedures with China Beijing Equity Exchange. The date when the Group lost its control over Xinjiang BBMG Coating is 21 June 2023. Therefore, since 21 June 2023, the Group will no longer include Xinjiang BBMG Coating in the scope of consolidation.

The financial information of Xinjiang BBMG Coating is set forth below:

	Carrying amount on 21 June 2023	Carrying amount on 31 December 2022
Current assets	1,391,739.10	1,389,496.29
Current liabilities	<u>(1,391,739.10)</u>	<u>(2,666,949.36)</u>
	—	<u>(1,277,453.07)</u>
Investment gains	<u>120,000.00</u>	
Consideration of disposal	<u>120,000.00</u>	

The operating results included in the scope of consolidation in the period:

	From 1 January to 21 June 2023
Operating revenue	1,331,559.56
Operating cost	54,106.49
Net profit	1,277,453.07

Notes to Unaudited Interim Financial Statements

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

1. Disposal of subsidiaries *(continued)*

On 6 May 2022, the Intermediate People's Court of Tangshan City, Hebei Province ruled to accept the bankruptcy application of Tangshan Jichang Plastic Products Co., Ltd. ("Tangshan Jichang"), and designated Hebei Qingshui Law Firm (河北青水律師事務所) as bankruptcy administrator on 10 March 2023. The data transfer procedures were completed by Tangshan Jichang, a subsidiary of the Group, on 3 April 2023, and the Group lost control over Tangshan Jichang on 3 April 2023. Therefore, since 3 April 2023, the Group will no longer include Tangshan Jichang in the scope of consolidation.

The financial information of Tangshan Jichang is set forth below:

	Carrying amount on 3 April 2023	Carrying amount on 31 December 2022
Current assets	4,622,844.16	4,571,486.27
Non-current assets	7,642,448.41	7,726,024.71
Current liabilities	<u>(23,889,983.73)</u>	<u>(23,890,483.54)</u>
	<u>(11,624,691.16)</u>	<u>(11,592,972.56)</u>
Minority interests	<u>(5,928,672.79)</u>	<u>(5,920,743.14)</u>
Equity attributable to the parent company	<u>(5,696,018.37)</u>	<u>(5,672,229.42)</u>
Investment gains	<u>5,696,018.37</u>	
Consideration of disposal	<u>—</u>	

The operating results included in the scope of consolidation in the period:

	From 1 January to 3 April 2023
Operating revenue	—
Operating cost	134,342.67
Net losses	(31,718.60)

Notes to Unaudited Interim Financial Statements

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

1. Disposal of subsidiaries *(continued)*

In November 2022, the First Intermediate People's Court of Beijing accepted the bankruptcy liquidation application of Beijing Chengwu Concrete Co., Ltd. ("Beijing Chengwu"), and designated Beijing Shang Rong Xin Law Firm (北京市尚榮信律師事務所) (the "administrator") as the administrator on 4 January 2023. On 31 January 2023, Beijing Chengwu completed the transfer procedures of property, seal and account books with the administrator. Therefore, since 31 January 2023, the Group will no longer include Beijing Chengwu in the scope of consolidation.

The financial information of Beijing Chengwu is set forth below:

	Carrying amount on 31 January 2023	Carrying amount on 31 December 2022
Current assets	7,753,615.37	7,767,974.93
Current liabilities	(48,920,970.13)	(49,713,743.19)
	(41,167,354.76)	(41,945,768.26)
Less: Net debt to related parties within the consolidation scope	(41,387,197.16)	
Investment losses	219,842.40	
Consideration of disposal	—	

The operating results included in the scope of consolidation in the period:

	From 1 January to 31 January 2023
Operating revenue	774,279.64
Operating cost	—
Net profit	778,413.50

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

2. Deregistration of subsidiaries

The Group deregistered 4 subsidiaries (2022: 14 subsidiaries) during the period. Information of these subsidiaries is as follows:

	Proportion of shareholding of parent company before deregistration	Reason for not being subsidiary
Fuzhou Fuhua Concrete Co., Ltd.	56.00%	Deregistration
Beijing BBMG Property Development Co., Ltd.	100.00%	Deregistration
Beijing Toward the World Study Abroad Consulting Center Co., Ltd. (北京走向世界留學諮詢中心有限公司)	100.00%	Deregistration
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan	20.00%	Deregistration

3. Establishment of new subsidiaries

	Acquired method	Percentage of shareholding
Liaoning Jinzhong New Material Industry Group Co., Ltd. (遼寧金中新材料產業集團有限公司)	Establishment	50.00%

Notes to Unaudited Interim Financial Statements

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VII. INTERESTS IN OTHER ENTITIES

1. Interests in the subsidiaries

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

	Place of registration/ principal business	Business nature	Registered capital RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment					
Beijing BBMG Concrete Co., Ltd.	Beijing	Processing of commodity concrete etc.	46,541.04	-	100.00
Handan BBMG Taihang Shangtong Technology Co., Ltd.	Hebei	Manufacture and sale of concrete	6,600.00	-	100.00
Wei County BBMG Concrete Co., Ltd.	Hebei	Manufacture and sale of concrete	1,000.00	-	92.00
Handan Hanshan BBMG Concrete Co., Ltd.	Hebei	Manufacture and sale of commercial concrete and crushed stone	3,000.00	-	92.00
Handan Jinyu Chenxiang Concrete Co., Ltd.	Hebei	Manufacture and sale of concrete	3,000.00	-	92.00
Beijing BBMG Coating Co., Ltd.	Beijing	Manufacture of coating; professional contracting	15,720.00	-	100.00
BBMG New Building Materials Industrialization Group Co., Ltd.	Beijing	Manufacture and sale of building materials	336,905.00	100.00	-
Beijing Sanchong Mirror Co., Ltd.	Beijing	Manufacture and sale of glass made spectacle lenses	5,766.00	-	100.00
Beijing Jinyu Energy-Saving Materials & Technology (Dachang) Co., Ltd.	Hebei	Manufacture and sale of building materials	17,000.00	-	100.00
Beijing Jiandu Design and Research Institute Co., Ltd.	Beijing	Design of modern building materials etc.	6,000.00	-	100.00
Beijing Jinyu Aerated Concrete Co., Ltd.	Beijing	Manufacture and sale of aerated concrete products etc.	10,000.00	-	100.00
Beijing BBMG Business and Trading Co., Ltd.	Beijing	Wholesale of building materials and metal materials etc.	66,000.00	-	100.00
BBMG Mortar Co., Ltd.	Beijing	Manufacture and sale of dry and mixed mortar	54,610.52	-	100.00
BBMG (Dachang) Modern Industrial Park Management Co., Ltd.	Hebei	Manufacture of various modern building materials etc.	98,528.00	-	100.00
Beijing BBMG Tiantan Furniture Co., Ltd. (Note 1)	Beijing	Manufacture, processing, and sale of furniture etc.	40,818.28	-	97.81
BBMG Residential Industrialization (Tangshan) Co., Ltd.	Hebei	Manufacture and sale of building materials	35,000.00	-	100.00
Beijing Building Materials Academy Co., Ltd.	Beijing	Development, manufacture and sale of building materials etc.	19,170.00	100.00	-
Beijing Building Materials Testing Academy Co., Ltd. (Note 1)	Beijing	Testing for building material quality etc.	8,136.61	43.38	55.44
Beijing BBMG Cement Environmental Protection Technology Co., Ltd.	Beijing	Construction general contracting and ecofriendly technology development, etc.	1,000.00	-	100.00
Beijing Concrete World Magazine Co., Ltd.	Beijing	Releasing and publishing of Concrete World Magazine; advertising design and production	30.00	-	100.00
Beijing Dacheng Changrun Properties Limited	Beijing	Property development and operation	1,000.00	-	91.00
Beijing BBMG Konggang Development Co., Ltd.	Beijing	Property development	10,000.00	-	95.00
BBMG Xingda Real Estate Development Co., Ltd.	Beijing	Property development and operation	5,000.00	-	100.00
Chongqing BBMG Dacheng Property Development Co., Ltd.	Chongqing	Property development and consultation etc.	20,000.00	-	100.00
Chongqing BBMG Dacheng Shanshui Real Estate Co., Ltd.	Chongqing	Property development and sale of housing, etc.	49,250.00	-	100.00
Chongqing BBMG Dacheng New Metropolis Co., Ltd.	Chongqing	Property development; sale of commodity housing etc.	150,000.00	-	100.00
Chengdu BBMG Dacheng Property Development Co., Ltd.	Chengdu	Property development etc.	56,000.00	-	100.00

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment <i>(continued)</i>					
Chengdu BBMG Yuehuang Real Estate Co., Ltd.	Chengdu	Property development	5,000.00	-	100.00
Shanghai BBMG Dacheng Property Development Co., Ltd.	Shanghai	Property development and operation, etc.	100,000.00	-	100.00
BBMG Jinghua Property Development Hefei Co., Ltd.	Anhui	Property development	50,000.00	-	100.00
Ningbo BBMG Dacheng Property Development Co., Ltd.	Ningbo	Property development and operation, etc.	5,000.00	-	100.00
BBMG Jingyuan (Ningbo) Real Estate Development Co., Ltd.	Ningbo	Property development	20,000.00	-	100.00
Beijing Longyuan Real Estate Development Co., Ltd.	Beijing	Property development and operation	5,000.00	-	100.00
Qingdao Jinyu Chuangzhi Real Estate Development Co., Ltd.	Qingdao	Property development and operation	1,000.00	-	100.00
Tianjin Jinyu Jinli Real Estate Development Co., Ltd.	Tianjin	Property development and operation	5,000.00	-	100.00
BBMG (Tianjin) Property Development Co., Ltd.	Tianjin	Property development and sale etc.	80,000.00	-	100.00
Jinyu Ligang (Tianjin) Property Development Co., Ltd.	Tianjin	Property development and operation, etc.	39,000.00	-	100.00
BBMG Jindian (Tianjin) Property Development Co., Ltd.	Tianjin	Property development and operation	80,000.00	-	100.00
Chengdu BBMG Jingfeng Real Estate Development Co., Ltd.	Chengdu	Property development	5,000.00	-	100.00
Chengdu BBMG Wancheng Real Estate Development Co., Ltd.	Chengdu	Property development	5,000.00	-	100.00
BBMG Jiahua Nanjing Real Estate Co., Ltd.	Nanjing	Property development	50,000.00	-	100.00
Jinyu Mengcheng (Ma'anshan) Property Development Co., Ltd.	Anhui	Property development and commodity housing sales etc.	5,000.00	-	100.00
BBMG Real Estate Development (Hefei) Co., Ltd.	Anhui	Property development and operation	150,000.00	-	100.00
BBMG Properties (Anhui) Co., Ltd.	Anhui	Property development and property management, etc.	50,000.00	-	100.00
Hefei BBMG Jingyun Real Estate Development Co., Ltd.	Anhui	Property development and operation	5,000.00	-	100.00
Tianjin Ershiyi Stations Testing Technology Co., Ltd.	Tianjin	Inspection and identification of building materials products and construction engineering, inspection and identification technical services, etc.	3,000.00	-	100.00
Shaanxi Jinyu Energy-Saving Materials & Technology Co., Ltd. (陝西金隅節能保溫科技有限公司)	Weinan	Wholesale industry	12,000.00	-	100.00
Zhuxin (Hebei Xiong'an) Inspection and Testing Co., Ltd. (築信(河北雄安)檢驗檢測有限公司)	Baoding	Professional technical service industry	1,000.00	-	100.00
BBMG (Changzhou) Real Estate Development Co., Ltd. (金隅(常州)房地產開發有限公司)	Changzhou	Property development and operation	10,000.00	-	100.00
BBMG Yuechao (Hangzhou) Real Estate Development Co., Ltd. (金隅悅潮(杭州)房地產開發有限公司)	Hangzhou	Property development and operation	58,418.15	-	100.00
BBMG Technology Innovation Co., Ltd. (北京金隅科技創新有限公司)	Beijing	Business service industry	1,000.00	-	100.00

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment (continued)					
Ningbo Yinzhou BBMG Property Management Co., Ltd. (寧波鄞州金隅物業管理有限責任公司)	Ningbo	Real estate	100.00	-	100.00
Beijing BBMG Finance Lease Co., Ltd. (北京金隅融資租賃有限公司)	Beijing	Financial leasing	80,000.00	100.00	-
BBMG Tianjin Intelligent Logistics (Tianjin) Co., Ltd. (金隅天津智慧物流(天津)有限公司)	Tianjin	Road transportation	5,000.00	-	70.00
Hefei Jinzhongjinghu Real Estate Development Co., Ltd. (合肥金中京湖房地產開發有限公司)	Hefei	Business service industry	71,200.00	-	100.00
Beijing Jincheng Property Investment Co., Ltd. (北京金瑤置業有限公司)	Beijing	Property development and operation	1,000.00	-	100.00
Hebei Jince Testing and Certification Co., Ltd. (河北金測檢測認證有限公司)	Shijiazhuang	Professional technical service industry	1,000.00	-	100.00
BBMG (Hangzhou) Property Development Co., Ltd.	Hangzhou	Property development and operation	158,600.00	-	100.00
BBMG Jiaying Nanjing Real Estate Development Co., Ltd.	Nanjing	Property development	10,000.00	-	70.00
Beijing BBMG Dongcheng Real Estate Co., Ltd.	Beijing	Property development	100,000.00	-	90.50
Qingdao BBMG Yangguang Property Development Co., Ltd.	Qingdao	Property development	60,000.00	-	100.00
BBMG China Railway Noble (Hangzhou) Property Development Co., Ltd.	Hangzhou	Property development and operation, etc.	50,000.00	-	51.00
Shanghai BBMG Jingcheng Property Development Co., Ltd.	Shanghai	Property development	5,000.00	-	100.00
BBMG GEM Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	650,000.00	100.00	-
Beijing Jinyu Chaixin Tiandi Property Investment Co., Ltd.	Beijing	Property development and property management, etc.	1,000.00	-	100.00
Beijing BBMG Changyang GEM Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	237,254.90	-	100.00
Beijing BBMG Property Investment Co., Ltd.	Beijing	Sale of self-developed commercial housing	5,000.00	-	70.00
Inner Mongolia BBMG Property Investment Co., Ltd.	Inner Mongolia	Property development and operation etc.	20,000.00	-	100.00
Tangshan BBMG Julong Property Development Co., Ltd.	Hebei	Property development and operation etc.	5,000.00	-	80.00
Beijing BBMG Chengyuan Property Development Co., Ltd.	Beijing	Property development and sale of commodity housing etc.	45,944.06	-	100.00
Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd.	Beijing	Property rental and development etc.	6,129.76	-	100.00
Beijing BBMG Innovation and Technology Incubator Co., Ltd.	Beijing	Property management and incubating technology enterprise	170,000.00	100.00	-
BBMG Investment Property Management Co., Ltd.	Beijing	Hotel management	58,000.00	100.00	-
Beijing BBMG Culture Technology Development Co., Ltd.	Beijing	Technology development, transfer, consulting, service	3,000.00	-	68.00
BBMG Commercial Management Co., Ltd.	Beijing	Business management	1,000.00	-	100.00

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment <i>(continued)</i>					
BBMG Property Management Co., Ltd.	Beijing	Property management	2,000.00	–	100.00
Beijing Jinhaiyan Property Management Co., Ltd.	Beijing	Property management	1,370.00	–	100.00
Beijing Keshi Hardware Co., Ltd.	Beijing	Manufacture of new products such as construction hardware	30,000.00	–	100.00
BBMG Fengshan Hot Spring Resort Co., Ltd.	Beijing	Accommodation and catering services, etc.	36,818.91	–	100.00
Beijing Jianji Asset Management Co., Ltd.	Beijing	Self-owned property rental, property management etc.	78,732.78	–	100.00
Beijing BBMG Xinggong Technology Development Co., Ltd.	Beijing	Manufacture and sales of aerated concrete panel	27,480.00	55.68	–
Beijing Woodworking Factory Co., Ltd.	Beijing	Manufacture and sale of woodbased panels, etc.	50,443.00	100.00	–
BBMG Finance Co., Ltd.	Beijing	Operation of finance business and financing advisory business etc.	300,000.00	100.00	–
BBMG Finance Lease Co., Ltd.	Tianjin	Finance lease business	65,594.00	60.00	40.00
Beijing Tongda Refractory Engineering Technology Co., Ltd.	Beijing	Research, development and manufacture of various new refractory materials etc.	5,000.00	–	100.00
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	Henan	Manufacture and distribution of refractory materials	4,000.00	–	100.00
Yangquan BBMG Tongda Fire-resistant Materials Co., Ltd.	Yangquan	Manufacture and sale of refractory ceramic etc.	13,500.00	–	100.00
Cheng'an BBMG Taihang Concrete Co., Ltd.	Hebei	Manufacture and sale of commodity concrete	1,000.00	–	100.00
Daming BBMG Taihang Concrete Co., Ltd.	Hebei	Sales of concrete and mortar	1,000.00	–	90.00
Guantao BBMG Yuzhen Concrete Co., Ltd.	Hebei	Sales of prefabricated part	1,000.00	–	100.00
Jinyu Han Chao (Hangzhou) Real Estate Development Co., Ltd.	Hangzhou	Property development and operation, etc.	5,000.00	–	100.00
Beijing Yucheng Real Estate Co., Ltd.	Beijing	Property development and operation, etc.	1,000.00	–	100.00
Beijing Jiayuan Hotel Co., Ltd.	Beijing	Accommodation and catering services	1,000.53	–	100.00
BBMG Badaling Hot Spring Resort Co., Ltd.	Beijing	Room rental	65,420.00	–	100.00
Beijing Chengyuan Real Estate Co., Ltd.	Beijing	Property development	10,000.00	–	100.00
Tangshan Jinyu Tiancai Pipe Technology Co., Ltd.	Tianjin	Manufacturing and sales of steel and iron pipes	50,000.00	–	100.00
Huanbohai (Tianjin) International Economic and Trade Co., Ltd.	Tianjin	Import or export of goods or technologies	20,000.00	–	100.00
Tianjin Jinyu Jinchen Real Estate Development Co., Ltd.	Tianjin	Property development and operation, etc.	50,000.00	–	100.00
Beijing BBMG Wangjing Real Estate Co., Ltd.	Beijing	Property management	5,000.00	–	100.00
Beijing BBMG Hotel Management Co., Ltd.	Beijing	Hotel management	1,000.00	–	100.00
BBMG (Tianjin) Investment Partnership (Limited Partnership) (Note 1)	Beijing	Investment	800,000.00	–	100.00
Chengde BBMG Real Estate Development Co., Ltd.	Chengde	Property development and operation	5,000.00	–	100.00

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

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

	Place of registration/ principal business	Business nature	Registered capital RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment (continued)					
Ningbo BBMG Jingsheng Real Estate Development Co., Ltd.	Zhejiang	Property development and operation, etc.	5,000.00	-	100.00
Shaanxi Jinyu Aerated Assembly Parts Co., Ltd. (陝西金隅加氣 装配式部品有限公司)	Shaanxi	Manufacture and sale of aerated concrete products etc.	20,000.00	-	100.00
Beijing Yutai Real Estate Development Co., Ltd. (北京隅泰房地 產開發有限公司)	Beijing	Property development and operation, etc.	5,000.00	-	60.00
Nanjing Jinjiarui Real Estate Development Co., Ltd. (南京金嘉瑞 房地產開發有限公司)	Jiangsu	Property development and operation, etc.	10,000.00	-	34.00
Zanhuang BBMG Cement Co., Ltd.	Hebei	Manufacture and sales of cement and clinker	70,000.00	-	100.00
BBMG Cement Trading Co., Ltd.	Beijing	Wholesale cement and cement products, etc.	50,000.00	-	100.00
Beijing BBMG International Supply Chain Service Co., Ltd. (北京 金隅國際供應鏈服務有限公司)	Beijing	Supply chain management services, etc.	50,000.00	-	100.00
Chongqing Jinyu Xintuo Hotel Management Co., Ltd. (重慶金隅 新拓酒店管理有限公司)	Chongqing	Accommodation services, etc.	10,000.00	-	100.00
Nanjing Jinjiazhuo Decoration Co., Ltd. (南京金嘉卓裝飾有 限公司)	Nanjing	Building decoration and decoration services, etc.	200.00	-	34.00
Beijing Yuyang Real Estate Development Co., Ltd. (北京隅陽房 地產開發有限公司)	Beijing	Property development and operation	10,000.00	-	100.00
Beijing BBMG Xisanqi Intelligent Manufacturing Workshop Management Co., Ltd. (北京金隅西三旗智造工場管理 有限公司)	Beijing	Rental, park management services, conference and exhibition services, etc.	100.00	100.00	-
Beijing BBMG Intelligent Manufacturing Workshop Management Co., Ltd. (北京金隅智造工場管理有限公司)	Beijing	Rental, park management services, conference and exhibition services, etc.	100.00	100.00	-
Beijing Nanyuan Jiasheng Real Estate Co., Ltd. (北京南苑嘉盛 置業有限公司)	Beijing	Real estate	60,000.00	-	100.00
Shanghai BBMG Jingpu Real Estate Development Co., Ltd.	Shanghai	Real estate	5,000.00	-	100.00
Liaoning Jinzhong New Material Industry Group Co., Ltd. (遼寧 金中新材料產業集團有限公司)	Shenyang	Road transportation	6,000.00	50.00	-
Subsidiaries acquired in business combination not under common control					
Tianjin BBMG Concrete Co., Ltd.	Tianjin	Concrete project construction and manufacturing, etc.	39,590.51	-	100.00
Beijing BBMG Xingfa Science and Technology Co., Ltd.	Beijing	Manufacture of cement and clinker, etc.	131,500.00	95.70	-
Jinyu Jingtū (Beijing) Sports Culture Co., Ltd.	Beijing	Project operation of sports	300.00	66.67	-

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control (continued)					
Beijing Doors and Windows Co., Ltd.	Beijing	Manufacture and process of plastics-steel doors and windows	100.00	100.00	-
Guantao BBMG Taihang Concrete Co., Ltd.	Hebei	Manufacture and sale of commodity concrete	4,000.00	-	100.00
Jidong Development Group Co., Ltd.	Hebei	Building materials industry	247,950.41	55.00	-
Tangshan Jidong Cement Co., Ltd. (Note 1)	Hebei	Manufacture and sales of cement, clinker, relevant building materials and cement equipment, etc.	265,821.28	44.34	17.22
Jidong Sand Gravel Aggregate Co., Ltd.	Hebei	Aggregate	25,000.00	-	100.00
Tangshan High Voltage Porcelain Insulator Co., Ltd.	Hebei	Manufacture and sales of high voltage porcelain insulator	28,000.00	-	100.00
Hebei Building Material Industry Design & Research Institution	Hebei	Building materials industry engineering design	3,387.92	-	100.00
Tangshan Qixin Cement Industry Museum	Hebei	Cultural relic collection and exhibition to promote national culture, etc.	15,624.00	-	100.00
Tangshan Qixin Jiyi Property Services Co., Ltd.	Hebei	Property service, retail of daily necessities, etc.	500.00	-	100.00
Tangshan Jidong Equipment & Engineering Co., Ltd. (Note 1)	Hebei	Machinery equipment and spare parts and civil installation	22,700.00	-	30.00
Tangshan Jidong Development Machinery and Equipment Manufacturing Co., Ltd.	Hebei	Manufacture and sales of machinery equipment and accessories	76,000.00	-	100.00
Jidong Rizhang Energy-Conserving Fan Manufacture Co., Ltd.	Hebei	State-owned enterprise (machinery manufacturing industry)	21,400.00	-	100.00
Tangshan Jidong Development Yan Dong Construction Co., Ltd.	Hebei	Construction industry	20,000.00	-	59.00
Jidong Development International Trading Co., Ltd.	Beijing	Import and export and bulk commodity trade	43,000.00	-	100.00
Jidong Development (HK) International Co., Ltd.	Hong Kong	Commodities trading	6,294.36	-	100.00
Tangshan Dunshi Real Estate Development Co., Ltd.	Hebei	Real estate	60,000.00	-	100.00
Tangshan Jidong Cement Nanhu Property Development Co., Ltd.	Hebei	Real estate	75,000.00	-	100.00
Tangshan Jidong Property Services Co., Ltd.	Hebei	Property service	300.00	-	100.00
Huahai Wind Power Development Co., Ltd.	Hebei	Wind power equipment manufacturing	15,000.00	-	100.00
Tangshan Qixin Building Materials Co., Ltd.	Hebei	Manufacture of cement and cement products	16,747.00	-	100.00
Tangshan Qixin Cement Co., Ltd.	Hebei	Manufacture of limestone, cement and cement clinker, etc.	23,544.00	-	100.00
Jidong Development Group Tangshan Xinxing Knitting Co., Ltd.	Hebei	Knitting processing	915.98	-	100.00
BBMG Jidong Caofeidian Supply Chain Management Co., Ltd.	Hebei	Supply chain management service	20,000.00	-	90.00
Tangshan Jinyu Dunshi Real Estate Development Co., Ltd.	Hebei	Real estate development and operation and property management services	35,000.00	-	100.00
China-Africa Jidong Building Materials Investment Co., Ltd.	Hebei	Investment in building materials industry	34,830.00	-	60.00
Tianjin Building Materials Group (Holding) Co., Ltd.	Tianjin	Manufacture and sales of building and decorative materials, etc.	508,222.35	55.00	-

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

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

	Place of registration/ principal business	Business nature	Registered capital RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control (continued)					
Tianjin Jianyu Energy Development Co., Ltd.	Tianjin	Building materials and commerce and logistics	20,000.00	-	51.00
Tianjin Tiancai Hengye Building Materials Co., Ltd.	Tianjin	Building materials and commerce and logistics	16,526.32	-	100.00
Huanbohai Jin'an (Tianjin) Group Holding Co., Ltd. (Note 1)	Tianjin	Property investment management	19,634.40	-	51.66
Tianjin Xincal Property Development Co., Ltd.	Tianjin	Real estate	32,549.81	-	100.00
Tianjin Cement Stone Mine Co., Ltd.	Tianjin	Cement and ready-mixed concrete	119,937.67	-	100.00
Tianjin Tiancai Xingchen Building Material Co., Ltd.	Tianjin	Property investment management	42,798.30	-	100.00
Tianjin Stone Mine Co., Ltd.	Tianjin	Property investment management	44,081.24	-	100.00
Beijing Bengou Construction Machinery Operation Co., Ltd.	Beijing	Professional contracting; construction general contracting	6,450.00	-	100.00
Tianjin Binhai New Area Haoyu Investment Co., Ltd.	Tianjin	Real estate development and operation and property management	10,000.00	-	100.00
Beijing Mingzhu Glass Products Co., Ltd.	Beijing	Manufacturing, design and installment of glass products	50.00	-	100.00
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd.	Tangshan	Manufacturing and sale of concrete and concrete-based products	401,584.26	55.00	45.00
Beijing Jidong Haiqiang Concrete Co., Ltd.	Beijing	Ready-mix commodity concrete, etc.	2,980.00	-	70.00
Beijing Hanxin Concrete Co., Ltd.	Beijing	Production of concrete, etc.	4,509.97	-	70.00
Beijing Hengkun Concrete Co., Ltd.	Beijing	Special goods transportation (in tank), etc.	5,000.00	-	100.00
Tianjin Jidong Haifeng Concrete Co., Ltd.	Tianjin	Wholesale and retail of commodity concrete, etc.	2,500.00	-	100.00
Tianjin Jidong Jinpujiye Concrete Co., Ltd.	Tianjin	Processing, sales and pouring of ready-mixed concrete	2,900.00	-	100.00
Jidong Concrete (Tianjin) Co., Ltd.	Tianjin	Production, processing and sale of ready-mixed concrete	3,000.00	-	100.00
Tangshan Jidong Cement Xujian Concrete Co., Ltd.	Tangshan	Production of ready-mixed concrete, etc.	3,500.00	-	70.00
Tangshan Qianxi Jidong Concrete Co., Ltd.	Tangshan	Production of commodity concrete etc.	1,200.00	-	100.00
Tangshan Jidong Xingang Concrete Co., Ltd.	Tangshan	Manufacture and sale of commodity concrete etc.	3,360.00	-	100.00
Chengde Jidong Hengsheng Concrete Co., Ltd.	Chengde	Construction equipment templates lease, etc.	2,000.00	-	100.00
Hohhot Jidong Cement Concrete Co., Ltd.	Hohhot	Special goods transportation (in tanks)	6,000.00	-	100.00
Shenyang Aohuaxing Concrete Co., Ltd.	Shenyang	Special goods transportation (tank, pump), etc.	3,100.00	-	100.00
Shenyang Landing Concrete Co., Ltd.	Shenyang	Special goods transportation (tank, pump), etc.	2,008.00	-	100.00
Jilin Jidong Concrete Co., Ltd.	Jilin	Production of concrete components and products, etc.	2,000.00	-	100.00
Chongqing Jushi New Building Materials Co., Ltd.	Chongqing	Class III Qualification for ready-mixed commodity concrete professional contracting	2,100.00	-	100.00
Xinxingzhan (Chongqing) Building Materials Co., Ltd.	Chongqing	Manufacture and sale of commodity concrete	7,563.07	-	100.00

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For the six months ended 30 June 2023

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control <i>(continued)</i>					
Jidong Cement (Chongqing) Concrete Co., Ltd.	Chongqing	Special goods transportation (in tank), etc.	3,000.00	–	100.00
Baoji Jidong Dunshi Concrete Co., Ltd.	Baoji	Ready-mixed concrete and pouring projects, etc.	6,000.00	–	100.00
Shenzhou Jidong Concrete Co., Ltd.	Shenzhou	Manufacture and sales of ready-mixed commercial concrete, etc.	3,000.00	–	100.00
Datong Dunshi Concrete Co., Ltd.	Datong	Sales and transportation of ready-mixed concrete, etc.	3,600.00	–	100.00
Datong Jinlong Commodity Concrete Co., Ltd.	Datong	Sales and transportation of ready-mixed concrete, etc.	3,000.00	–	100.00
Changchun Jidong Cement & Concrete Co., Ltd.	Changchun	Production of concrete, etc.	1,000.00	–	100.00
Huanghua BBMG Jidong Concrete Co., Ltd.	Huanghua	Sales and transportation of ready-mixed concrete, etc.	2,500.00	–	100.00
Cangzhou Lingang BBMG Jidong Concrete Co., Ltd.	Cangzhou	Sales and transportation of ready-mixed concrete, etc.	2,500.00	–	100.00
Shijiazhuang BBMG Concrete Co., Ltd.	Shijiazhuang	Sales and transportation of ready-mixed concrete, etc.	20,000.00	–	100.00
Tianjin Binhai BBMG Concrete Co., Ltd.	Tianjin	Manufacturing and sale of cement-based products, etc.	12,000.00	–	100.00
Jiayu Shangpin Property Management (Tianjin) Co., Ltd.	Tianjin	Property management, etc.	1,000.00	–	100.00
Hebei BBMG Dingxin Cement Co., Ltd.	Hebei	Manufacture and sales of cement and clinker, etc.	131,700.00	–	100.00
Tangshan Caofeidian Jidong Equipment Mechanical Hotworking Co., Ltd. (唐山曹妃甸冀東裝備機械熱加工有限公司)	Tangshan	Ferrous metal casting and sales of metal structure, etc.	39,125.00	–	85.00
Beijing BBMG Decoration Engineering Co., Ltd. (北京金隅裝飾工程有限公司)	Beijing	Construction and design of construction work and sales of building decoration materials, etc.	5,882.35	–	100.00
Beijing Huanke Environmental Protection Technology Co., Ltd. (北京環科環保技術有限公司)	Beijing	Sales of environmental protection equipment, pollution treatment and technical services, etc.	1,574.16	–	100.00
Beijing Jingcai Talent Development Center Co., Ltd. (北京京才人才開發中心有限公司)	Beijing	Human resources services, labor dispatch and intermediary services for studying abroad, etc.	12,953.80	100.00	–
Beijing Jingcai Industrial Development Co., Ltd. (北京市京才實業開發有限公司)	Beijing	Collection, release and consultation services of talent supply and demand information, etc.	300.00	–	100.00
Beijing Wuhu Sihai Human Resources Co., Ltd. (北京五湖四海人力資源有限公司)	Beijing	Human resources services, information consultation services, etc.	440.00	–	100.00

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For the six months ended 30 June 2023

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control (continued)					
Handan Dongfang Risheng Commercial Concrete Co., Ltd. (邯鄲市東方日盛商品混凝土有限公司)	Handan	Manufacture and sale of concrete	1,200.00	-	90.00
Beijing Jingu Zhitong Lulian Technology Co., Ltd. (北京金谷智通綠鏈科技有限公司)	Beijing	Logistics information technology development; logistics data technology services, etc.	15,333.33	-	85.00
Handan BBMG Taihang Cement Co., Ltd.	Hebei	Cement manufacturing	66,434.29	-	92.04
Laishui BBMG Jidong Environmental Protection Technology Co., Ltd. (涑水金隅冀東環保科技有限公司)	Hebei	Ecofriendly technology development, technical services, technical consultation; solid waste treatment, etc.	37,000.00	-	100.00
Subsidiaries acquired in business combination under common control					
Beijing Building Decoration and Design Engineering Co., Ltd.	Beijing	Design of projects' decoration and furniture decoration, etc.	20,000.00	-	100.00
Beijing BBMG Doudian Technology Corporate Management Co., Ltd.	Beijing	Manufacture of energy-saving and insulation building materials, etc.	15,037.66	-	100.00
Beijing BBMG Property Development Group Co., Ltd.	Beijing	Property development and operation	771,500.00	100.00	-
Haikou Dacheng Property Investment Co., Ltd.	Haikou	Property development, etc.	1,600.00	-	100.00
BBMG Dacheng Property Management Co., Ltd.	Beijing	Property management	1,000.00	-	100.00
BBMG Hongye Ecological Science and Technology Co., Ltd.	Beijing	Rental and property management, etc.	200.00	-	100.00
BBMG Hong Kong Limited	Hong Kong	Rental of properties held	(HK\$)100.00	100.00	-
Beijing Yanshui Asset Management Co., Ltd.	Beijing	Production of concrete	6,266.85	100.00	-
Beijing BBMG Tongda Fire-resistant Technology Co., Ltd.	Beijing	R&D and manufacture of various new refractory materials etc.	28,517.14	100.00	-
Jidong Cement Tongchuan Co., Ltd.	Shaanxi	Manufacturing and sale of cement and cement-based products	130,000.00	-	100.00

Note 1: Among the subsidiaries of the Group, Beijing BBMG Tiantan Furniture Co., Ltd., Tangshan Jidong Cement Co., Ltd., Tangshan Jidong Equipment & Engineering Co., Ltd., Huanbohai Jinan (Tianjin) Group Holding Co., Ltd. and Beijing Building Materials Testing Academy Co., Ltd. are joint stock companies (股份有限公司), BBMG (Tianjin) Investment Partnership (Limited Partnership) is a limited partnership (有限合夥企業), and other subsidiaries are limited liability companies (有限責任公司).

Note 2: Due to the large number of subsidiaries of the Group, the above tables only list the subsidiaries that have a significant impact on the income statement or equity attributable to the shareholders, and do not list all subsidiaries one by one.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Subsidiaries with significant minority interests are as follows:

January to June 2023

	Percentage of minority shareholding	Profit or loss attributable to minority shareholders	Dividend payment to minority shareholders	Accumulated equity attributable to minority shareholders at the end of the period
Jidong Development Group Co., Ltd.	45%	(166,243,878.09)	10,000,000.00	193,425,955.70
Tianjin Building Materials Group (Holding) Co., Ltd.	45%	(50,696,576.34)	10,961,268.96	4,420,720,380.25
Tangshan Jidong Cement Co., Ltd.	46%	(341,753,985.42)	223,936,581.15	16,592,390,979.63

2022

	Percentage of minority shareholding	Profit or loss attributable to minority shareholders	Dividend payment to minority shareholders	Accumulated equity attributable to minority shareholders at the end of the year
Jidong Development Group Co., Ltd.	45%	(158,675,870.79)	1,000,000.00	338,880,751.36
Tianjin Building Materials Group (Holding) Co., Ltd.	45%	(219,202,523.38)	21,202,237.92	4,483,826,509.33
Tangshan Jidong Cement Co., Ltd.	46%	615,734,789.12	883,630,732.15	17,040,672,631.98
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan	80%	89,966,106.96	89,067,162.61	2,000,902,893.22
BBMG (Tianjin) Investment Partnership (Limited Partnership)	80%	271,982,643.98	271,982,643.98	6,400,000,000.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

The following table sets forth the major financial information of the above-mentioned subsidiaries. Relevant figures represent amounts before intragroup offsetting:

30 June 2023

	Jidong Development Group Co., Ltd.	Tianjin Building Materials Group (Holding) Co., Ltd.	Tangshan Jidong Cement Co., Ltd.
Current assets	15,789,556,009.27	10,422,848,485.52	16,407,941,241.72
Non-current assets	<u>6,895,348,648.13</u>	<u>10,992,611,370.72</u>	<u>49,080,386,572.81</u>
Total assets	<u>22,684,904,657.40</u>	<u>21,415,459,856.24</u>	<u>65,488,327,814.53</u>
Current liabilities	22,278,325,412.86	11,117,779,326.95	15,142,376,262.71
Non-current liabilities	<u>669,446,909.70</u>	<u>1,620,464,259.39</u>	<u>16,385,003,277.30</u>
Total liabilities	<u>22,947,772,322.56</u>	<u>12,738,243,586.34</u>	<u>31,527,379,540.01</u>
Operating revenue	15,874,665,921.28	4,989,723,619.80	14,522,241,193.82
Net loss	(380,175,969.38)	(141,152,493.76)	(630,758,880.57)
Total comprehensive income	(394,084,838.50)	(141,152,493.76)	(664,812,692.01)
Net cash flows from operating activities	(597,315,047.28)	(74,847,698.99)	988,669,664.59

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

The following table sets forth the major financial information of the above-mentioned subsidiaries. Relevant figures represent amounts before intragroup offsetting: *(continued)*

31 December 2022

	Jidong Development Group Co., Ltd.	Tianjin Building Materials Group (Holding) Co., Ltd.	Tangshan Jidong Cement Co., Ltd.	Jiangsu Trust- Longyuan No.2 Assemble Fund Trust Plan	BBMG (Tianjin) Investment Partnership (Limited Partnership
Current assets	14,812,622,800.14	9,984,252,788.55	15,443,306,255.35	2,501,128,616.53	3,502,154.45
Non-current assets	<u>7,258,115,328.46</u>	<u>10,959,747,797.18</u>	<u>49,573,626,248.34</u>	-	<u>8,006,874,231.82</u>
Total assets	<u>22,070,738,128.60</u>	<u>20,944,000,585.73</u>	<u>65,016,932,503.69</u>	<u>2,501,128,616.53</u>	<u>8,010,376,386.27</u>
Current liabilities	20,843,260,398.00	10,386,565,413.92	13,485,110,912.92	-	10,376,386.27
Non-current liabilities	<u>637,829,728.83</u>	<u>1,705,453,980.57</u>	<u>16,616,374,170.16</u>	-	-
Total liabilities	<u>21,481,090,126.83</u>	<u>12,092,019,394.49</u>	<u>30,101,485,083.08</u>	-	<u>10,376,386.27</u>
Operating revenue	29,276,618,109.01	7,705,173,901.44	33,749,578,280.08	116,506,617.01	345,544,635.01
Net profit/(loss)	(209,236,423.75)	(534,980,478.35)	1,299,747,050.29	112,457,633.70	339,978,304.98
Total comprehensive income	(205,255,262.47)	(535,080,478.35)	1,091,469,882.78	112,457,633.70	339,978,304.98
Net cash flows from operating activities	99,585,640.61	(546,769,198.10)	2,269,213,488.67	112,459,117.35	319,310,706.05



Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

2. Major transactions resulting in changes in equity attributable to shareholders in subsidiaries with no effect on right of control

- a. On 12 April 2022, Tangshan Jidong Cement Co., Ltd. (hereinafter referred to as "Jidong Cement") and Boai County Investment Group Co., Ltd. jointly contributed to establish Jiaozuo BBMG Jidong New Materials Co., Ltd. (hereinafter referred to as "Jiaozuo New Materials"). According to the articles of association, Jidong Cement and Jiaozuo New Materials hold 70% and 30% of the equity respectively. Boai County Investment Group Co., Ltd., a minority shareholder, shall contribute RMB18,000,000.00, and the actual contribution of the minority shareholder in 2022 is RMB900,000.00. The company received investment of RMB17,100,000.00 from Boai County Investment Group Co., Ltd., a minority shareholder. After the completion of the transaction, the shareholding ratio of Jiaozuo BBMG Jidong New Materials Co., Ltd. held by Jidong Cement has changed from 100% to 70%. The transaction resulted in an increase of RMB17,100,000.00 in minority interests of the Group.
- b. On 7 December 2022, Tangshan Jidong Cement Co., Ltd. (hereinafter referred to as "Jidong Cement"), Chengde Iron and Steel Group Co., Ltd. and Beijing Building Materials Academy Co., Ltd. (北京建築材料科學研究總院有限公司) jointly contributed to establish Chengde Chengjin Environmental Protection Technology Co., Ltd. (hereinafter referred to as "Chengde Chengjin"). According to the articles of association, Jidong Cement, Chengde Iron and Steel Group Co., Ltd. and Beijing Building Materials Academy Co., Ltd. hold 59%, 37% and 4% of the equity respectively. The minority shareholder Chengde Iron and Steel Group Co., Ltd. shall contribute RMB22,200,000.00, and the minority shareholder has not actually contributed capital as committed in 2022. The cash investment of RMB6,231,800.00 and the investment in kind of RMB16,766,610.00 were received from Chengde Iron and Steel Group Co., Ltd. After the completion of the transaction, the shareholding ratio of Chengde Chengjin Environmental Protection Technology Co., Ltd. held by Jidong Cement has changed from 100% to 59%. The transaction resulted in an increase of RMB22,998,410.00 in minority interests of the Group.
- c. On 12 June 2023, Everbright Xinglong Trust Co., Ltd., a limited partner of BBMG (Tianjin) Investment Partnership (Limited Partnership) (hereinafter referred to as the "Partnership"), exited from the investment and were distributed as agreed in the BBMG (Tianjin) Investment Partnership (Limited Partnership) Agreement. The actual distribution was RMB6,400,000,000.00 according to the paid-in capital contribution amount of RMB6,400,000,000.00. After the completion of the transaction, the partnership became a wholly-owned subsidiary of the Group. The transaction resulted in a decrease of RMB6,400,000,000.00 in minority interests of the Group.

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For the six months ended 30 June 2023

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

3. Interests in joint ventures and associates

	Place of registration/ principal business	Business nature	Registered capital (RMB'000)	Percentage of shareholding (%)	
				Direct	Indirect
Joint ventures					
STAR-USG Building Materials Co., Ltd.	Dachang County	Production of mineral wool acoustic board, etc.	(USD)54,520	50.00	–
BBMG TUS Technology Incubator Co., Ltd.	Beijing	Incubating technology business, enterprise management, etc.	8,000.00	–	50.00
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Baoji	Manufacture and sales of cement and clinker, etc.	489,875.00	–	48.11
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Xianyang	Manufacture and sales of cement and clinker, etc.	458,960.00	–	50.00
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Tangshan	Manufacture and sales of slag fine powder and by-product	200,000.00	–	50.00
Anshan Jidong Cement Co., Ltd.	Anshan	Manufacture and sales of cement and clinker, etc.	300,000.00	–	50.00
Cross Point Trading 274 (Pty) Ltd (RF)	South Africa	Investment in building materials industry, etc.	(ZAR)300,000	–	56.10
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	Beijing	Property development and sale of self-developed commercial housing	1,000,000.00	–	60.00
Hebei Xiongan Zhitong Technology Co., Ltd.	Baoding	New material technology promotion service and concrete technology development, etc.	20,000.00	–	51.00
Beijing Jinyu Vanke Real Estate Development Co., Ltd. (北京金隅萬科房地產開發有限公司)	Beijing	Property development and sale of self-developed commercial housing	190,000.00	–	51.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

	Place of registration/ principal business	Business nature	Registered capital (RMB'000)	Percentage of shareholding (%)	
				Direct	Indirect
Associates					
Zehnder (China) Indoor Climate Co., Ltd.	Beijing	Production of radiators, etc.	(USD) 27,500	26.73	-
OCV Reinforcements (Beijing) Co., Ltd.	Beijing	Complete non-standard control of concrete and pumping	276,003.00	20.00	-
Beijing Sinobaide Technology Co., Ltd.	Beijing	Design and production of equipment	10,000.00	-	23.00
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	Chengde	Technology research and testing for comprehensive utilization of solid waste, etc.	53,739.00	-	44.17
Tangshan Conch Profiles Co., Ltd.	Tangshan	Manufacture and sales of architectural profiles	160,000.00	40.00	-
Beijing Chenyu Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	5,500,000.00	-	49.00
Toto Machinery (Beijing) Company Limited	Beijing	Production of sanitary ceramics, etc.	(USD)24,000	20.00	-
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	Tangshan	Property development and operation, etc.	10,000.00	-	40.00
Jidong Cement Fufeng Transportation Co., Ltd.	Baoji	Automobile transportation, etc.	16,000.00	-	23.75
Jilin Changjitu Investment Co., Ltd.	Jilin	Service industry, etc.	500,000.00	-	30.00
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Tianjin	Undertaking the construction of various types of projects, etc.	100,000.00	-	30.00
Tianjin Yaopi Glass Co., Ltd.	Tianjin	Manufacture and sale of various types of plate glass, etc.	736,166.00	-	22.75
Beijing Innovation Industry Investment Co., Ltd.	Beijing	Investment management, asset management, etc.	2,000,000.00	10.00	-
Liaoning Yunding Cement Group Co., Ltd.	Shenyang	Production and sales of cement clinker	32,990.00	-	2.49
Nanjing Huayu Real Estate Development Co., Ltd. (南京樺隅房地產開發有限公司)	Nanjing	Property development and sale of self-developed commercial housing	1,000,000.00	-	50.00
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	Beijing	Property development and sale of self-developed commercial housing, etc.	1,830,000.00	-	35.00
Beijing Jinhaicheng Management Consulting Partnership LLP (北京金海誠管理諮詢合夥企業(有限合夥))	Beijing	Business management	2,000.00	-	30.00
Beijing Jinhaicheng Technology Innovation Investment Partnership LLP (北京金海誠科創投資合夥企業(有限合夥))	Beijing	Asset management, investment consultation	198,000.00	-	50.51
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. (北京京西生態文旅投資有限公司)	Beijing	Cultural industry investment, project development and operation	1,000,000.00	-	10.00
Beijing Zhongtai Jijian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司)	Beijing	Property development and operation; sale of self-developed commercial housing	100,000.00	-	34.00
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	Tianjin	Manufacturing and processing of plastic pipes and pipe fittings, composite pipes and pipe fittings, as well as mining pipes and pipe fittings	50,000.00	-	15.00
Nanjing Huayu Decoration Engineering Co., Ltd. (南京樺隅裝飾工程有限公司)	Nanjing	Licensed items: residential interior decoration; construction engineering construction	2,000.00	-	50.00
Hebei Jiaotou Green Building Materials Co., Ltd. (河北交投綠色建材有限公司)	Baoding	Manufacture and sales of cement products, etc.	100,000.00	-	12.00
Beijing Jinzhu Xingye Real Estate Development Co., Ltd. (北京金住興業房地產開發有限公司)	Beijing	Property development and operation	1,500,000.00	-	49.00

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

3. Interests in joint ventures and associates *(continued)*

The Group adopts the equity method for interests in joint ventures and associates.

The following table sets forth the consolidated financial information on joint ventures and associates which are not individually significant to the Group:

	January to June 2023	2022
Joint ventures		
Total carrying amount of investments	1,685,769,740.96	1,873,082,952.55
Total amount calculated based on shareholding		
Net profit	83,538,730.96	249,696,367.41
Total comprehensive income	48,334,355.82	243,638,598.84
Associates		
Total carrying amount of investments	5,356,679,348.72	5,863,595,230.80
Total amount calculated based on shareholding		
Net loss	(21,199,064.93)	(73,180,466.04)
Total comprehensive loss	(21,199,064.93)	(73,180,466.04)
Total carrying amount of long-term equity investments	7,042,449,089.68	7,736,678,183.35
Total investment gains of long-term equity investments	62,339,666.03	176,515,901.37
Total comprehensive income of long-term equity investments	27,135,290.89	170,458,132.80

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

January to June 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised costs	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	–	21,850,046,917.20	–	21,850,046,917.20
Financial assets held for trading	941,424,901.02	–	–	941,424,901.02
Bills receivable	–	525,792,951.21	–	525,792,951.21
Accounts receivable	–	10,334,288,685.06	–	10,334,288,685.06
Financing receivables	–	–	1,580,541,611.46	1,580,541,611.46
Other receivables	–	6,000,797,745.68	–	6,000,797,745.68
Long-term receivables due within one year	–	462,984,281.96	–	462,984,281.96
Debt investments	–	877,012,728.03	–	877,012,728.03
Long-term receivables	–	2,092,101,004.94	–	2,092,101,004.94
Investment in other equity instruments	–	–	728,361,279.94	728,361,279.94
Other non-current financial assets	353,114,503.91	–	–	353,114,503.91
	<u>1,294,539,404.93</u>	<u>42,143,024,314.08</u>	<u>2,308,902,891.40</u>	<u>45,746,466,610.41</u>

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

1. Financial instruments by category *(continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows: *(continued)*

January to June 2023 *(continued)*

Financial liabilities

	Financial liabilities at amortised costs
Short-term loans	28,857,028,413.50
Bills payable	4,030,187,043.11
Accounts payable	19,396,130,017.95
Other payables	6,793,681,184.93
Non-current liabilities due within one year	15,407,145,309.12
Short-term financing bonds	7,051,501,917.81
Long-term borrowings	36,387,608,955.35
Bonds payable	23,017,304,333.99
Long-term payables	274,998,255.83
Lease liabilities	489,156,477.19
	141,704,741,908.78

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

1. Financial instruments by category *(continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows: *(continued)*

2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised costs	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	–	15,996,435,857.72	–	15,996,435,857.72
Financial assets held for trading	1,116,954,484.86	–	–	1,116,954,484.86
Bills receivable	–	422,263,122.28	–	422,263,122.28
Accounts receivable	–	7,618,174,146.44	–	7,618,174,146.44
Financing receivables	–	–	1,496,573,941.98	1,496,573,941.98
Other receivables	–	6,842,585,280.30	–	6,842,585,280.30
Long-term receivables due within one year	–	269,845,114.30	–	269,845,114.30
Debt investments	–	1,155,764,072.96	–	1,155,764,072.96
Long-term receivables	–	2,851,242,784.44	–	2,851,242,784.44
Investment in other equity instruments	–	–	773,948,747.65	773,948,747.65
Other non-current financial assets	263,969,459.46	–	–	263,969,459.46
	<u>1,380,923,944.32</u>	<u>35,156,310,378.44</u>	<u>2,270,522,689.63</u>	<u>38,807,757,012.39</u>

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For the six months ended 30 June 2023

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

1. Financial instruments by category *(continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows: *(continued)*

2022 *(continued)*

Financial liabilities

	Financial liabilities at amortised costs
Short-term loans	25,482,825,771.43
Bills payable	3,633,062,025.07
Accounts payable	19,027,359,975.08
Other payables	8,471,632,427.41
Non-current liabilities due within one year	16,724,946,325.58
Short-term financing bonds payable	5,000,000,000.00
Long-term loans	32,637,155,002.48
Bonds payable	26,493,958,938.44
Lease liabilities	299,650,814.94
Long-term payables	481,532,950.83
	<u>138,252,124,231.26</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

2. Transfers of financial assets

Financial assets transferred but not yet fully derecognised

As at 30 June 2023, the Group endorsed bank acceptance bills and commercial acceptance bills with a carrying amount of RMB10,457,650.62 and RMB180,226,116.57 respectively (31 December 2022: RMB20,653,374.00 and RMB303,761,469.21) to its suppliers for settlement of accounts payable, and discounted commercial acceptance bills with a carrying amount of RMB3,108,758.01 (31 December 2022: bank acceptance bills of RMB34,837,071.43) to the banks. The Group is of the opinion that the Group has retained substantially all their risks and rewards, including the default risk associated, the Group continues to recognise them in full and the settled accounts payable or short-term loans associated therewith. After the endorsement or discount, the Group no longer reserves the rights to use these financial assets, including the rights to sell, transfer or pledge to any other third parties. As at 30 June 2023, the carrying amount of accounts payable settled or short-term loans secured by the Group through these financial assets amounted to RMB172,842,637.71 and RMB10,155,830.01 respectively (31 December 2022: RMB324,414,843.21 and RMB34,837,071.43).

Transferred financial assets fully derecognised but with continuing involvement

As at 30 June 2023, the carrying amount of bank acceptance bills endorsed to its suppliers for settlement of accounts payable or discounted to the banks by the Group was RMB2,961,918,166.09 (31 December 2022: bank acceptance bills of RMB4,539,999,230.84, including the portion included in bills receivable and financing receivables). As at 30 June 2023, the maturities ranged from 1 to 12 months. Pursuant to relevant provisions of the “Law of Negotiable Instruments”, the holders of commercial instruments shall have the right of recourse against the Group (the “Continuing Involvement”) if the relevant acceptance bank defaults. As the Group is of the opinion that the Group has transferred substantially all their risks and rewards, the Group has derecognised them and the settled accounts payable associated therewith (carrying amounts). The maximum exposure to loss from the Continuing Involvement and repurchase and the undiscounted cash flows equal to their carrying amounts. The Group is of the opinion that the fair value of the Continuing Involvement is insignificant.

As at 30 June 2023, no gains or losses were recognised on their dates of transfer by the Group. No income or expenses were recognised for the current year or on an accumulative basis as a result of the Group’s Continuing Involvement in derecognised financial assets. Endorsements were incurred basically evenly during the year.

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For the six months ended 30 June 2023

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks

The Group is exposed to various types of risks from financial instruments during its ordinary course of business, mainly including credit risk, liquidity risk and market risk with foreign exchange risk and interest rate risk inclusive. Financial instruments of the Group is mainly comprised of cash and bank balances, borrowings and bonds payables, bills receivable and accounts receivable and bills payable and accounts payable, etc. Risks related to these financial instruments and the Group's risk management policies adopted to reduce such risks are described as follows.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who request to trade on credit terms are subject to credit verification procedures. In addition, balances of accounts receivable are monitored on an ongoing basis to ensure that the Group's exposure to bad debt is not significant. For transactions that are not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control of the Group.

As the counterparties of cash and bank balances and bank acceptance bills receivable are banks with good reputations and higher credit ratings, these financial instruments have lower credit risk.

The credit risk of the Group's other financial assets, which comprise other receivables, long-term receivables and other non-current financial assets, etc. arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note XI. Contingencies.

The maximum credit risk exposure of the Group on each balance sheet date is the total amount charged to customers less the amount after deducing impairment provision.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's accounts receivable are widely dispersed in different sectors and industries. The Group does not hold any collateral or other credit enhancements over the balances of accounts receivable.

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For the six months ended 30 June 2023

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Criteria for judging significant increase in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

- (1) Quantitative criteria mainly comprises of the circumstance that at the reporting date, the increase in remaining lifetime probability of default is considered significant comparing with the one at initial recognition;
- (2) Qualitative criteria mainly comprises of the circumstances that significant adverse change in debtor's operation or financial status and being listed on the watch-list, etc.

Notes to Unaudited Interim Financial Statements

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RMB

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Definition of credit-impaired asset

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- (1) Significant financial difficulty of the issuer or the debtor;
- (2) Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- (3) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;
- (6) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

Liquidity risk

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and the projected cash flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of various financing means, such as bank borrowings, perpetual bonds, bonds payable and short-term financing bonds payable.

The liquidity of the Group is primarily dependent on adequate cash inflows from operations to meet its debt obligations as they fall due and external financing to meet its committed future capital expenditure.

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For the six months ended 30 June 2023

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Liquidity risk (continued)

The table below summarises the maturity analysis of financial liabilities based on the undiscounted contractual cash flows:

30 June 2023

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term loans	28,857,028,413.50	-	-	-	28,857,028,413.50
Bills payable	4,030,187,043.11	-	-	-	4,030,187,043.11
Accounts payable	19,396,130,017.95	-	-	-	19,396,130,017.95
Other payables	6,793,681,184.93	-	-	-	6,793,681,184.93
Short-term financing bonds	7,115,753,972.60	-	-	-	7,115,753,972.60
Long-term borrowings	8,076,258,715.95	12,911,661,760.39	20,423,371,686.27	8,412,674,868.27	49,823,967,030.88
Bonds payable	5,117,868,356.00	10,951,935,000.00	16,731,750,000.00	-	32,801,553,356.00
Lease liabilities	109,715,500.22	84,402,052.64	267,486,557.51	384,353,470.18	845,957,580.55
Long-term payables	58,187,949.89	60,845,938.35	98,512,843.57	115,639,473.91	333,186,205.72
	<u>79,554,811,154.15</u>	<u>24,008,844,751.38</u>	<u>37,521,121,087.35</u>	<u>8,912,667,812.36</u>	<u>149,997,444,805.24</u>

31 December 2022

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term loans	27,512,192,840.92	-	-	-	27,512,192,840.92
Bills payable	3,633,062,025.07	-	-	-	3,633,062,025.07
Accounts payable	19,027,359,975.08	-	-	-	19,027,359,975.08
Other payables	8,471,632,427.41	-	-	-	8,471,632,427.41
Short-term financing bonds	5,060,000,000.00	-	-	-	5,060,000,000.00
Long-term borrowings	9,215,826,177.51	17,905,417,816.09	19,764,150,879.46	10,591,912,734.32	57,477,307,607.38
Bonds payable	9,224,027,646.00	11,287,630,000.00	21,102,250,000.00	-	41,613,907,646.00
Lease liabilities	132,950,115.10	59,309,631.48	229,043,677.19	298,004,721.89	719,308,145.66
Long-term payables	39,919,859.47	65,811,596.14	137,450,925.88	96,388,292.92	339,570,674.41
	<u>82,316,971,066.56</u>	<u>29,318,169,043.71</u>	<u>41,232,895,482.53</u>	<u>10,986,305,749.13</u>	<u>163,854,341,341.93</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Market risk

Interest rate risk

The Group's exposure to the changes in market interest rates is mainly related to the floating-rate long-term liabilities of the Group. The Group manages its interest cost by maintaining an appropriate mix of fixed-rate and floating-rate debts.

The table below demonstrates the sensitivity analysis of interest rate risk that reflects the impact on net profit or loss (through the impact on floating-rate borrowings) and net other comprehensive income after tax when a reasonably possible change in interest rates occurs, with all other variables held constant.

January to June 2023

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
RMB	100.00	(10,741,257.59)	–	(10,741,257.59)

2022

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/(decrease) in total shareholders' equity
RMB	100.00	(23,835,398.75)	–	(23,835,398.75)

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RMB

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Market risk *(continued)*

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to foreign currency risk mainly arises from certain financial assets and financial liabilities held by the Group that are principally denominated in USD, HKD, ZAR, EUR and MNT.

The table below demonstrates the sensitivity analysis of foreign exchange risk to reflect when a possible change in the exchange rate of USD against RMB occurs, with all other variables held constant the impact on net profit or loss and net other comprehensive income after tax.

January to June 2023

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
USD appreciation against RMB	1.00	(4,426,701.65)	–	(4,426,701.65)
HKD appreciation against RMB	1.00	1,359.40	4,742,205.23	4,743,564.63
ZAR appreciation against RMB	1.00	401,238.11	–	401,238.11

2022

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
USD appreciation against RMB	1.00	(5,321,965.59)	–	(5,321,965.59)
HKD appreciation against RMB	1.00	25,524.61	4,812,018.91	4,837,543.52
ZAR appreciation against RMB	1.00	104,029.35	–	104,029.35

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

4. Capital management

The main objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximise shareholder value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. As at 30 June 2023 and 31 December 2022, there was no change in the capital management objectives, policies or procedures.

The Group controls its capital using debt ratio, which is calculated by dividing total liabilities by total assets. As at the balance sheet date, the debt ratio of the Group was as follows:

	30 June 2023	31 December 2022
Total liabilities	190,810,682,395.97	186,663,848,537.15
Total assets	284,439,370,705.43	281,559,787,045.54
Debt ratio	67.08%	66.30%

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IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

Hierarchies of fair value

30 June 2023

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets held for trading	14,294,500.00	927,130,401.02	–	941,424,901.02
Financing receivables	–	1,626,959,430.80	–	1,626,959,430.80
Other non-current financial assets	353,114,503.91	–	–	353,114,503.91
Investment in other equity instruments	530,379,277.66	–	197,982,002.28	728,361,279.94
Investment properties	–	1,157,920,128.50	38,147,147,590.08	39,305,067,718.58
	897,788,281.57	3,712,009,960.32	38,345,129,592.36	42,954,927,834.25

31 December 2022

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets held for trading	11,992,200.00	1,104,962,284.86	–	1,116,954,484.86
Financing receivables	–	1,496,573,941.98	–	1,496,573,941.98
Other non-current financial assets	263,969,459.46	–	–	263,969,459.46
Investment in other equity instruments	575,913,238.44	–	198,035,509.21	773,948,747.65
Investment properties	–	1,165,127,345.61	34,217,044,026.95	35,382,171,372.56
	851,874,897.90	3,766,663,572.45	34,415,079,536.16	39,033,618,006.51

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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IX. DISCLOSURE OF FAIR VALUE *(continued)*

2. Assets and liabilities disclosed at fair value

30 June 2023

	Input used for the measurement of fair value			Total
	Quoted price in	Significant	Significant	
	active market (Level 1)	observable inputs (Level 2)	unobservable inputs (Level 3)	
Debt investments (including amounts due within one year)	-	-	877,012,728.03	877,012,728.03
Long-term receivables (including amounts due within one year)	-	-	2,555,085,286.90	2,555,085,286.90
Long-term borrowings	-	-	36,387,608,955.35	36,387,608,955.35
Bonds payable	-	-	23,017,304,333.99	23,017,304,333.99
Lease liabilities	-	-	489,156,477.19	489,156,477.19
Long-term payables	-	-	274,998,255.83	274,998,255.83
	-	-	63,601,166,037.29	63,601,166,037.29

31 December 2022

	Input used for the measurement of fair value			Total
	Quoted price in	Significant	Significant	
	active market (Level 1)	observable inputs (Level 2)	unobservable inputs (Level 3)	
Debt investments	-	-	1,155,764,072.96	1,155,764,072.96
Long-term receivables (including amounts due within one year)	-	-	3,121,087,898.74	3,121,087,898.74
Long-term borrowings	-	-	32,637,155,002.48	32,637,155,002.48
Bonds payable	-	-	26,493,958,938.44	26,493,958,938.44
Lease liabilities	-	-	481,532,950.83	481,532,950.83
Long-term payables	-	-	299,650,814.94	299,650,814.94
	-	-	64,189,149,678.39	64,189,149,678.39

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

IX. DISCLOSURE OF FAIR VALUE *(continued)*

3. Valuation of fair value

Management has assessed that the fair values of the short-term financial assets and financial liabilities, such as cash and bank balances, bills receivable, accounts receivable, financing receivables, other receivables, short-term loans, short-term financing bonds payable, bills payable, accounts payable, other payables and non-current liabilities due within one year, approximate their carrying amounts due to the short residual term of these instruments.

The Group's finance team is led by the manager of the finance and capital department, and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial officer and the Audit Committee. As at each balance sheet date, the finance team analyses changes in the values of financial instruments and determines the main inputs applicable to the valuation, and the valuation must be reviewed and approved by the chief financial officer. For the purpose of preparing interim and annual financial statements, the finance team meets the Audit Committee twice a year to discuss the valuation process and results.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, instead of the amount under forced sale or under liquidation. The following methods and assumptions are used to estimate the fair value:

The fair values of debt investments, long-term receivables, long-term borrowings, bonds payable, lease liabilities and long-term payables are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 30 June 2023, the Group's exposure to non-performance risk associated with debt investments, long-term receivables, long-term borrowings, bonds payable, lease liabilities and long-term payables is assessed as insignificant.

The fair values of listed equity instruments are determined on the basis of market prices. The fair values of investments in unlisted available-for-sale equity instruments have been estimated using a market multiple approach.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

IX. DISCLOSURE OF FAIR VALUE *(continued)*

3. Valuation of fair value *(continued)*

The fair value of investment properties

The following table sets forth the changes in Level 3 fair value of the investment properties of the Group as at 30 June 2023:

	Commercial properties Level 3
Value as at 31 December 2022	34,217,044,026.95
Acquisition for the year	4,485,942.22
Transfer from inventories	2,969,299,504.05
Transfer from construction in progress	801,618,288.16
Disposal for the year	(134,469,859.17)
Changes in fair value	<u>289,169,687.87</u>
Value as at 30 June 2023	<u>38,147,147,590.08</u>

Details of removed from investment properties are set out in Note V. 17.

As at 30 June 2023, there was no change between different fair value levels of investment properties of the Group.

The following sets forth the valuation method and key inputs used for the valuation of fair value of the investment properties for 30 June 2023:

Valuation method	Significant unobservable inputs	Range of variation
Income approach	Unit rental (RMB/sq.m./day)	0.52-15.88
	Return on investment within the lease term	2%-7%
	Return on investment outside the lease term	2.5%-7.5%

For Level 3 fair value measurement under income approach, term and reversion approach in particular, the rental income derived from the existing tenancies with due allowance for the reversionary potential of the property is capitalised at the capitalisation rate. The estimated net leased income is capitalized over the remaining term of lease of the investment property at an appropriate market yield expected by investors for the type of properties to calculate the fair value of investment properties.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

IX. DISCLOSURE OF FAIR VALUE (continued)

4. Adjustment on fair values measurement

Information on adjustment of persistent measurement of level-3 fair value is as follows:

30 June 2023

	Opening balance	Transfer into level 3	Transfer out of level 3	Total profit or loss for the current period		Purchase	Sale	Closing balance
				Included in profit or loss	Included in other comprehensive income			
Equity instrument investment	198,035,509.21	-	-	-	(53,506.93)	-	-	197,982,002.28
Investment properties	34,217,044,026.95	3,770,917,792.21	-	289,169,687.87	-	4,485,942.22	(134,469,859.17)	38,147,147,590.08
	<u>34,415,079,536.16</u>	<u>3,770,917,792.21</u>	<u>-</u>	<u>289,169,687.87</u>	<u>(53,506.93)</u>	<u>4,485,942.22</u>	<u>(134,469,859.17)</u>	<u>38,345,129,592.36</u>

31 December 2022

	Opening balance	Transfer into level 3	Transfer out of level 3	Total profit or loss for the current period		Purchase	Sale	Closing balance
				Included in profit or loss	Included in other comprehensive income			
Equity instrument investment	244,207,153.44	-	-	-	(45,114,545.00)	-	(1,057,099.23)	198,035,509.21
Investment properties	31,899,582,686.71	1,805,078,486.15	-	534,186,460.01	-	33,307,725.85	(55,111,331.77)	34,217,044,026.95
	<u>32,143,789,840.15</u>	<u>1,805,078,486.15</u>	<u>-</u>	<u>534,186,460.01</u>	<u>(45,114,545.00)</u>	<u>33,307,725.85</u>	<u>(56,168,431.00)</u>	<u>34,415,079,536.16</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent company

Parent company name	Place of registration	Business nature	Over the Company		
			Registered capital RMB'000	Proportion of shareholding (%)	Proportion of votes (%)
Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司)	Beijing	Investment and investment management, assets management, as well as the organization of the restructuring or merger of assets of enterprises	50,000,000.00	44.93	44.93

2. Subsidiaries

For details on the subsidiaries, please refer to Note VII. 1. Interests in the subsidiaries.

3. Joint ventures and associates

For details on the joint ventures and associates, please refer to Note VII. 3.

4. Other related parties

	Relationship with related parties
Tianjin Shubulok Cement Block Co., Ltd.	Associates
Taili Information Industry Co., Ltd. (太力信息產業股份有限公司)	Associates
Tianjin Huanbohai Technology Development Co., Ltd. (天津市環渤海科技發展有限公司)	Associates
Fuxin Jidong Xianghe Concrete Co., Ltd.	Associates
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Subsidiary of a joint venture
Mamba Cement Company (Pty) Ltd (RF)	Subsidiary of a joint venture

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties

(1) Transactions concerning goods and services with related parties

Purchase of goods and receipt of services from related parties

	Type of goods or services	January to June 2023	January to June 2022
Transactions with joint ventures and associates			
Zehnder (China) Indoor Climate Co., Ltd.	Purchase of raw materials	4,946,574.29	9,775.23
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Receipt of services	2,261,476.35	91,455.66
Jidong Cement Fufeng Transportation Co., Ltd.	Receipt of services	1,472,985.60	253,687.40
Tangshan Conch Profiles Co., Ltd.	Purchase of raw materials	1,083,335.01	711,056.31
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	Purchase of goods	427,830.80	709,700.40
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Receipt of services	56,603.77	14,125.13
Shangrao Sinoma Machinery Co., Ltd.	Purchase of raw materials	–	5,015,119.44
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Purchase of raw materials	–	8,864,914.16
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Receipt of services	–	6,000,000.00
Tianjin Cement Industry Design and Research Institute Co., Ltd.	Receipt of services	–	99,387.09
		10,248,805.82	21,769,220.82

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(1) Transactions concerning goods and services with related parties *(continued)*

Sale of goods and rendering of services to related parties

	Type of goods or services	January to June 2023	January to June 2022
Transactions with joint ventures and associates			
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Sale of goods/rendering of services	166,647,163.18	188,301,069.41
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Sale of goods/rendering of services	153,676,774.44	249,086,606.34
Anshan Jidong Cement Co., Ltd.	Sale of goods/rendering of services	53,196,653.95	53,928,429.16
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Sale of goods/rendering of services	2,274,124.27	1,897,828.68
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Sale of goods/rendering of services	1,592,359.87	623,224.18
Mamba Cement Company (Pty) Ltd (RF)	Sale of goods/rendering of services	750,670.74	3,040,389.61
BBMG TUS Technology Incubator Co., Ltd.	Rendering of services	566,312.63	-
Jidong Cement Fufeng Transportation Co., Ltd.	Sale of goods/rendering of services	245,680.89	457,129.45
Nanjing Huayu Real Estate Development Co., Ltd. (南京緯陽房地產開發有限公司)	Sale of goods	63,630.99	-
OCV Reinforcements (Beijing) Co., Ltd.	Sale of goods/rendering of services	27,318.57	11,761.07
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	Rendering of services	3,537.74	-
STAR-USG Building Materials Co., Ltd.	Sale of goods/rendering of services	943.40	8,902.66
Tianjin Yaopi Glass Co., Ltd.	Sale of goods	-	414,996.00
Sinoma Construction Co., Ltd.	Sale of goods/rendering of services	-	843.37
		379,045,170.67	497,771,179.93

Purchase/sale of goods and receipt/rendering of services from/to related parties by the Group are negotiated and determined based on market price, and carried out according to the agreed terms entered into between the Group and related parties.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(2) Leases with related parties

As lessor

Name of the lessee	Category of leased assets	January to June 2023 Rental income	January to June 2022 Rental income
STAR-USG Building Materials Co., Ltd.	Building	4,552,105.81	4,525,341.19

As lessee

Name of the lessor	Category of leased assets	January to June 2023 Leasing expenses	January to June 2022 Leasing expenses
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Building	142,857.12	142,857.12
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Building	–	119,078.46
		142,857.12	261,935.58

The rentals from the assets leased out to or leased from related parties by the Group are negotiated and determined by making reference to market price, and carried out according to the agreed terms entered into between the Group and related parties.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(3) Guarantees received from/provided to related parties

Guarantees provided to related parties

January to June 2023

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
BBMG	Nanjing Huayu Real Estate Development Co., Ltd. (南京樺隅房地產開發有限公司)	651,325,000.00	21 March 2022	21 March 2025	No
Beijing BBMG Real Estate Development Group Co., Ltd.	Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司)	38,843,301.70	30 September 2022	30 September 2025	No
Jidong Cement	Anshan Jidong Cement	32,000,000.00	26 August 2022	25 August 2023	No
Jidong Cement	Anshan Jidong Cement	20,000,000.00	29 November 2022	29 November 2023	No
Jidong Cement	Anshan Jidong Cement	<u>15,000,000.00</u>	30 May 2023	29 May 2024	No
		<u>757,168,301.70</u>			

January to June 2022

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
Jidong Cement	Anshan Jidong Cement	20,000,000.00	29 July 2021	28 July 2022	No
Jidong Cement	Anshan Jidong Cement	<u>32,000,000.00</u>	28 December 2021	21 December 2022	No
		<u>52,000,000.00</u>			

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(4) Lending to/borrowing from related parties

Borrowings

January to June 2023

	Amount of lending/ borrowing	Commencement date	Maturity date
Beijing State-owned Capital Operation and Management Company Limited	70,000,000.00	22 September 2022	22 September 2023
Beijing State-owned Capital Operation and Management Company Limited	20,550,000.00	20 October 2022	20 October 2023
Beijing State-owned Capital Operation and Management Company Limited	300,760,000.00	28 December 2022	26 December 2023
	<u>391,310,000.00</u>		

January to June 2022

	Amount of lending/ borrowing	Commencement date	Maturity date
Beijing State-owned Capital Operation and Management Company Limited	110,000,000.00	28 June 2022	28 June 2023
Beijing State-owned Capital Operation and Management Company Limited	40,000,000.00	29 July 2021	29 July 2022
Beijing State-owned Capital Operation and Management Company Limited	20,550,000.00	20 October 2021	19 October 2022
Beijing State-owned Capital Operation and Management Company Limited	158,260,000.00	17 December 2021	16 December 2022
Beijing State-owned Capital Operation and Management Company Limited	142,500,000.00	29 December 2021	28 December 2022
	<u>471,310,000.00</u>		

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(4) Lending to/borrowing from related parties *(continued)*

Lending:

As at 30 June 2023, the balance of outstanding lending by the Group to Cross Point Trading 274 (Pty) Ltd (RF) amounted to RMB176,231,560.84, and the interest rate was 10.50-11.75% per annum (2022: RMB224,931,312.43 at an annual interest rate of 7.25%-10.5%).

As at 30 June 2023, the balance of outstanding lending by the Group to Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司) amounted to RMB233,758,000.00, with an annual interest rate of 6.00% (2022: RMB233,758,000.00 at an annual interest rate of 6.00%).

As at 30 June 2023, the balance of outstanding lending by the Group to Nanjing Huayu Real Estate Development Co., Ltd. (南京鐸隅房地產開發有限公司) amounted to RMB131,916,913.00, with an annual interest rate of 6.00% (2022: RMB246,916,913.00 at an annual interest rate of 6.00%).

As at 30 June 2023, the balance of outstanding lending by the Group to Beijing Jinzhu Xingye Real Estate Development Co., Ltd. (北京金住興業房地產開發有限公司) amounted to RMB648,956,000.00, with an annual interest rate of 6%.

As at 30 June 2023, the balance of outstanding lending by the Group to STAR-USG Building Materials Co., Ltd. amounted to RMB23,891,360, with an annual interest rate of 4.35% (2022: RMB27,818,713 at an annual interest rate of 4.35%).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(4) Lending to/borrowing from related parties *(continued)*

Lending: *(continued)*

	January to June 2023	January to June 2022
Interest income from lending		
Beijing Jinzhu Xingye Real Estate Development Co., Ltd. (北京金住興業房地產開發有限公司)	31,619,144.67	–
Cross Point Trading 274 (Pty) Ltd (RF)	11,331,608.98	8,568,663.74
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	7,908,812.33	–
Nanjing Huayu Real Estate Development Co., Ltd. (南京鉅隅房地產開發有限公司)	6,220,688.89	–
Mamba Cement Company (Pty) Ltd (RF)	–	1,270,808.78
STAR-USG Building Materials Co., Ltd.	615,339.03	763,179.41
	57,695,593.90	10,602,651.93
Interest expenses from borrowing		
Beijing State-owned Capital Operation and Management Company Limited	8,749,987.30	8,181,713.93

6. Balances of receivables from and payment to related parties

(1) Financing receivables

	30 June 2023	31 December 2022
Due from joint ventures		
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	12,225,974.80	1,316,713.82
Anshan Jidong Cement Co., Ltd.	6,760,000.00	–
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	3,819,229.04	–
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	175,000.00	–
	22,980,203.84	1,316,713.82

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from and payment to related parties *(continued)*

(2) Accounts receivable

	30 June 2023		31 December 2022	
	Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
Due from associates				
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	20,478,434.51	3,826,697.14	19,556,629.64	2,542,223.66
Nanjing Huayu Real Estate Development Co., Ltd. (南京緯隅房地產開發有限公司)	6,339,591.58	250,369.50	44,685.00	446.85
Hebei Jiaotou Green Building Materials Co., Ltd. (河北交投綠色建材有限公司)	1,560,583.86	62,423.35	–	–
Tianjin Shubulok Cement Block Co., Ltd.	956,718.33	956,718.33	–	–
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	142,377.45	13,075.14	142,377.45	5,230.06
Toto Machinery (Beijing) Company Limited	6,500.00	260.00	2,700.00	1,728.00
Fuxin Jidong Xianghe Concrete Co., Ltd.	2,000.00	2,000.00	–	–
Jidong Cement Fufeng Transportation Co., Ltd.	1,082.22	–	–	–
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	–	–	11,974.00	–
Beijing XinYuan Concrete Co., Ltd.	–	–	1,249,790.11	1,249,790.11
	<u>29,487,287.95</u>	<u>5,111,543.46</u>	<u>21,008,156.20</u>	<u>3,799,418.68</u>
Due from joint ventures				
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	22,080,838.26	–	5,316,815.88	–
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	11,719,285.61	–	8,568,959.66	–
Anshan Jidong Cement Co., Ltd.	8,401,394.73	–	8,605,136.33	–
STAR-USG Building Materials Co., Ltd.	1,668,376.92	–	40,400.09	–
Mamba Cement Company (Pty) Ltd (RF)	1,570,276.89	1,570,276.89	2,291,250.40	1,663,802.83
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	1,020,811.71	–	537,286.86	–
BBMG TUS Technology Incubator Co., Ltd.	–	–	208,798.87	2,087.99
	<u>46,460,984.12</u>	<u>1,570,276.89</u>	<u>25,568,648.09</u>	<u>1,665,890.82</u>
	<u>75,948,272.07</u>	<u>6,681,820.35</u>	<u>46,576,804.29</u>	<u>5,465,309.50</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from and payment to related parties *(continued)*

(3) Prepayments

	30 June 2023		31 December 2022	
	Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
Prepayments to associates				
Zehnder (China) Indoor Climate Co., Ltd.	<u>296,617.06</u>	<u>-</u>	<u>30,795.00</u>	<u>-</u>
Prepayments to joint ventures				
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<u>11,878,812.09</u>	<u>-</u>	<u>741,294.20</u>	<u>-</u>
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	<u>20,000.00</u>	<u>-</u>	<u>51,649.14</u>	<u>-</u>
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	<u>3,000.00</u>	<u>-</u>	<u>2,000.00</u>	<u>-</u>
Anshan Jidong Cement Co., Ltd.	<u>2,209.00</u>	<u>-</u>	<u>129,030.06</u>	<u>-</u>
	<u>11,904,021.09</u>	<u>-</u>	<u>923,973.40</u>	<u>-</u>
	<u>12,200,638.15</u>	<u>-</u>	<u>954,768.40</u>	<u>-</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. Balances of receivables from and payment to related parties (continued)

(4) Other receivables

	30 June 2023		31 December 2022	
	Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
Due from associates				
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	441,659,207.20	4,414,079.49	441,407,949.15	4,414,079.49
Fuxin Jidong Xianghe Concrete Co., Ltd.	85,761,672.42	84,298,723.45	-	-
Beijing Jinzhu Xingye Real Estate Development Co., Ltd. (北京金住興業房地產開發有限公司)	56,025,397.74	-	-	-
Nanjing Huayu Real Estate Development Co., Ltd. (南京錦陽房地產開發有限公司)	29,798,770.44	-	24,300,110.23	-
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	28,247,190.11	-	42,998,946.76	-
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	10,555,009.81	2,000.00	10,353,000.00	-
Zehnder (China) Indoor Climate Co., Ltd.	7,484,400.00	-	7,484,400.00	-
Tianjin Shubulok Cement Block Co., Ltd.	6,212,543.75	6,212,543.75	-	-
Taili Information Industry Co., Ltd. (太力信息產業股份有限公司)	3,000,000.00	3,000,000.00	-	-
Beijing Sinobaide Technology Co., Ltd.	2,760,000.00	-	-	-
Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司)	1,380,787.05	-	335,906,084.75	2,783,033.07
Beijing Chenyu Real Estate Development Co., Ltd.	539,080.02	-	219,076.78	-
Hebei Jiaotou Green Building Materials Co., Ltd. (河北交投綠色建材有限公司)	520,000.00	5,200.00	-	-
Tianjin Huanbohail Technology Development Co., Ltd. (天津市環渤海科技發展有限公司)	340,000.00	-	340,000.00	-
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	214,931.58	2,149.32	-	-
Toto Machinery (Beijing) Company Limited	85,120.54	-	7,872.80	-
Beijing XinYuan Concrete Co., Ltd.	-	-	97,632,500.43	97,630,861.87
	<u>674,584,110.66</u>	<u>97,934,696.01</u>	<u>960,649,940.90</u>	<u>104,827,974.43</u>
Due from joint ventures				
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	802,921,928.00	-	803,048,297.14	-
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	69,272,500.00	-	961,000.00	-
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	67,730,000.00	-	271,000.00	-
STAR-USG Building Materials Co., Ltd.	23,891,360.00	9,113,985.00	27,818,713.00	9,113,985.00
Hebei Xiongan Zhitong Technology Co., Ltd.	9,511,192.97	-	19,588,484.70	-
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	10,000.00	-	5,000.00	-
Anshan Jidong Cement Co., Ltd.	5,707.20	-	19,000.00	-
BBMG Landao Commercial Operation Management Co., Ltd. (北京金隅藍島商業運營管理有限公司)	-	-	1,162,500.00	1,162,500.00
	<u>973,342,688.17</u>	<u>9,113,985.00</u>	<u>852,873,994.84</u>	<u>10,276,485.00</u>
	<u>1,647,926,798.83</u>	<u>107,048,681.01</u>	<u>1,813,523,935.74</u>	<u>115,104,459.43</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from and payment to related parties *(continued)*

(5) Long-term receivables

	30 June 2023		31 December 2022	
	Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
Due from associates				
Beijing Jinzhu Xingye Real Estate Development Co., Ltd. (北京金住興業房地產開發有限公司)	648,956,000.00	6,489,560.00	-	-
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	233,758,000.00	2,337,580.00	233,758,000.00	2,337,580.00
Nanjing Huayu Real Estate Development Co., Ltd. (南京輝陽房地產開發有限公司)	131,916,913.00	1,319,169.13	246,916,913.00	2,469,169.13
	<u>1,014,630,913.00</u>	<u>10,146,309.13</u>	<u>480,674,913.00</u>	<u>4,806,749.13</u>
Due from joint ventures				
Cross Point Trading 274 (Pty) Ltd (RF)	176,231,560.84	-	224,931,312.43	-
	<u>1,190,862,473.84</u>	<u>10,146,309.13</u>	<u>705,606,225.43</u>	<u>4,806,749.13</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from and payment to related parties *(continued)*

(6) *Accounts payable*

	30 June 2023	31 December 2022
Due to associates		
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	15,333,496.65	15,333,496.65
Tangshan Conch Profiles Co., Ltd.	6,789,424.67	8,956,775.74
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	3,448,848.31	3,221,017.06
Beijing Sinobaide Technology Co., Ltd.	2,211,734.70	4,533,949.70
Zehnder (China) Indoor Climate Co., Ltd.	1,353,445.53	1,848,445.53
Jidong Cement Fufeng Transportation Co., Ltd.	362,479.24	2,887.08
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	185,326.14	185,326.14
Beijing XinYuan Concrete Co., Ltd.	–	96,015.25
	29,684,755.24	34,177,913.15
Due to joint ventures		
Anshan Jidong Cement Co., Ltd.	5,142,534.54	1,639,027.94
STAR-USG Building Materials Co., Ltd.	601,867.44	–
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	25,931.80	–
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	–	3,751,452.59
	5,770,333.78	5,390,480.53
	35,455,089.02	39,568,393.68

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from and payment to related parties *(continued)*

(7) Contract liabilities

	30 June 2023	31 December 2022
Associates		
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	289,127.43	–
Jidong Cement Fufeng Transportation Co., Ltd.	80,921.63	–
Beijing Chenyu Real Estate Development Co., Ltd.	9,600.00	6,900.00
Toto Machinery (Beijing) Company Limited	3,100.00	3,100.00
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	1,126.70	1,126.70
	383,875.76	11,126.70
Joint ventures		
Mamba Cement Company (Pty) Ltd (RF)	5,402,405.71	–
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	3,668,900.21	1,438,253.99
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	1,053,950.57	3,438,145.34
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	395,636.39	603,698.12
BBMG TUS Technology Incubator Co., Ltd.	155,304.25	–
Anshan Jidong Cement Co., Ltd.	38,060.18	–
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	–	476,637.17
Jidong Cement Fufeng Transportation Co., Ltd.	–	44,963.57
	10,714,257.31	6,001,698.19
	11,098,133.07	6,012,824.89

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from and payment to related parties *(continued)*

(8) Other payables

	30 June 2023	31 December 2022
Due to associates		
Beijing Chenyu Real Estate Development Co., Ltd.	416,500,000.00	416,500,000.00
OCV Reinforcements (Beijing) Co., Ltd.	134,200.00	134,200.00
Hebei Jiaotou Green Building Materials Co., Ltd. (河北交投綠色建材有限公司)	57,000.00	–
Beijing Jinzhu Xingye Real Estate Development Co., Ltd. (北京金住興業房地產開發有限公司)	33,954.04	–
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	30,000.00	30,000.00
	416,755,154.04	416,664,200.00
Due to joint ventures		
Beijing Jinyu Vanke Real Estate Development Co., Ltd. (北京金隅萬科房地產開發有限公司)	184,852,832.07	25,752,358.12
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	411,716.67	604,058.32
	185,264,548.74	26,356,416.44
	602,019,702.78	443,020,616.44

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from and payment to related parties *(continued)*

(9) Short-term loans

	30 June 2023	31 December 2022
Beijing State-owned Capital Operation and Management Company Limited	<u>391,310,000.00</u>	<u>501,310,000.00</u>

As at 30 June 2023, except for the balances of short-term loans and the balances of due from STAR-USG Building Materials Co., Ltd. in other receivables, and long-term receivables, other amounts due from and due to related parties are interest free, unsecured and have no fixed terms of repayment.

(10) Bills payable

	30 June 2023	31 December 2022
Zehnder (China) Indoor Climate Co., Ltd.	<u>5,615,170.78</u>	710,000.00
Tangshan Conch Profiles Co., Ltd.	<u>500,000.00</u>	<u>500,000.00</u>
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<u>4,000,000.00</u>	–
	<u>10,115,170.78</u>	<u>1,210,000.00</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from and payment to related parties *(continued)*

(11) Advances from customers

	30 June 2023	31 December 2022
Toto Machinery (Beijing) Company Limited	<u>1,314,285.68</u>	<u>1,314,285.68</u>
STAR-USG Building Materials Co., Ltd.	4,400.00	–
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發 展有限公司)	2,200.00	–
BBMG TUS Technology Incubator Co., Ltd.	–	550.45
	<u>1,320,885.68</u>	<u>1,314,836.13</u>

7. Remuneration for key management personnel

	January to June 2023	January to June 2022
Remuneration for key management personnel	<u>3,485,257.76</u>	<u>3,548,315.60</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XI. CONTINGENCIES

		30 June 2023	31 December 2022
Provision of guarantee on housing mortgage to third parties	Note 1	12,104,862,376.66	6,289,946,154.12
Provision of guarantee on loans and others to third parties	Note 2	810,000,000.00	840,000,000.00
Provision of guarantee on loans and others to related parties	Note 3	757,168,301.70	817,630,801.70
		13,672,030,678.36	7,947,576,955.82

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

Note 2: Jidong Group, a subsidiary of the Group, provided guarantee with joint obligations on the borrowings of RMB810,000,000.00 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 three borrowings of RMB32,000,000.00, RMB20,000,000.00 and RMB15,000,000.00 for Anshan Jidong Cement Co., Ltd., which will expire on 25 August 2023, 29 November 2023 and 29 May 2024, respectively.

BBMG Corporation provided secured guarantee for the bank loan projects of Nanjing Huayu Real Estate Development Co., Ltd. (南京鐳隅房地產開發有限公司), amounting to RMB651,325,000.00, and such guarantee will expire on 21 March 2025.

Beijing BBMG Property Development Group Co., Ltd. provided unconditional and irrevocable guarantees with joint obligations on letter of cash guarantee issued by Beijing Branch of CHINA BOHAI BANK CO., LTD. (渤海銀行股份有限公司) for Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司) with guarantee amount of RMB38,843,301.70, which will expire on 30 September 2025.

XII. COMMITMENTS

	30 June 2023	31 December 2022
Asset acquisition or construction contracts entered into but not completed	825,472,544.67	699,644,218.25
Property development contracts entered into and being executed or will be executed	8,502,988,862.83	7,100,337,988.90
	9,328,461,407.50	7,799,982,207.15

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIII. OTHER SIGNIFICANT MATTERS

1. Lease

(1) As lessor

Operating leases

The profit or loss relating to operating leases is as follows:

	January to June 2023	January to June 2022
Rental income	800,273,657.27	893,330,446.59

According to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable leases are as follows:

	30 June 2023	31 December 2022
Within 1 year (inclusive of 1 year)	556,592,409.13	530,486,476.59
1 to 2 years (inclusive of 2 years)	544,357,948.23	495,307,748.80
2 to 3 years (inclusive of 3 years)	433,702,809.38	450,903,714.80
3 to 4 years (inclusive of 4 years)	642,976,331.32	687,286,450.46
4 to 5 years (inclusive of 5 years)	269,448,420.65	184,793,987.71
Over 5 years	131,806,737.46	248,041,565.94
	2,578,884,656.17	2,596,819,944.30

Please refer to Note V. 17 and Note V. 18 for details of investment properties and fixed assets leased under operating leases.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIII. OTHER SIGNIFICANT MATTERS (continued)

1. Lease (continued)

(1) As lessor (continued)

Finance leases

The profit or loss relating to finance leases is as follows:

	January to June 2023	2022
Finance income on the net investment in the lease	17,979,924.21	31,070,406.61

As at 30 June 2023, the balance of unearned finance income was RMB76,579,778.71 (31 December 2022: RMB80,807,709.18), which was allocated to each period during the lease term using the effective interest rate method. According to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable leases are as follows:

	30 June 2023	31 December 2022
Within 1 year (inclusive of 1 year)	397,825,788.78	342,581,130.33
1 to 2 years (inclusive of 2 years)	261,901,431.06	223,130,127.11
2 to 3 years (inclusive of 3 years)	182,225,322.63	163,403,804.95
3 to 4 years (inclusive of 4 years)	80,223,062.53	89,262,657.85
4 to 5 years (inclusive of 5 years)	–	34,433,134.45
	922,175,605.00	852,810,854.69
Less: Unearned finance income	76,579,778.71	80,807,709.18
Net investment in the lease	845,595,826.29	772,003,145.51

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIII. OTHER SIGNIFICANT MATTERS *(continued)*

1. Lease *(continued)*

(2) As lessee

	January to June 2023	January to June 2022
Interest expense of leasing liabilities	10,888,671.91	15,390,611.24
Expenses relating to short-term leases accounted for current profit or loss under the simplified approach	104,985,232.63	157,158,087.59
Lease expenses relating to low value asset accounted for current profit or loss under the simplified approach (other than short- term leases)	25,585,992.77	3,120,297.96
Variable lease payments that are not included in the measurement of the lease liabilities	–	403,078.23
Total cash outflow for leases	151,413,977.80	217,139,100.42

Renewal option and termination option

From January to June 2023, the Group recognized decrease in lease liabilities of RMB949,459.01 (2022: decrease of RMB36,593,000.80), which was due to changes in lease term resulting from actual exercise.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIII. OTHER SIGNIFICANT MATTERS *(continued)*

2. Segment reporting

For management purposes, the Group is organised into business units based on their products and services. The Group has the following two reportable segments:

- (1) modern 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 logistics and services.
- (2) property development and operation segment engages in property development and sales, investments in properties for their potential rental income and/or for capital appreciation, and provision of management and security services to residential and commercial properties.

The management manages the operating results of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment results are evaluated based on the profits of reportable segment. It represents the indicator after adjustments have been made to total profit, and other than the exclusion of overheads attributable to the headquarters, the indicator is consistent with the Group's total profit.

Segment assets and segment liabilities exclude unallocated assets and liabilities of the headquarters as these assets and liabilities are under the unified management of 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.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIII. OTHER SIGNIFICANT MATTERS *(continued)*

2. Segment reporting *(continued)*

For the six months ended 30 June 2023

	Modern green building materials	Property development and operation	Unallocated assets/ liabilities/expenses of the headquarters	Adjustments and eliminations	Total
Revenue from external transactions	38,180,085,494.53	10,956,215,677.60	-	-	49,136,301,172.13
Revenue from inter-segment transactions	750,008,989.21	358,338,812.66	-	(1,108,347,801.87)	-
	<u>38,930,094,483.74</u>	<u>11,314,554,490.26</u>	<u>-</u>	<u>(1,108,347,801.87)</u>	<u>49,136,301,172.13</u>
Gains on investment in joint ventures and associates	70,944,234.31	(8,604,568.28)	-	-	62,339,666.03
Asset impairment losses	(2,919,316.67)	(86,399,773.78)	-	-	(89,319,090.45)
Credit impairment losses	(74,482,050.52)	13,656,853.33	-	-	(60,825,197.19)
Depreciation and amortisation	2,320,633,562.97	237,197,053.18	45,070,932.35	-	2,602,901,548.50
Total profits	(257,843,153.72)	1,023,014,682.10	(340,453,720.93)	964,033.00	425,681,840.45
Income tax expense	34,650,807.10	461,244,716.57	(85,113,430.23)	241,008.25	411,023,101.69
Total assets	118,867,764,601.84	203,873,959,655.15	687,288,492.98	(38,989,642,044.54)	284,439,370,705.43
Total liabilities	71,097,676,367.51	133,881,789,382.87	24,611,669,407.01	(38,780,452,761.42)	190,810,682,395.97
Long-term equity investment in joint ventures and associates	1,599,476,166.51	5,442,972,923.17	-	-	7,042,449,089.68
Increase in other non-current assets, excluding long-term equity investments	2,468,463,363.27	3,626,751,395.25	-	-	6,095,214,758.52

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIII. OTHER SIGNIFICANT MATTERS (continued)

2. Segment reporting (continued)

For the six months ended 30 June 2022

	Modern green building materials	Property development and operation	Unallocated assets/ liabilities/expenses of the headquarters	Adjustments and eliminations	Total
Revenue from external transactions	38,628,745,435.92	16,404,376,094.97	-	-	55,033,121,530.89
Revenue from inter-segment transactions	646,417,408.33	309,014,898.74	-	(955,432,307.07)	-
	<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 non-current assets, excluding long-term equity investments	2,071,856,468.64	1,092,221,934.45	-	-	3,164,078,403.09

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIII. OTHER SIGNIFICANT MATTERS *(continued)*

2. Segment reporting *(continued)*

Other information

Information on products and labour services

Operating revenue by product/service is set out in Note V. 52.

Geographic information

	January to June 2023	January to June 2022
Asia	49,128,336,563.24	54,938,408,871.55
Europe	–	85,898,935.33
Africa	7,964,608.89	8,813,724.01
	<u>49,136,301,172.13</u>	<u>55,033,121,530.89</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

From January to June 2022 and from January to June 2023, none of the sales income arising from any single customer of the Group exceeds 10% of the Group's revenues.



Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Other receivables

	30 June 2023	31 December 2022
Interests receivable	1,214,377,944.17	1,099,405,972.47
Dividends receivable	607,103,525.28	92,503,525.28
Other receivables		
Amounts due from subsidiaries	57,775,393,193.71	65,118,291,957.64
Due from associates and joint ventures	23,891,360.00	27,818,713.00
Other current account	114,242,535.30	191,736,781.50
	59,735,008,558.46	66,529,756,949.89
Less: Provision for bad debts of other receivables	23,606,351.62	23,606,351.62
	59,711,402,206.84	66,506,150,598.27

An aging analysis of other receivables is as follows:

	30 June 2023	31 December 2022
Within 1 year	15,761,172,246.52	17,283,027,072.74
1 to 2 years	13,180,479,104.30	15,846,108,542.01
2 to 3 years	9,647,956,312.50	18,585,621,156.11
3 to 4 years	8,725,493,869.11	6,245,528,486.00
4 to 5 years	5,632,364,186.00	2,446,980,000.00
Over 5 years	6,787,542,840.03	6,122,491,693.03
	59,735,008,558.46	66,529,756,949.89
Less: Provision for bad debts of other receivables	23,606,351.62	23,606,351.62
	59,711,402,206.84	66,506,150,598.27

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

1. Other receivables (continued)

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

For the six months ended 30 June 2023:

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit-impaired financial assets (lifetime expected credit loss)	Total
Opening and closing balance	–	–	23,606,351.62	23,606,351.62

2022:

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit-impaired financial assets (lifetime expected credit loss)	Total
Opening and closing balance	–	–	23,606,351.62	23,606,351.62

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

1. Other receivables (continued)

As at 30 June 2023, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons for provision
First	<u>23,891,360.00</u>	<u>9,113,985.00</u>	38.15	Partly uncollectible

As at 31 December 2022, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons for provision
First	<u>27,818,713.00</u>	<u>9,113,985.00</u>	32.76	Partly uncollectible

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

1. Other receivables (continued)

As at 30 June 2023, the top five of other receivables were as follows:

	Closing balance	Percentage of Proportion (%)	Nature	Aging
First	16,898,780,857.92	28.29	Amounts due from subsidiaries	Within 1 year, 1-2 years, 2-3 years
Second	6,828,940,280.83	11.43	Amounts due from subsidiaries	Within 1 year, 1-2 years, 2-3 years, 4-5 years
Third	4,663,320,096.94	7.81	Amounts due from subsidiaries	Within 1 year, 1-2 years
Fourth	3,475,650,659.65	5.82	Amounts due from subsidiaries	Within 1 year, 2-3 years, 3-4 years
Fifth	3,420,152,123.08	5.73	Amounts due from subsidiaries	Within 1 year, 2-3 years, over 5 years
	<u>35,286,844,018.42</u>	<u>59.08</u>		

As at 31 December 2022, the top five of other receivables were as follows:

	Closing balance	Percentage of Proportion (%)	Nature	Aging
First	14,278,875,949.08	21.46	Amounts due from subsidiaries	Within 1 year, 1-2 years
Second	6,565,977,184.07	9.87	Amounts due from subsidiaries	Within 1 year, 1-2 years
Third	5,191,711,595.35	7.80	Amounts due from subsidiaries	1-2 years, 2-3 years
Fourth	4,757,363,143.02	7.15	Amounts due from subsidiaries	Within 1 year, over 5 years
Fifth	3,812,804,539.57	5.73	Amounts due from subsidiaries	Within 1 year
	<u>34,606,732,411.09</u>	<u>52.01</u>		

2. Other current assets

	30 June 2023	31 December 2022
Entrusted loans	<u>632,310,000.00</u>	<u>632,310,000.00</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

3. Long-term equity investments

Cost method:

	Investment cost	Opening balance	Increase/decrease for the period	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the period
Beijing BBMG Xingfa Science and Technology Co., Ltd.	464,740,918.29	1,421,740,918.29	-	1,421,740,918.29	96	96	-
Beijing Woodworking Factory Co., Ltd.	54,556,261.17	342,001,954.50	-	342,001,954.50	100	100	160,000,000.00
Tongda Refractory Technology Co., Ltd.	537,421,261.73	537,421,261.73	-	537,421,261.73	93	100	18,000,000.00
BBMG New Building Materials Industrialization Group Co., Ltd.	3,428,029,200.49	5,067,859,192.79	-	5,067,859,192.79	100	100	-
Beijing BBMG Xinggang Technology Development Co., Ltd.	166,166,021.38	166,166,021.38	-	166,166,021.38	68	68	1,800,000.00
Beijing Building Materials Academy Co., Ltd.	194,167,784.68	194,167,784.68	52,150,000.00	246,317,784.68	100	100	-
BBMG GEM Real Estate Development Co., Ltd.	6,165,138,411.45	6,165,138,411.45	-	6,165,138,411.45	100	100	-
BBMG Investment Property Management Co., Ltd.	2,746,329,327.93	2,746,329,327.93	1,000,000,000.00	3,746,329,327.93	100	100	-
Beijing BBMG Real Estate Development Group Co., Ltd.	6,608,721,838.38	8,323,721,838.38	6,000,000,000.00	14,323,721,838.38	100	100	-
Beijing Yanshui Asset Management Co., Ltd.	32,707,342.45	32,707,342.45	-	32,707,342.45	100	100	19,000,000.00
BBMG Hong Kong Limited	288,057,387.91	288,057,387.91	-	288,057,387.91	100	100	16,000,000.00
Beijing BBMG Innovation and Technology Incubator Co., Ltd.	1,000,000,048.47	1,700,000,048.47	-	1,700,000,048.47	100	100	-
BBMG Finance Co., Ltd.	3,000,000,000.00	3,000,000,000.00	-	3,000,000,000.00	100	100	255,000,000.00
BBMG Finance Lease Co., Ltd.	393,876,000.00	393,876,000.00	-	393,876,000.00	60	60	27,600,000.00
Jidong Development Group Co., Ltd.	5,225,000,000.00	5,225,000,000.00	-	5,225,000,000.00	55	55	-
Beijing Doors and Windows Co., Ltd.	430,370,700.00	430,370,700.00	-	430,370,700.00	100	100	3,000,000.00
Jinyu Jingti (Beijing) Sports Culture Co., Ltd.	25,359,900.00	25,359,900.00	-	25,359,900.00	67	67	-
Tangshan Jidong Cement Co., Ltd.	1,091,264,397.20	9,535,955,770.27	-	9,535,955,770.27	54	54	176,796,758.55
Tianjin Building Materials Group (Holding) Co., Ltd.	5,118,176,371.21	5,118,176,371.21	-	5,118,176,371.21	55	55	-
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd.	1,419,515,156.27	1,419,515,156.27	-	1,419,515,156.27	45	45	-
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan	500,000,000.00	500,000,000.00	(500,000,000.00)	-	-	-	10,555,584.15
Beijing Jingcai Talent Development Center Co., Ltd. (北京京 才人才開發中心有限公司)	141,480,261.00	141,480,261.00	-	141,480,261.00	100	100	-
Beijing Building Materials Testing Academy Co., Ltd.	68,139,760.78	68,139,760.78	-	68,139,760.78	43	43	-
Beijing BBMG Finance Lease Co., Ltd. (北京金隅融資租賃 有限公司)	800,000,000.00	800,000,000.00	-	800,000,000.00	100	100	16,000,000.00
Beijing BBMG Intelligent Manufacturing Workshop Management Co., Ltd. (北京金隅智造工場管理有限公司)	1,000,000.00	1,000,000.00	-	1,000,000.00	100	100	-
Beijing BBMG Xisanqi Intelligent Manufacturing Workshop Management Co., Ltd. (北京金隅西三旗智造工場管 理有限公司)	1,000,000.00	1,000,000.00	-	1,000,000.00	100	100	-
Total under cost method	39,901,218,350.79	53,645,185,409.49	6,552,150,000.00	60,197,335,409.49			703,752,342.70

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

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XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

3. Long-term equity investments (continued)

Equity method:

	Movements during the period							Closing balance	
	Opening balance	Increase investment	Decrease investment	Investment profit or loss under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		Provisions for impairment
Joint ventures									
STAR-USG Building Materials Co., Ltd.	55,488,455.99	-	-	1,454,484.83	-	-	-	-	56,942,940.82
Associates									
Zehnder (China) Indoor Climate Co., Ltd.	74,369,782.95	-	-	(1,546,603.09)	-	-	-	-	72,823,179.86
OCV Reinforcements (Beijing) Co., Ltd.	83,682,042.86	-	-	836,333.71	-	-	-	-	84,518,376.57
Tangshan Conch Profiles Co., Ltd.	166,305,735.97	-	-	(437,534.50)	-	-	-	-	165,868,201.47
Toto Machinery (Beijing) Company Limited	148,692,869.74	-	-	740,857.56	-	-	-	-	149,433,727.30
Beijing Innovation Industry Investment Co., Ltd.	223,392,243.05	-	-	12,144,142.99	-	-	-	-	235,536,386.04
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd.	7,628,293.90	-	-	(687,180.41)	-	-	-	-	6,941,113.49
Subtotal for associates	704,070,968.47	-	-	11,050,016.26	-	-	-	-	715,120,984.73
Total under equity method	759,559,424.46	-	-	12,504,501.09	-	-	-	-	772,063,925.55

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

4. Investment properties

Measured subsequently through fair value model:

30 June 2023

	Buildings
Opening balance	13,430,463,319.88
Disposal for the period	(85,000,000.00)
Changes in fair value	<u>200,715,455.75</u>
Closing balance	<u>13,546,178,775.63</u>

31 December 2022

	Buildings
Opening balance	13,068,045,425.39
Changes in fair value	<u>362,417,894.49</u>
Closing balance	<u>13,430,463,319.88</u>

All the above investment properties are located in the PRC, and leased out in form of operating leases.

As at 30 June 2023 and 31 December 2022, there was no investment property for which the procedures for obtaining title certificates were incomplete.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

5. Operating revenue and cost

	January to June 2023		January to June 2022	
	Revenue	Cost	Revenue	Cost
Rental income	477,159,083.20	54,934,571.94	497,374,170.85	44,989,170.08
Income from disposal of investment properties	109,114,036.12	86,806,337.98	–	–
Others	2,316,959.88	2,165,531.13	2,391,158.07	756,739.97
	588,590,079.20	143,906,441.05	499,765,328.92	45,745,910.05

6. Investment gains

	January to June 2023	January to June 2022
Gains from long-term equity investments under cost method	703,752,342.70	1,543,448,570.77
Investment gains from disposal of subsidiaries	–	16,350,702.21
Gains from long-term equity investments under equity method	12,504,501.09	1,936,425.82
Investment gains from financial assets held for trading during the holding Period	9,456.56	438,234.46
	716,266,300.35	1,562,173,933.26



Supplementary Information to Unaudited Interim Financial Statements

For the six months ended 30 June 2023

RMB

I. SUPPLEMENTARY INFORMATION

1. Breakdown of Non-recurring Profit and Loss Item

	January to June 2023
Profit or loss from disposal of non-current assets, including the part written off for provision for impairment on assets	601,940,843.31
Investment gains from disposal of subsidiaries	5,353,308.16
Government grants recognised through profit or loss for the current period (excluding those closely related to the Company's ordinary business operations, in line with national policies and entitled continuously in accordance with certain standard based on a fixed amount or quantity)	115,319,522.56
Capital occupancy fee from non-financial enterprises recognized through profit or loss for the current period	11,331,608.98
Profit or loss from debt restructuring	405,356.47
Profit or loss from change in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment gains from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than effective hedging business relating to the ordinary business operations of the Company	34,833,124.98
Reversal of provisions for impairment of receivables that are individually tested for impairment	53,741,482.64
Profit and loss from fair value change of investment properties measured subsequently through fair value model and profit and loss from fair value change of held-for-trading financial assets	278,262,646.83
Other non-operating income and expenses other than the above items	86,880,753.96
Total non-recurring profit and loss	1,188,068,647.89
Less: Impact of income tax	138,276,972.93
Less: Impact of minority interests	91,096,791.63
	<u>958,694,883.33</u>

Supplementary Information to Unaudited Interim Financial Statements (continued)

For the six months ended 30 June 2023

RMB

I. SUPPLEMENTARY INFORMATION (continued)

2. Return on Net Assets and Earnings per Share

January to June 2023

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
After deducting other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	0.06	0.0025	0.0025
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	(1.97)	(0.09)	(0.09)
Before deducting other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	0.63	0.04	0.04
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	(0.84)	(0.05)	(0.05)

January to June 2022

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
After deducting other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	3.23	0.13	0.13
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	0.37	0.01	0.01
Before deducting other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	2.81	0.17	0.17
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	0.92	0.06	0.06

In calculating the weighted average return on net assets and earnings per share excluding other equity instruments, the Company has excluded declared and undeclared dividends of perpetual bonds.



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