



北京金隅集團股份有限公司  
BBMG CORPORATION\*

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



*INTERIM  
REPORT*



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# CORPORATE INFORMATION

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

\* For identification purposes only

## CORPORATE INFORMATION

### **The Supervisory Board**

#### *Supervisors*

Guo Yanming (*Chairman*)  
Yu Kaijun  
Zhang Qicheng  
Gao Junhua  
Wang Guijiang  
Gao Jinliang  
Qiu Peng

### **Committees**

#### *Audit Committee*

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

#### *Remuneration and Nomination Committee*

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

#### *Strategic Committee*

Zeng Jin (*Chairman*)  
Jiang Yingwu  
Zheng Baojin  
Yu Fei  
Liu Taigang  
Li Xiaohui  
Hong Yongmiao  
Tam Kin Fong

## CORPORATE INFORMATION

**Authorised Representatives** Zeng Jin  
Lau Fai Lawrence

**Board Secretary** Zheng Baojin

**Company Secretary** Lau Fai Lawrence

**Listing Information***A Shares*

A Share registrar China Securities Depository and Clearing  
Corporation Limited, Shanghai Branch  
3rd Floor, China Insurance Building  
166 Lujiazui Road East, Pudong New District  
Shanghai, the PRC

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

*H Shares*

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

## CORPORATE INFORMATION

**Principal bankers**

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

**Independent auditor**

Ernst & Young Hua Ming LLP  
Certified Public Accountants

**Legal advisers**

Withers  
*As to Hong Kong law*

Sino-Integrity Law Firm  
*As to PRC law*

# CHAIRMAN'S STATEMENT

## Dear Shareholders,

2021 marks the first year to implement the 14th Five-Year Plan. In the first half of the year, BBMG Corporation (the "Company" or "BBMG", and together with its subsidiaries, the "Group") has struck a balance between the prevention and control of normalization of COVID-19, and production and operation, fully implemented such strategies for development as integration of resources, alignment with municipal policies, creativity and high-quality growth and taken such measures as innovation, reform, turning around from losses, adjustment and consolidation. These efforts have contributed to a steady improvement in the quality and efficiency of each segment's operations, a significant improvement of its ability to withstand risks, a steady rise in economic operations and a more solid foundation for development.

## REVIEW

### Results Performance

During the Reporting Period, the Company recorded an operating revenue of approximately RMB57,713.7 million, representing a year-on-year increase of approximately 41.0%; net profit attributable to the shareholders of the parent company amounted to approximately RMB1,911.8 million, representing a year-on-year increase of approximately 25.5%; basic earnings per share attributable to the shareholders of the parent company amounted to RMB0.14, representing a year-on-year increase of approximately 40.0%.

### Business Performance

**Cement and ready-mixed concrete segment:** by enhancing its market presence and tapping internal potential for better quality, the cement business of the Company has provided a series of defense such as stabilization of prices and sales and cost control, which resulted in stable and orderly operation and steady increase in economic benefits despite the raw material prices surge. The concrete business has increased the market shares of its products by improving the marketing campaign in its core market and continuously reduced the unit cost of main materials by making targeted purchases.

**Property development segment:** the property development segment of the Company actively responded to challenges from all aspects, adopted management strategies of speeding up in opening, sales, returns to the funds and construction and improvement in having achieved the significant year-on-year increase in operating revenue, contractual value and fund absorption by continuously reducing excess inventory.





**Zeng Jin**  
Chairman

## CHAIRMAN'S STATEMENT

**Modern building materials and commerce and logistics segment:** the modern building materials business of the Company strengthened industrial chain synergy, actively explored the market, grasped scientific and technological innovation, leading to a gradual increase in profitability; the commerce and logistics business continuously refined and strengthened retail, distribution, E-commerce and the international trading and building materials and commerce and logistics business with the risks under control.

**Property investment and management segment:** the property investment and management segment of the Company has seized the opportunity of market rebound and strengthened marketing by conducting campaigns through multiple channels, raising occupancy rate of various properties such as office buildings, hotels and apartments.

### ESG Performance

While remaining committed to generating more returns to shareholders, the Company dedicates itself to achieve sustainable development, works for harmonious coexistence of society and the environment and creates the long-term and stable society, environment and corporate values. In the first half of 2021, the Company has timely completed elections of the new Board of Directors, the Board of Supervisors and extension of employment of senior management, formulated a pilot scheme of compliance management and incorporated the compliance management responsibilities into the Articles of Association of the Company to continuously improve the Company's governance level. In response to the goal of Peak Carbon Emissions and Carbon Neutrality, Beijing BBMG Liushui Environmental Protection Technology Co., Ltd. set up a panel to lead this effort, put the reconstruction project of SPA (Pressure Swing Adsorption) Carbon Capture in commission. The project of Beijing BBMG Beishui Environmental Protection Technology Co., Ltd. with the carbon capture capability of 0.1 million tonnes per year and the project of Jingping comprehensive green logistic hub base was pushed forward in an orderly manner. The capacity of environmentally friendly waste treatment was improved to 3.10 million tonnes per year. Green is gradually becoming to the fundamental factor of the Company's development. For social responsibilities, revitalization of countryside has been incorporated into Company's 14th five-year plan, aiming to adding industrial investment of RMB115 million to 73 poverty-alleviated counties such as Inner Mongolia, Xinjiang and Hebei. Moreover, BBMG trade fair for poverty alleviation through consumption has taken place in Ulaanchab, Inner Mongolia to consolidate the results of poverty alleviation and better align with the revitalization policy. According to the latest rating report issued by MSCI in August 2021, the Company's ESG maintains a BBB rating, which is the highest rating for a large domestic group engaging in building materials and properties.

## CHAIRMAN'S STATEMENT

### PROSPECT

In the second half of 2021, the Company will uphold the strategies for “Four Developments”, lay a solid foundation for a good start on the “14th five-year plan” and strive to achieve the strategic target of becoming a world-class corporation.

**Building strength through integrated development.** To build a modern industrial system, BBMG will relentlessly modernize its internal industrial and supply chains, actively plan for strategic integration of external resources, speed up digital transformation. **Maintaining growth momentum through alignment with policies.** To align with the policies of the government of Beijing municipality and shoulder its responsibilities, the Group will implement a new round of specific actions to improve the rectification and relief of Beijing's functions as China's capital, focus on function building of “Four Centers” strategy and contribute to “turning the capital into a world-class harmonious and livable city”. **Enjoying more advantages through innovation.** The Company will create a culture conducive to innovation, optimize the innovation system and mechanism, strengthen the leadership of science and technology innovation, and strengthen the new driving force behind development. **“Achieving success” through high-quality growth.** The Group will intensify its efforts to implement market reform and risk prevention and control so as to realize a higher-quality, more efficient, more sustainable and safer development.

### ACKNOWLEDGEMENTS

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

**Zeng Jin**

*Chairman of the Board*

Beijing, the PRC

24 August 2021







**MANAGEMENT**  
DISCUSSION AND  
ANALYSIS

## MANAGEMENT DISCUSSION AND ANALYSIS

### **DETAILS OF THE COMPANY'S PRINCIPAL BUSINESS, OPERATING MODEL AND INDUSTRY SITUATION DURING THE REPORTING PERIOD**

#### **I. Principal business and business model of the Company**

The Company's principal businesses include (1) cement and ready-mixed concrete; (2) modern building materials manufacturing and commerce and logistics; (3) property development; and (4) property investment and management.

1. Cement and ready-mixed concrete business: The Company is the third largest cement industrial group in China with strong scale advantage and market dominance within the region, and is the leader of low-carbon, green, and environmentally-friendly development, energy saving and emission reduction, and circular economy in the domestic cement industry. The cement business continued to adopt Beijing-Tianjin-Hebei region as its core strategic region, and continued to expand the coverage of its network, mainly with presence in 13 provinces (municipalities and autonomous regions), including Beijing-Tianjin-Hebei region, Shaanxi, Shanxi, Inner Mongolia, Northeastern region, Chongqing, Shandong, Henan and Hunan. The production capacity of clinker amounted to approximately 110 million tonnes; the production capacity of cement amounted to approximately 170 million tonnes. With cement as its core product, the Company extends to related products and services through an internal synergetic mechanism. Currently, the production capacity of ready-mixed concrete amounted to nearly 60 million cubic meters while the production capacity of aggregates and grinding aids and admixtures amounted to 39 million tonnes and approximately 0.24 million tonnes respectively. Its annual capacity for disposal of various hazardous wastes and solid wastes was nearly 3.10 million tonnes. The Company will insist on promoting market expansion and strategic resources consolidation simultaneously. The Company has had a total of 4,350 million tonnes of limestone reserve across China and has had a total of nearly 1,660 million tonnes of limestone reserve in Beijing, Tianjin and Hebei.

## MANAGEMENT DISCUSSION AND ANALYSIS

2. Modern building materials and commerce and logistics business: The Company is the leader in building materials industry in China and one of the largest suppliers of green, environmentally-friendly, and energy-saving building materials in the Beijing-Tianjin and Hebei region. Its major products and services include furniture and woods, wall body and insulation materials, decorative and fitting materials, building materials, and commerce and logistics whole industry chain products and services such as building materials commerce and trading, prefabricated building system and parts, decoration and fitting, building design and prefabricated construction contract. In recent years, guided by scientific and technological innovation, the new building materials industry has created a BBMG intelligent housing system including four core technologies: prefabricated structure, prefabricated exterior wall, industrial interior and ultra-low energy consumption building, forming a coordinated development pattern of the whole industry chain. The Company's modern building materials products and construction and installation services were widely used in the construction of key hotspot projects, such as the sub-town centre and supporting facilities in Beijing, Xiong'an New District, the Winter Olympic Stadium, Universal Studios Beijing and 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. The Company improved the network configuration and asset layout of the supply chain of the commerce and logistics industry, and continuously enhanced the international trading and building materials and commerce and logistics business with the risks under control.
3. Property development business: 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 has received various honors such as Top 100 China Real Estate Enterprises for consecutive years and has great influence and brand awareness across the industry. The Company is one of the strongest real estate enterprises in Beijing in terms of comprehensive strength. Adhering to the development concept of "Create a better life, cast a famous brand of real estate", it always strives to provide high-quality products and services to customers and has accumulated extensive experience in planning and design, project management, marketing plan and customer service in property development. The Company has made its presence in 15 cities

## MANAGEMENT DISCUSSION AND ANALYSIS

including Beijing, Shanghai, Tianjin, Chongqing, Hangzhou, Nanjing, Chengdu, Hefei, Qingdao, Tangshan and Haikou. It developed more than 130 property projects with a total gross floor area of approximately 30.0 million sq.m., developing a nationwide business presence “from Beijing to three major economic rims, namely Beijing-Tianjin-Hebei region, Yangtze River Delta and Chengdu-Chongqing region”.

4. Property investment and management business: The Company is one of the largest investors and managers of investment properties in Beijing with the most diversified businesses, holding approximately 1.75 million sq.m. of investment properties such as high-end office buildings, commercial and industrial parks in Beijing and Tianjin (of which 1.10 million sq.m. are high-end investment properties in core areas in Beijing) and managing 14 million sq.m. of properties (excluding the hotel apartment and the scattered assets without properties management) in Beijing and Tianjin. The Company has maintained its leading position in the areas such as professional capability, brand recognition, occupancy rates and income level in Beijing, even across the whole China, for many years.

## II. Description of major industries

### 1. Cement Industry

In the first half of 2021, the national cement market in general showed the characteristics of volatile adjustment at high level in wide range and the price trend of cement fluctuated significantly. From January to April 2021, China’s growth stabilization measures continued to take effect and drove the favourable demand for cement. Coupled with the effect of a low base for the same period in 2020, the national single-month and cumulative cement production presented growth at high level, with a growth rate of up to 30%, while price at a high level continued to climb. From May to June 2021, under the influence of persistent strong rainfall and the slowdown in the progress of some projects due to the rise of commodity prices, the demand fell back in advance, the prices of key consumption areas of cement fell rapidly, and the benefits of the industry dropped significantly.



## MANAGEMENT DISCUSSION AND ANALYSIS

According to the data of the National Bureau of Statistics, in the first half of 2021, the national cement production was 1.147 billion tonnes, representing a year-on-year increase of 14%; the sales revenue of the national cement industry was RMB483.6 billion, representing a year-on-year increase of 13.2%; and the profit was RMB73.0 billion, representing a year-on-year decrease of 7.2%.

### 2. *Property Development Industry*

In the first half of 2021, the attitude of the central government to firmly regulate the property market has become more prominent, and many ministries and commissions have jointly and strictly investigated the irregular flow of credit funds such as operating loans into the real estate market, the Ministry of Housing and Construction has also supervised the real estate regulation work in various cities with high frequency and efficiency. Many places have successively issued property market regulation policies to stabilize market expectations. Under the influence of factors such as “stay put for the Spring Festival” and the “two concentrations” policy on land supply in key cities, real estate enterprises grasped the rhythm of market demand release, innovated the marketing model and stepped up efforts in real estate promotion. From January to April 2021 the newly approved marketed area in key cities increased year-on-year. Driven by the increase in supply, the new housing market was more active, and the transaction scale in all cities increased year-on-year. In May 2021, with the gradual effect of real estate control policies launched by various regions, the market in some cities gradually returned to rationality, and the strength of real estate enterprises in promoting real estate also weakened.

## MANAGEMENT DISCUSSION AND ANALYSIS

According to the data of the National Bureau of Statistics, in the first half of 2021, the investment in real estate development in China was RMB7,217.9 billion, representing a year-on-year increase of 15.0%, and an increase of 17.2% over that in January to June 2019. The average two-year increase was 8.2%. The construction sites for corporate use of real estate developers were 8,732.51 million sq.m., representing a year-on-year increase of 10.2%, among which, 6,174.80 million sq.m. was area of construction sites for residential properties, representing an increase of 10.5%. The area of newly started construction of real estates was 1,012.88 million sq.m., representing an increase of 3.8%. Of which, the newly started construction of residential area was 755.15 million sq.m., representing an increase of 5.5%. The area of completed real estate was 364.81 million sq.m., representing an increase of 25.7%. Of this, area of completed residential properties was 262.54 million sq.m., representing an increase of 27.0%. The land area acquired by real estate developers was 70.21 million sq.m., representing a year-on-year decrease of 11.8%. The land transaction volume was RMB380.8 billion, representing a decrease of 5.7%. Area of national sold commodity housing was 886.35 million sq.m., representing a year-on-year increase of 27.7%, and an increase of 17.0% over that in January to June 2019. The average two-year increase was 8.1%. Of this, area of sold residential properties increased by 29.4%, and area of sold office and properties for commercial operation increased by 10.0% and 5.7%, respectively. Sales of commodity housing amounted to RMB9,293.1 billion, representing an increase of 38.9%, and an increase of 31.4% over that in January to June 2019. The average two-year increase was 14.7%. Of this, sales of residential properties increased by 41.9%, and sales of office and properties for commercial operation increased by 10.7% and 8.8% respectively. As at the end of June 2021, area of commodity housing for sales was 510.79 million sq.m., representing an increase of 0.53 million sq.m. over that in the end of May 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

**SUMMARY OF FINANCIAL INFORMATION**

Unit: RMB'000

	For the six months ended 30 June		Change
	2021 <i>(Unaudited)</i>	2020 (Unaudited)	
Operating revenue	<b>57,713,657</b>	40,928,098	41.0%
Operating revenue from principal business	<b>57,065,980</b>	40,714,935	40.2%
Gross profit from principal business	<b>9,588,138</b>	9,325,912	2.8%
Gross profit margin from principal business (%)	<b>16.8</b>	22.9	a decrease of 6.1 percentage points
Total profit	<b>4,414,726</b>	3,365,221	31.2%
Net profit	<b>3,219,511</b>	2,187,594	47.2%
Net profit attributable to the shareholders of the parent company	<b>1,911,845</b>	1,523,592	25.5%
Basic earnings per share attributable to the shareholders of the parent company (RMB)	<b>0.14</b>	0.10	40.0%

## MANAGEMENT DISCUSSION AND ANALYSIS

	<b>As at 30 June 2021 (Unaudited)</b>	As at 31 December 2020 (Audited)	<b>Change</b>
Cash and bank balances	<b>21,503,888</b>	28,643,886	-24.9%
Current assets	<b>170,251,649</b>	182,669,632	-6.8%
Current liabilities	<b>118,433,707</b>	118,810,244	-0.3%
Net current assets	<b>51,817,942</b>	63,859,388	-18.9%
Non-current assets	<b>108,411,783</b>	108,682,751	-0.2%
Non-current liabilities	<b>66,773,232</b>	78,085,953	-14.5%
Total assets	<b>278,663,432</b>	291,352,383	-4.4%
Equity attributable to the shareholders of the parent company	<b>62,047,951</b>	63,375,936	-2.1%
Debt ratio (total liabilities to total assets) (%)	<b>66.5</b>	67.6	a decrease of 1.1 percentage point

## MANAGEMENT DISCUSSION AND ANALYSIS

### SUMMARY OF BUSINESS INFORMATION

	For the six months ended		Change
	30 June 2021	2020	
<b>Cement and Ready-mixed Concrete Segment</b>			
Sales volume of cement (in million tonnes)	48.00	42.10	14.0%
Sales volume of ready-mixed concrete (in million cubic metres)	7.20	6.02	19.6%
<b>Modern Building Materials and Commerce and Logistics Segment</b>			
Stone wool boards (in thousand tonnes)	48.2	30.5	58.0%
<b>Property Development Segment</b>			
Booked GFA (in thousand sq.m.)	763.7	612.6	24.7%
Contracted sales GFA (in thousand sq.m.)	885.9	658.3	34.6%
<b>Property Investment and Management Segment</b>			
Gross GFA of investment properties (in thousand sq.m.)	1,754.9	1,781.7	-1.5%

### DISCUSSION AND ANALYSIS ON OPERATIONS

In the first half of 2021, centering on the main economic indicators and key tasks, the Group implemented the “Four Development” strategy, promoted the pragmatic working culture. While grasping the regular prevention and control of pandemic, the Group has made continuous efforts in strengthening the foundation, deepening reform, and innovating science and technology, etc. The operating quality of each business segment has been steadily improved, and the economic operation has shown the trend of strengthening and rising in the midst of stability. The “14th Five-year Plan” kicked off with high-quality development.

During the Reporting Period, the Group recorded an operating revenue of approximately RMB57,713.7 million, of which operating revenue from its principal business amounted to approximately RMB57,066.0 million, representing a year-on-year increase of approximately 40.2%; total profit amounted to approximately RMB4,414.7 million, representing a year-on-year increase of approximately 31.2%; net profit amounted to approximately RMB3,219.5 million, representing a year-on-year increase of approximately 47.2%; and net profit attributable to the parent company amounted to approximately RMB1,911.8 million, representing a year-on-year increase of approximately 25.5%.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group insisted on making the market better and making the enterprise stronger, strove to implement strategies, promoted transformation and upgrading, optimized the regional layout and pushed forward market integration. Meanwhile, the Group strengthened control efficiency and improved the quality of operation, overcame the impact of unfavorable factors such as sluggish market demand and raw materials price surge and strove to improve economic efficiency and operational quality.

In the first half of 2021, sales volume of cement and clinker was 48.0 million tonnes (exclusive of joint ventures, associates and the Company), representing a year-on-year increase of 14.0%; the revenue from principal business recorded RMB19,392.2 million, representing a year-on-year increase of 13.1%; gross profits from principal business amounted to RMB5,281.6 million, representing a year-on-year decrease of 1.8%, among which sales volume of cement amounted to 42.4 million tonnes and sales volume of clinker amounted to 5.6 million tonnes; the aggregated gross profit margin for cement and clinker was 27.9%, representing a year-on-year decrease of 7.1 percentage points. The sales volume of concrete amounted to 7.2 million cubic meters, representing a year-on-year increase of 19.6%; and the gross profit margin of concrete was 12.5%, representing a year-on-year decrease of 0.9 percentage point.

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

The Group gave full play to the advantages of the whole industry chain, actively explored the market and cultivated new points of growth in efficiency. The Company completed the task of supply assurance for key projects such as the Beijing Sub-Center, the Xiong'an New Area, the Winter Olympics, and the Party History Museum.

In the first half of 2021, the modern building materials and commerce and logistics segment recorded an operating revenue from principal business of approximately RMB19,294.9 million, representing a year-on-year increase of approximately 38.3%, among which the revenue from principal business of manufacturing industry was approximately RMB1,957.9 million and the revenue from principal business of commerce and logistics industry was approximately RMB17,337.0 million; gross profit from its principal business amounted to approximately RMB860.2 million, representing a year-on-year increase of approximately 65.4%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (3) Property Development Segment

The Group actively responded to various challenges, continued to carry out decisive activities, quickly recovered sales funds, made significant achievements in de-stocking, promoted the revitalization of self-owned land in an orderly manner and effectively implemented key tasks, thus improving the operating results against the trend.

In the first half of 2021, the property development segment recorded revenue from its principal business of approximately RMB17,718.7 million, representing a year-on-year increase of approximately 87.9%, and the gross profit from its principal business was approximately RMB2,409.6 million, representing a year-on-year decrease of approximately 6.8%. The booked GFA was 763,742.1 sq.m., representing a year-on-year increase of 24.7%, among which booked GFA of commodity housing amounted to 693,241.4 sq.m., representing a year-on-year increase of 65.7%, while booked GFA of policy-related housing amounted to 70,500.7 sq.m., representing a year-on-year decrease of 63.7%. The aggregated contracted sales area of the Company was 885,903.9 sq.m., representing a year-on-year increase of 34.6%, among which contracted sales area of commodity housing was 849,052.7 sq.m., representing a year-on-year increase of 29.0%. The contracted sales area of policy-related housing amounted to 36,851.2 sq.m., representing a year-on-year increase of 17,867.4%.

In the first half of 2021, the Company won the bid for the right to use state-owned construction land, namely land parcel C2-5-1#/2# in the eastern part of the core area of the Eastern New City of Ningbo and land parcel of Jin Bei Chen Xin (Gua) No.2021-013. As of 30 June 2021, the Company had a land reserve of approximately 6,893,500 sq.m..

## MANAGEMENT DISCUSSION AND ANALYSIS

No.	Name of projects (parcel of land)	Location	Use of land	Land area of the project (m <sup>2</sup> )	Planned plot ratio area (m <sup>2</sup> )	Land price (RMB million)	Method of acquisition	Date of acquisition (yymmdd)	Percentage of rate
1	Land parcel C2-5-1#2# in the eastern part of the core area of the Eastern New City of Ningbo	Yinzhou District, Ningbo	Residential, retail commercial, support land	36,870.0	87,097.5	2,378.411	Tender	2021-01-15	100%
2	Land parcel 2021-013 of Jin Bei Chen Xin (Gua)	Beichen District, Tianjin	Residential, service facility land	58,825.2	133,616.0	1,191.000	Listing	2021-05-19	100%
		Total		95,695.2	220,713.5	3,569.411			

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

The Group seized the opportunity of market rebound, deepened internal reform and innovation and promoted the implementation of key tasks, and the overall operations remained stable.

In the first half of 2021, the property investment and management segment recorded an operating revenue from principal business of approximately RMB2,132.7 million, representing a year-on-year increase of approximately 13.4%, and gross profit from its principal business was approximately RMB1,234.0 million, representing a year-on-year increase of approximately 23.4%. The Company held investment properties totalling approximately 1,754,900 sq.m. in the core districts of Beijing and Tianjin. The consolidated average occupancy rate was 82% and the consolidated average rental unit price was RMB6.11/sq.m./day, of which the consolidated average rental unit price of high-end office building in core area in Beijing was RMB7.71/sq.m./day.



MANAGEMENT DISCUSSION AND ANALYSIS

*Investment properties held by the Group as at 30 June 2021*

	Location	Property		Average	Average	Unit
		Gross Area (thousandsq.m.)	Fair Value (RMBmillion)	Rental Unit Price (RMB/day)	Occupancy Rate	Fair Value (RMB/sq.m.)
Phase 1 of Global Trade Centre	North Third Ring Road, Beijing	108.2	3,443.9	11.9	87%	31,828.6
Phase 2 of Global Trade Centre	North Third Ring Road, Beijing	141.0	3,969.3	9.9	94%	28,151.3
Phase 3 of Global Trade Centre (Commercial units at low floors)	North Third Ring Road, Beijing	57.5	1,297.8	8.6	90%	22,570.4
Tengda Plaza	West Second Ring Road, Beijing	67.9	1,865.8	11.9	92%	27,478.6
Jin Yu Mansion	West Second Ring Road, Beijing	41.2	1,310.0	12.2	97%	31,796.1
Jianda Building and Beijing Building Materials Trading Tower	East Second Ring Road, Beijing	43.0	1,146.3	6.2	73%	26,658.1
Dacheng Building	West Second Ring Road, Beijing	41.4	1,240.1	12.3	42%	29,954.0
Pan Bohai Jin'an Plaza	Hexi District, Tianjin	302.0	2,432.2	2.1	96%	8,053.5
Pangu Plaza Building 5	North Forth Ring Road, Beijing	136.8	5,433.6	10.0	49%	39,719.3
Phase 1 of Logistics Park Project	South Six Ring Road, Beijing	121.7	954.0	3.2	95%	7,838.9
Phase 1 of Intelligent Manufacturing Plant	North Fifth Ring Road, Beijing	75.0	665.5	5.8	94%	8,826.3
	<b>Sub-total</b>	<b>1,135.7</b>	<b>23,758.5</b>			<b>20,919.7</b>
Other properties	Beijing and Tianjin Municipality	619.2	7,479.4			12,078.6
	<b>Total</b>	<b>1,754.9</b>	<b>31,237.9</b>	<b>6.1</b>	<b>82</b>	<b>17,800.1</b>

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

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

## 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
Cement and Ready-mixed Concrete	19,392.2	14,110.6	27.2	13.1	20.0	Decrease of 4.2 percentage points
Modern Building Materials and Commerce and Logistics	19,294.9	18,434.7	4.5	38.3	37.2	Increase of 0.7 percentage point
Property Development	17,718.7	15,309.1	13.6	87.9	123.6	Decrease of 13.8 percentage points
Property Investment and Management	2,132.7	898.7	57.9	13.4	2.0	Increase of 4.7 percentage points
Eliminations	-1,472.5	-1,275.2				
<b>Total</b>	<b>57,066.0</b>	<b>47,477.9</b>	<b>16.8</b>	<b>40.2</b>	<b>51.3</b>	<b>Decrease of 6.1 percentage points</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Gains from changes in fair value of investment properties

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

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

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

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

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

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

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group recorded a year-on-year decrease of approximately RMB13.7 million or 5.5% to approximately RMB233.7 million, accounting for 5.3% of the profits before tax.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

- (1) Selling expenses were approximately RMB1,516.8 million in the first half of 2021, representing a year-on-year increase of approximately RMB214.6 million or 16.5%, mainly attributable to the year-on-year increase in employee remuneration and agency intermediary fee of the Company during the Reporting Period.
- (2) Administrative expenses were approximately RMB3,008.8 million in the first half of 2021, representing a year-on-year increase of approximately RMB148.3 million or 5.2%, mainly attributable to the year-on-year increase in employee remuneration of the Company during the Reporting Period.
- (3) Finance costs were approximately RMB1,363.7 million in the first half of 2021, representing a year-on-year decrease of approximately RMB331.2 million or 19.5%, mainly attributable to the repayment of interest-bearing debts through optimizing the capital structure of the Company during the Reporting Period.

### 4. Cash flows

In the first half of 2021, a net decrease of approximately RMB8,441.3 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 RMB10,575.1 million, representing a year-on-year increase of approximately RMB7,777.4 million in inflow, mainly attributable to the increase in the Company's cash received from sale of goods or rendering of services during the Reporting Period; net cash outflow from investing activities was approximately RMB212.2 million, representing a year-on-year decrease of approximately RMB958.1 million in outflow, mainly attributable to the decrease in the Company's cash paid for acquisition of fixed assets, intangible assets and other long-term assets during the Reporting Period; net cash outflow generated from financing activities was approximately RMB18,802.5 million, while the net cash inflow was approximately RMB9,167.4 million in the same period of the previous year, such change was mainly due to the fact that the Company optimized the capital structure and repaid the interest-bearing liabilities; and the effect of changes in exchange rate on cash and cash equivalents was approximately RMB1.6 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 5. Analysis on Changes in Relevant Items in Financial Statements

Amount unit: RMB million

Items	Amount during the same		Percentage change (%)
	Amount for the period	period of last year	
Operating revenue	57,713.7	40,928.1	41.0
Operating costs	47,618.3	31,513.8	51.1
Selling expenses	1,516.8	1,302.2	16.5
Administrative expenses	3,008.8	2,860.5	5.2
Finance costs	1,363.7	1,694.8	-19.5
Research and development expenses	179.6	138.5	29.7

Explanation on reasons for the change in operating revenue: mainly due to the year-on-year increase in the sales volume of cement and clinker and booked GFA of the properties of the Company during the Reporting Period.

Explanation on reasons for the change in operating cost: mainly due to the year-on-year increase in operating revenue and operating costs during the Reporting Period.

Explanation on reasons for the change in selling expenses: mainly due to the year-on-year increase in employee remuneration and agency intermediary fee of the Company during the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

Explanation on reasons for the change in administrative expenses: mainly due to year-on-year the increase in employee remuneration of the Company during the Reporting Period.

Explanation on reasons for the change in financial costs: mainly due to that the Company optimized the capital structure and repaid certain interest-bearing liabilities during the Reporting Period.

Explanation on reasons for the change in research and development expenses: mainly attributable to the increased efforts on research and development by the Company during the Reporting Period.

### **6. Analysis on Items of Assets and Liabilities**

1. Receivables financing: a decrease of RMB2,046.5 million or 36.62% from the beginning of the Reporting Period, mainly because the Company further enhanced risk management, shortened the range of bill collection and improved the quality of bills collection.
2. Wages payable: a decrease of RMB175.9 million or 40.92% from the beginning of the Reporting Period, mainly attributable to the payment of performance related bonuses of the previous year by the Company during the Reporting Period.
3. Short-term financing bonds payable: an increase of RMB1,400.7 million or 87.59% from the beginning of the Reporting Period, mainly attributable to the issuance of short-term financing bonds by the Company during the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CORE COMPETITIVENESS ANALYSIS

The Company is a leading building material enterprise of environmental protection, energy-saving and emission reduction and recycling development in Beijing-Tianjin-Hebei region, and contributes to the ecological civilization. During the Reporting Period, the Company proactively planned and deployed the development planning under the 14th Five-Year Plan, adheres to the two core businesses of "green building materials manufacturing, trading and services, and real estate"; closely followed the theme of high-quality development, grasped the new development stage, implemented the new development concept, and integrated into the new development pattern; fully implemented the overall development strategy of "4+1" and the "14th Five-Year Plan" of the Company, took the development of the capital as the guiding principle, actively showed its new role in serving the construction of "four centers" of Beijing, insisted on implementing the strategies for development as integration of resources, alignment with municipal policies, creativity and high-quality growth, and building a world-class harmonious and livable city and strives to build an international first-class industrial group.

The Company adhered to core business. With science and technology innovation as the core engine, the Company built BBMG science and technology innovation complex and ecosystem. Combining connotative development with outward expansion, the Company managed effective integration of internal and external resources centering on industrial chain coordination, built a safe industrial chain supply chain and promoted comprehensive and synergistic industrial development. Based on the strategic positioning of the capital city, the Company took an active part in the urban renewal action of the capital. With the objective of "carbon neutrality and carbon emission peaking" and digital transformation, centering on the green low-carbon wisdom, the Company promoted the transformation and upgrading of manufacturing industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company continues to deepen the results of major reforms such as strategic restructuring and internal integration, continues to optimize the strategic layout of Beijing-Tianjin-Hebei region, focuses on improving the connotation and effectiveness of restructuring, deeply explores the value of restructuring, highlights the value creation ability and corporate profitability, creates a model park for collaborative industrial development, consolidates the regional value highland, and transforms the advantages of resource aggregation formed by restructuring into market competitive advantages and sustainable development benefits. As a result, the Company enjoys continuous improvement of core competitiveness, continuous enhancement of development momentum and continuous strengthening of development basis. It further solidifies its leading position in Beijing-Tianjin-Hebei building material industry and further enhances its industrial influence, so as to bring the “14th five-year plan” off to a good start.

The Company was ranked among the top 500 Chinese enterprises, the top 200 Chinese enterprises in terms of efficiency and the top 100 national enterprises in terms of profitability, and was ranked 1,048th in the Forbes Global 2000 list of listed companies, with a strong momentum of high-quality sustainable development. The Company coordinated the regular prevention and control of pandemic and production and operation, and made new breakthroughs and achievements in strengthening the foundation, deepening reform and scientific and technological innovation while continuously enhancing the competitiveness, innovation, control, influence and risk resistance of the Company.

The core competitiveness of the Company is detailed as follows:



## MANAGEMENT DISCUSSION AND ANALYSIS

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

Relying on the advantage of vertically integrated whole industry chain, the Company dug deep into the value of industry chain, accelerated the pace of internal industry chain integration, and increasingly diversified the forms of coordinated development between industries. The Company promoted the market-oriented operation among internal segments to achieve the coordinated development of “mutual incorporation” for domestic sales; took the cement industry as the fulcrum to promote the chain-type coordinated development of the new material product line of “previously launched ones drive newly launched ones”; expanded the strategic cooperation of large industrial groups to form the intensive coordinated development of “one industry leading and multiple industries linkage”; the Company participated in major projects with several green building materials products and built new building materials industrial parks with multiple industries to create the group coordinated development of “project-based development of multiple products and park-based development of multiple projects”. The Company built a safer and more efficient upstream and downstream industrial chain, promoted the advanced industrial base, modernized the industrial chain, promoted the synergy, complementarity and clustering among industries, and enhanced the stability of the supply chain of the Group’s industrial chain and its self-control capacity. The Company built a BBMG industrial ecology based on the core industrial chain, realized the supply chain services of the whole industrial chain, and build a modern industrial system.

## MANAGEMENT DISCUSSION AND ANALYSIS

Relying on the core industrial advantages accumulated in the main business of manufacturing, trading and service of new green building materials, the Company further promoted the deep integration of advanced manufacturing and modern service industries, promoted the integration and innovation of traditional industries with new technologies, formed the “BBMG Smart Manufacturing” system with outstanding advantages in the main business, reasonable industrial layout and mutual support of enterprises, and promoted industrial repetitive upgrading. Relying on cement industry, high-end equipment manufacturing industry built the first brand of integrated service equipment manufacturing and system service provider, new trade service industry builds modern green supply chain trade service, expanded offline and online integration and scenario-based new consumption of home furnishing and trade exhibition and trade; developed network freight transport, built smart logistics, built “highway to railway” green supply chain service hub to serve modern urban logistics system and urban consumption upgrade demand, and cultivate emerging industries of the Group. The Company served urban renewal, built a large real estate model with the characteristics of “real estate + property + building materials”, enhanced the level of specialization of BBMG’s compound real estate with BBMG’s smart housing system, green and low-carbon products and high-quality property management services, and became a first-class comprehensive urban space service enterprise and a first-class urban asset operation service provider. The Company realized the organic integration of high-end property management, operation of science and technology innovation industrial parks and cultural and creative parks, science and innovation investment, human resource management and other modern service industries, empower BBMG 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. The Company developed towards new green park cluster, continuously built the leading position in the regional industry, further formed the layout of the whole industrial chain of design, manufacturing, trade, construction, operation and maintenance, and service, and manifested the unique value advantage of the whole industrial chain and the advantage of all-round core competitiveness.

## MANAGEMENT DISCUSSION AND ANALYSIS

The property development industry drove the application of new green 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 new green building materials, real estate operation and property service industry 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 new green building materials manufacturing industry in the implementation of the “going out” strategy, the property development industry strengthened regional advantages, deepened cultivation, expanded the development pipeline, strengthened land resource reserves in core cities, dug deeper into high-quality regional markets and optimized the core layout. The industry revitalized land resources, explored new models and refined BBMG’s solutions in the fields of old community renovation, technology and cultural innovation parks, non-traditional cultural skills inheritance, and leisure and tourism resorts. Each main business supported and promoted each other, and the scale, synergy and integration advantages with the industrial chain as the core continued to be enhanced. Each business segment and upstream and downstream enterprises shared information, complemented each other’s resources and coordinated, highlighting the integration advantages. The “Four Developments” continued to enhance the new connotation of core competitiveness by shaping the development strength with integrated development, creating the development trend with the appropriate development, strengthening the development advantage with innovative development, and creating the development victory with high-quality development.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The Company highlighted the core engine of innovation, continued to strengthen the leading role of innovation, took science and technology innovation as an important strategic focus, and created a kinetic energy system in the new era. The Company built a science and technology innovation complex and a science and technology innovation ecosystem, made up for the weaknesses and sharpened strengths, broke through “bottleneck” technology, vigorously developed hard science and technology, and stimulated innovation vitality. The Company deployed the innovation chain around the industrial chain and laid out the industrial chain around the innovation chain, made up for the weaknesses and sharpened strengths. The Company vigorously developed strategic emerging industries, created cutting-edge BBMG industries, and actively cultivated innovative businesses of the Group. The Company built a new innovation model of “BBMG as the leader + small and medium-sized enterprises in concerted development” and constructed a new innovation ecology, formed a good situation of coordinated development of upstream and downstream, production, supply and marketing, and large and small enterprises”. The Company promoted the open sharing and benign interaction of “government, industry, academia, research, finance, and service”, promoted BBMG industrial investment and science and technology venture capital business, discovered and cultivated unicorns, small giants and invisible champions, and cultivated “technologically advanced” enterprises. Focusing on the cutting edge of industry, the front end of industry and the high-end of value, and guided by the market and policies, the Company firmly promoted innovation and development, enhanced new momentum of development, and reserved core competitiveness for the high-quality development of the the Company and the creation of BBMG’s characteristic cutting-edge industries. The research and development of new technologies, new products, new processes and new equipment and the completion of the results constantly injected new vitality into the transformation and upgrading of the Company. Four major science and technology projects, including Carbon Emission Reduction and Carbon Neutrality Packaged Technology Special Project (2021) and eight key technology research projects, including Research, Development and Demonstration of Material System and Products for Ultra-High Performance Decorative Concrete, were selected and refined as key research projects of the Group in 2021, and there were 28 projects in total, all of them have been launched. The relevant enterprises of the Group won 8 provincial and ministerial level science and technology awards, among which Beijing Building Materials Academy Co., Ltd. won 1 first prize of science and technology of the Ministry of Education. The Group applied for 154 patents, including 50 invention patents, and was granted 109 patents, including 15 invention patents, 11 software copyrights and 4 industry standards as the editor-in-chief. 2 enterprises were awarded the title of “technologically advanced” SMEs and 7 national high-tech enterprises were added. The Company organized 10 training sessions of BBMG Science and Technology Hall, with more than 4,000 participants from all secondary groups and related enterprises.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company continued to improve the management system of science and technology innovation, optimized the allocation of scientific and technological resources, optimized and adjusted the control mode of scientific research institutions in the Group, and strengthened the head “1” of BBMG’s “1+N+X” science and innovation complex, taking the first step to build BBMG’s science and innovation system. Focusing on the development orientation and planning objectives of each secondary group, the Company promoted the construction planning, proposal demonstration and trial operation of professional technology centers (“N”) and enterprise product R&D centers (“X”) of each secondary group, forming BBMG’s “1+N+X” science and innovation complex. The Company managed top-level design of science and technology innovation work and completed the “14th Five-Year Plan” science and technology innovation development plan with high quality. The Three-Year Action Plan for Scientific and Technological Innovation (2021-2023) was prepared, as the action program and guiding basis for the scientific and technological innovation work of the Group in the past three years.

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

The Company continued to consolidate the state-owned enterprise base of green development, practice the concept of green development and promote sustainable development. The Company insisted on being the pioneer and leader of “green, recycling and low-carbon” development, seized the strategic opportunity of carbon neutrality and carbon emissions peaking and planned a road map and action plan. The Company promoted the Beijing Beishui 100,000-ton carbon capture and utilization demonstration project, promoted the construction of “highway to railway” green supply chain in Beijing, Tianjin and Hebei, and created a zero-carbon smart transportation model with highway-railway transportation, green distribution and information sharing. The Company actively laid out zero-carbon buildings, promoted the use of clean energy, developed alternative fuels and promoted the green development of the whole process and life cycle of products. The Company built green industry chain supply chain, led green transformation of production and consumption mode, achieved pollution reduction and carbon reduction, promoted green technology innovation and carried out green design. The Company created green factories and green parks, promoted ecological restoration and green mine construction. Leveraging on our industrial advantages, the Company took the initiative to focus on the strategic positioning of Beijing as a capital, responded to the construction need of the “four centers”, and established the development concept of “lucid waters and lush mountains are invaluable assets”, transforming cement enterprises in Beijing into environmental technology companies and becoming urban infrastructure. The Company had successfully replicated our cement kiln waste co-disposal technology with independent intellectual property rights to our cement enterprises outside Beijing, demonstrated the social value of “city purifier and government helper”, and continuously strengthened the pace of green and sustainable development. The leading advantage brought by green transformation continuously enhanced the core competitiveness of the enterprise. The Company played a pioneering role in the

## MANAGEMENT DISCUSSION AND ANALYSIS

green Beijing “carbon neutrality and carbon emission peaking” action, complied the Group’s 14th Five-Year Plan for carbon emission reduction, carried out the research on the roadmap of carbon emission peaking and carbon neutrality countermeasures, and set the general idea and promotion direction for carbon emission peaking and carbon neutrality work in the 14th Five-Year Plan and even in the longer term. The Company formulated the BBMG Group Carbon Capture and Utilization and Storage Work Ideas to clarify the phased work objectives, carbon reduction technology list and carbon capture and utilization and storage technology routes for the environmental protection enterprises in Beijing.

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

The industry-finance integration supports and promotes the development of various main businesses of the Company. The Company has been increasing cooperation with key financial institutions, innovating financing management, expanding financing channels and reducing financing costs. BBMG Finance and BBMG Finance Lease under the Company, built a capital platform to improve the overall capital operation efficiency, broaden the financing pipeline and prevent capital risks, realized the organic integration of industrial capital and financial capital, played the role of a platform for listed companies, improved the overall financing efficiency and continuously consolidated the financial foundation for the healthy and sustainable development of the Company. The Company steadily improved financing support capacity and made good overall control of the Group’s financing. In the first half of 2021, in order to reduce the impact of the pandemic, the Company increased its cooperation with financial institutions, suppressed financing costs, realized low-interest financing, replaced or reduced part of the high-interest financing. As a result, the Company’s financing costs in the first half of the year hit the lowest level in recent years, saved finance costs, and reduced new financing costs by 77 basis points year-on-year; the financing structure was more optimized, with the proportion of long-term financing increasing by 3 percentage points.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The Company highlight leading corporate culture and enhance 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 cultivate the culture of innovation. The Company will not forget its original intention and will forge ahead, work hard, face up to difficulties, seize the first opportunity, lay a new situation, lay the foundation for a good start of the 14th Five-Year Plan with excellent performance and strive to create a new situation of high-quality development of BBMG Group. BBMG culture is the summation of the experience of several generations of BBMG people who worked hard, and it is highly compatible with the common pursuit of career and humanistic ideals of the cadres and workers in the system, which is the spiritual support and powerful driving force for the sustainable development of BBMG. The brand “BBMG” has been continuously awarded as a famous trademark in Beijing and ranked 65th in the list of “China’s 500 Most Valuable Brands” in 2021 (the 18th edition). The good brand awareness and reputation have shaped a good cultural atmosphere and intellectual support for creating a new situation of high-quality development of BBMG.

## MANAGEMENT DISCUSSION AND ANALYSIS

### POSSIBLE RISKS FACED BY THE COMPANY

#### 1. External environment risk

The current external environment for development remains complex. The Company is confronted with many challenges to promote the continuous growth of the national economy. From an international perspective, the global pandemic situation continues to evolve, there are risks and divergence in the world economic recovery, and the spillover effect of easing policies in developed economies is obvious. The international political and economic situation has become more volatile, the external environment is still complex and severe. From the domestic perspective, economic recovery is still unbalanced, domestic demand growth momentum is weak, the price of the bulk commodity is under increased pressure, the production and operation of small and micro enterprises face more difficulties. There are weakness in people's livelihood protection, the uncertainty and instability factors in economic operation cannot be ignored and further efforts are required for consolidating the foundation of sustained and stable economic development. As China continues to consolidate and expand the integrated promotion of pandemic prevention and control and economic and social development and implement macro policies in a strong and effective way, China's economy continues to recover steadily, showing a steady reinforcement, stable and positive trend with macro indicators in a reasonable range. Supply-side structural reform has been deepening, and positive progress has been made in promoting high-quality development. However, the rebound of overseas pandemic and the recurrence of local pandemic at home will continue to bring certain pressure on macroeconomic and social development, and the external risk challenges of the Company's future development remain on a long-term basis.

Countermeasures: the Company will accurately grasp the new development stage, deeply understand the new features and requirements of the current development, and objectively understand the new opportunities and challenges faced. The Company will raise the awareness of opportunities, worries and risks of development, enhance bottom-line thinking, and adhere to strategic leadership. The Company will spot changes accurately, respond to changes scientifically and seek changes, cultivate new opportunities in the crisis, open new innings in the changes, and maintain strategic determination. The Company will adhere to the system concept, deeply implement the new development concept and accelerate the construction of a new development pattern. Focusing on the three major changes of quality, efficiency and power, the Company will continue to build new intelligence, new quality and new ecology of BBMG, strengthen forward-looking thinking, region-wide planning and strategic layout, grasp the strategic opportunities in the new development pattern of double cycle, carefully study and plan the development path, and adhere to the organic unity of target-oriented and result-oriented. The Company will deepen the implementation of the Group's "Four Development" strategy, coalesce the development synergy and further enhance the core competitiveness. The Company will build



## MANAGEMENT DISCUSSION AND ANALYSIS

a new era industrial system with integrated development, build the main position of BBMG value with appropriate development, build a new era kinetic energy system with innovative development, and build a new era control system with high-quality development.

The Group grasps the “new infrastructure, new urbanization initiatives and major projects” development opportunity, makes every effort to serve the coordinated development of Beijing, Tianjin and Hebei, the construction of Beijing’s urban sub-center, Xiong’an New Area and the Winter Olympics, and to strengthen the regional strategic support. In serving the “four centers” with “Four Developments”, serving the construction of an international first-class harmonious and livable city and serving the “five sons” of the capital, the Company plays a pioneering role as a pioneer of state-owned enterprises in the capital and create a new pattern of high-quality development and create a new pattern of high quality development. The Company accelerates the implementation of a number of major support projects in the 14th Five-Year Plan, such as carbon neutrality and carbon emission peaking, science and technology innovation, cultural and creative parks, and green supply chain, to create new engines of development in market-oriented reform, science and technology innovation, green and low-carbon development, and capital market support, so as to seize new heights of development and grasp the initiative of development. The Company implements the three-year action of reforming state-owned enterprises to enhance the power of endogenous development, promote the action of three lowering, one reduction and one improvement to promote overall quality and efficiency, and carry out the action of benchmarking world-class to achieve lean management, enhance foresight and initiative, optimize the structure and industrial layout of the main business, make good use of the national policies and windows for pandemic prevention and control, growth stabilization, carbon neutralization and digital transformation, take advantage of the core business of new green building materials, seize the demand for economic recovery and inelastic growth, seize the first opportunity, follow the trend and win the market, promote the growth of new green building materials such as cement, expand the new trade service industry and new models and new paths. The Company promotes new breakthroughs in science and innovation industries, and build a highly sophisticated industrial structure. Meanwhile, the Company will do its best to strengthen its main business, namely real estate business, and achieve high-quality and large-scale development. The Company will promote the real estate business to plow deeper into the areas already laid out, expand national strategic areas such as the Guangdong-Hong Kong-Macao Bay Area and Hainan Free Trade Port, strive to tap into the strategic orientation of the integrated development of city clusters and metropolitan areas, focus on core areas, expand the development pipeline, effectively control risks, continuously improve product quality, tap into corresponding market demand after the pandemic, and deeply expand urban renewal services to lay a solid foundation for the “14th Five-Year Plan”.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Policy risk

The development of the cement and real estate industry is directly affected by macroeconomic development and national macro-control policies. In the long term, the 14th Five-Year Plan defines the medium- and long-term economic goals and reform directions, and economic policies will be implemented in the fields of industrial upgrading and transformation, balanced income growth, coping with population aging, carbon peaking and carbon neutral, capital market reform, etc. to further promote high-quality economic development. As the current economic recovery has not yet fully reached the normalized level, the domestic economy is recovering unevenly and on an unstable basis, especially in the context of the still existing risk of pandemic and the still large uncertainty of the external macroeconomic environment, the domestic economy may face certain downward pressure.

The problem of serious overcapacity in the cement industry is still not fundamentally solved. From the country's insistence on the implementation of supply-side structural reform and high-quality development policies, the Company will continue to implement stricter policies to eliminate backward production capacity and environmental control. Especially before the Winter Olympics, safety, environmental protection policy constraints in Beijing, Tianjin, Hebei and surrounding areas will become more stringent. Shutdown and production restrictions will bring a greater impact on the core regional industries. Carbon emission peaking, carbon neutrality and related policy measures and action requirements, coal and electricity reduction, energy double control, transport structure adjustment and other industrial policies will continue to strengthen the constraints on the cement industry. It remains the main objective for cement enterprises to achieve green transformation and upgrading, and sustainable development in accordance with the requirements of supply-side structural reform.

The real estate industry adheres to the policy of "houses are for living in, not for speculative investment" and continues the policy of "city-specific measures", improve and execute the supply-side policy. Policies about two concentrations of land supply of key cities were released, requiring an increase in the supply of housing land for residential purposes. At the same time, in the context of the central government's emphasis on implementing a good prudent management system for real estate finance and preventing and resolving financial risks, real estate finance regulation remains strict. Industry regulation continues to increase, and market competition and policy risks further increase. Moreover, in the "two concentrations" land supply implemented for the first time this year, high land prices emerge frequently. The yield of future real estate projects will further decline and the operating risks will further increase.

## MANAGEMENT DISCUSSION AND ANALYSIS

Countermeasures: Cement enterprises face both opportunities and challenges. With the supply-side structural reform as the main line, the Company will continue to strengthen strategic thinking, make in-depth study of national policies and industry situation, seize opportunities, practice the new development concept, and continuously improve core competitiveness. The Company should seize the opportunity of the opening of the 14th Five-Year Plan, the opportunity of the large domestic cycle, the opportunity of leading in science and technology innovation, and the opportunity of rationalizing the cost of raw materials. With the goal of being an international first-class modernized and specialized large-scale cement enterprise group, the Company will build a development layout of “one core, two wings and multiple points” and actively plan the strategic integration of external resources, integrate industrial resources through capital operation, strategic cooperation, mergers and acquisitions, etc. to improve the competitiveness of industrial chain and risk resistance, further enhance the discourse and control power in the northern regional market. Moreover, the Company will accelerate the replacement of advanced production capacity, promote the optimization and upgrading of production capacity structure, create a benchmark for advanced manufacturing industry, accelerate the integration and development of new generation information technology and manufacturing industry, accelerate digital transformation, and take industrial internet as an effective means to build BBMG’s intelligent industrial ecology. Meanwhile, the Company will accelerate all-round, all-angle, all-chain and all-factor digital transformation, promote the development of new models and new business modes such as intelligent manufacturing, networked collaboration, personalized customization, service-oriented extension and digital management, implement typical application scenarios, realize fundamental changes in production methods and industrial forms, and quality service-oriented manufacturing demonstration, realize the advanced industrial base, modernize the industrial chain, and release the new vitality of the digital economy. The Company will continue to grow the green environmental protection industry, to become the largest waste-free city in Beijing, Tianjin and Hebei region, green low-carbon urban environmental services integrated solutions provider and operation service provider so as to actively build a green, low-carbon and recycling modern industrial system.

The real estate business should correctly handle the “six relationships” and continue to work on “controlling risks, striving for profits and grasping key points” to achieve strict control of risks and sound development. The Company should properly understand the advent of the era of real estate stock, grasp the future development paths and methods of the real estate industry in the direction of urban renewal, subsidized rental housing and public rental housing on collective land, follow the trend, shift from creating space products to improving space services, further improve our professional capabilities and cultivate a strong team in order to meet the future real estate market demand. The real estate business will continue to choose a stable and high-quality development model, continue to focus on metropolitan areas and central cities as the core, insist on focusing on high-energy urban areas, and achieve economies

## MANAGEMENT DISCUSSION AND ANALYSIS

of scale and brand effects of management through deep regional cultivation; at the same time, the Company will promote the construction of operation management system and improve project operation efficiency; take “product power enhancement” as the focus, and continue to improve core competitiveness. Meanwhile, the Company will strengthen the innovation of cost system and establish advanced cost control mode. Relying on the Group’s advantages in green building materials product integration, the Company will lead green building product innovation with green health and enhance the core competitiveness of BBMG Real Estate’s high-quality residential space services.

### **3. Risk of capital operation**

The COVID-19 pandemic has an extremely far-reaching impact on the global macroeconomy and monetary policy. The global economy is gradually recovering, and inflation expectations have risen due to the ultra-loose monetary policies in developed economies. The pressure of currency depreciation and capital outflow in emerging economies has increased, and the risk of debt repayment and refinancing has risen. The imbalances in the recovery process have come to the fore, increasing the uncertainty of the economic recovery, impacting the future global financial environment and increasing the volatility of global financial markets. Although China maintained a stable overall financial policy and the central bank’s monetary policy was generally sound in the first half of 2021, there is no basis for long-term inflation or deflation, but the financing environment continues to tighten, local fiscal revenue and expenditure contradictions are prominent, and regional financial risk potential still exists. The Company will deepen the reform of state-owned enterprises, tighten the enterprise operation index system, improve quality and efficiency, and strengthen the two interest rates and four rate indicators, further strengthening the control of corporate indebtedness. The Ministry of Housing and Construction’s three red line policy, and the implementation of prudent management system for real estate finance, coupled with continued pressure on the use of funds in the real estate industry will test the financing and management operation capabilities of real estate enterprises. The Company is in the opening year of the 14th Five-Year Plan’s high-quality development and needs sufficient capital to maintain daily operations and meet future development, and still needs to continuously expand innovative financing channels and modes.

## MANAGEMENT DISCUSSION AND ANALYSIS

Countermeasures: The Company will actively study and grasp the policy guidance of financial services for the real economy and supply-side structural reform, play the role of the platform of the finance company, strengthen financial market research, play the function of centralized fund management, integrate internal and external financial resources, make full use of the advantages of the platform, expand the investment and financing pipeline, strengthen liquidity management, actively and steadily use financial tools, prevent and control financial risks, and strive to solve the difficult problems of corporate financing, resolve capital risks, promote the integration of production and finance, and provide strong financial guarantee for the high-quality development of the Group. The Company will reduce capital deposits, improve the efficiency of capital allocation, achieve the goal of saving financing costs and settlement costs and transaction costs, ensure the safety and stability of the Company's capital chain; fully utilize the financing platform of the listed company to raise development funds; give full play to the platform function and advantageous role of the finance company and financial leasing company. The Company will make use of science and technology innovation fund, promote asset securitization, and escort the overall capital operation of the Company.

#### 4. Market competition risk

China's cement production has been running at a high plateau for many years, the industry has gradually entered a mature period. Cement demand will remain basically stable or have a small decline. The main contradiction of serious overcapacity in the cement industry has not essentially changed, and the contradiction between supply and demand is prominent, which become a bottleneck plaguing the healthy development of the cement industry market. With profound changes in the macro situation, industry self-regulation is stuck in the bottleneck period and become a hidden danger to the healthy development of the industry. The real estate market enters a period of slow growth. Under the main keynote of the "houses are for living in, not for speculative investment" control policy and the transition from incremental development to the stock, the construction speed and growth slows down. Ecological and environmental protection and resource constraints tend to be stricter. Carbon emission peaking and carbon neutrality target accelerate the pace of green transformation of cement enterprises, while cement plays an important role in the large domestic cycle with promising market demand. The implementation of major development strategies such as Beijing-Tianjin-Hebei Synergistic Development, Xiong'an New Area, urban sub-center and new development of the capital will continue to support the incremental demand for cement in the core area of the Company in the range of 7-10 million tonnes per year, providing a stable growth space for regional cement and aggregate market demand. The imminent inclusion of cement and other industries into the national carbon emission trading will have a significant and far-reaching impact on China's cement industry and its operation. The continuous release of the effect of the Company's strategic restructuring has further improved the core regional market order of the cement main industry, but some core competitiveness and resilience of the Company's enterprises are

## MANAGEMENT DISCUSSION AND ANALYSIS

weak and are at a disadvantage in the market competition. The intensification of competition in the real estate industry put forward higher requirements for product and service quality.

Countermeasures: The Company will adhere to the four developments, take innovation-driven, management reform, transformation and upgrading as the driving force, strengthen strengths and improve weakness, grow the main cement industry, refine industrial chain integration, optimize the environmental protection industry, accelerate digital and intelligent transformation, continuously improve market competitiveness, economic efficiency generation, scientific and technological innovation and risk resilience, and accelerate the establishment of an international first-class modernized and specialized large-scale cement industry group. The Company will optimize industrial layout, enhance resource reserves, expand capacity scale, adjust industrial structure, and enhance market control in core regions. With Beijing, Tianjin and Hebei as the core, the Company will build a new pattern of “one core, one body, two wings, and multiple points”, continue to consolidate the value highland of North China in the core area of Beijing, Tianjin and Hebei, enhance sustainable competitiveness, cultivate and expand environmental protection industry, promote green transformation of cement industry, establish a new model of low-carbon development of cement, implement carbon resource utilization strategy, develop carbon capture and resource utilization technology, and actively plan for carbon emission trading. The Company will seize development opportunities and build a green development chain, consolidate the advantages of industrial chain, enhance the ability of resource integration, solidify the foundation of sustainable development, and build a lighthouse factory. The real estate business should follow the market trend, focus on market and customer needs, continuously improve product competitiveness, enhance professional control, accelerate the revitalization of self-owned land resources, deepen cultivation of key cities, take advantage of the synergy of the Group’s vertically integrated industrial chain, reduce operating costs, and improve product service quality and market influence.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group’s total assets amounted to approximately RMB278,663.4million, representing a decrease of approximately 4.4% from the beginning of the Reporting Period, which comprised total liabilities of approximately RMB185,206.9 million, minority interests of approximately RMB31,408.5 million and total equity attributable to the shareholders of the parent company of approximately RMB62,048.0 million. As at 30 June 2021, total shareholders’ equity amounted to approximately RMB93,456.5 million, representing a decrease of approximately 1.1% from the beginning of the Reporting Period. As at 30 June 2021, the Group’s net current assets were approximately RMB51,817.9 million, representing a decrease of approximately RMB12,041.4 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 66.5%, representing a decrease of approximately 1.1 percentage points from the beginning of the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2021, the Group's cash and bank balances amounted to approximately RMB21,503.9 million, representing a decrease of approximately RMB7,140.0 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, corporate bonds, short-term financing bonds, medium-term notes and banking facilities provided by its principal bankers in the PRC. As at 30 June 2021, the Group's interest-bearing bank borrowings amounted to approximately RMB64,593.7 million (as at 31 December 2020: RMB74,438.0 million) which bore fixed interest rates and were all denominated in Renminbi. Among these borrowings, approximately RMB36,189.6 million interest-bearing bank borrowings were due for repayment within one year, representing a decrease of approximately RMB471.0 million from the beginning of the Reporting Period. Approximately RMB28,404.1 million interest-bearing bank borrowings were due for repayment after one year, representing a decrease of approximately RMB9,373.2 million from the beginning of the Reporting Period. The Group's interest-bearing bank borrowings were all denominated in RMB.

During the Reporting Period, the Company entered into cooperation agreements with various banks to obtain credit facilities. As at the end of the Reporting Period, the Company was granted total bank credit facilities of approximately RMB126,856.4 million and drew down borrowings of approximately RMB64,044.5 million in Mainland China. Unutilized credit facilities was approximately RMB62,811.9 million. As at the date of this report, no bonds interests of the Company for the current period had not been paid as scheduled, not been fully paid and was payable but yet to be paid. During the Reporting Period, the interests of other bonds and debt financing instrument of the Company had been fully settled as scheduled in accordance with the contract or relevant agreement and no event of default have occurred. The Company has sufficient capital for its operation. As at 30 June 2021, the Group had no future plans for material investments or capital assets.

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

### **ENVIRONMENTAL PROTECTION**

During the Reporting Period, the Company conducted production and operation in strict compliance with the requirements under the national laws and regulations in respect of environmental protection.

In 2021, all key emission units of the Company and its important subsidiaries continued to thoroughly implement Xi Jinping's thought of ecological civilization and practice the new development concept. Adhering to the management concept of "protection first, comprehensive treatment and green development", in accordance with the "holding bottom line, strengthening responsibility, and attaching great importance to action", the Company implemented relevant laws and regulations, standard requirements in an all-around way, carried out "one certificate" management over emissions permit and discharge pollutants according to the law and certificate. Focusing on the development of environmental standardization, the Company improved the environment management ability and pollution prevention and control level, enhanced the environmental risk prevention and control ability and effectively promoted the sustainable healthy and green development of the Company through the implementation of the main responsibility as an environment entity, assistance in key areas, supervision and inspection and continuous improvement.

The Group actively developed green factories, green products, green supply chains and green mines; set up a special team to promote the work of "carbon neutrality and carbon emission peaking" and put the carbon capture transformation project of Beijing BBMG Liushui Environmental Protection Technology Co., Ltd. into trial operation; BBMG Jidong Mining Construction Products "Highway to Railway" Green Train to Beijing was officially available to the public; in accordance with the concept of "city purifier and government helper", the Company accelerated the construction of co-disposal projects and added 357,000 tonnes of co-disposal capacity in the first half of 2021, reaching an annual disposal scale of 3.1 million tonnes. The Company actively dovetailed with the environmental governance of Xiong'an New Area, made use of various solid waste disposal facilities, took advantage of the industrial layout, further explored the diversified disposal capacity of hazardous waste, sludge, domestic waste, contaminated soil, etc., and strove to serve the construction of Xiong'an New Area as



## MANAGEMENT DISCUSSION AND ANALYSIS

a “waste-free city”. The Company actively carried out the responsibilities of state-owned enterprises, quickly accepted the government’s environmental emergency response tasks, and actively accepted the local environmental emergencies and hazardous chemical emergency rescue tasks. In the first half of the year, a total of 43 environmental emergencies were handled.

During the Reporting Period, the Group significantly improved energy utilization efficiency of various business segments by continuously enhancing energy-saving and carbon-reducing renovations, applying various types of high-efficiency energy-saving technologies and equipment, and continuously strengthening energy-saving management, so that the carbon dioxide emission intensity per unit reduced as compare to the corresponding period of last year.

The cement industry has formulated and implemented the “BBMG Jidong Cement Production Technology Improvement Plan”, and has focused on promoting energy-saving and consumption-reducing technical improvements with key equipment upgrades as the core, and orderly promoting fuel substitution technologies such as co-disposal of biomass waste and solid waste with calorific value through comprehensive measures such as cultivating excellent enterprises (“cultivating excellence”) and keeping abreast with world-class management improvement actions, so as to continuously improve fuel substitution rate and reduce the carbon emission intensity per ton of clinker on a year-on-year basis.

The energy-saving rates of residential buildings, public buildings and industrial buildings invested and constructed have always been at the forefront of the energy-saving design standards of the buildings in the regions where they are located; for self-owned residential communities and public buildings, in addition to green operation and management, the Group actively promoted heating and power supply and demand coupling and intelligent regulation and upgrading. Through the above measures, the Group’s building energy consumption per unit area has decreased year-on-year and the quality of the living environment has been continuously improved.

The Group has arranged the formulation of a special carbon neutrality plan for the 14th Five-Year Plan, and put forward carbon neutrality technology options, development paths and relevant deployment proposals for the Group and the cement segment. The Group will take more vigorous measures to reduce emissions and carbon, and practice the social responsibility of state-owned enterprises in the capital in depth.

In the Group’s “Three-Year Action Plan for Science and Technology Innovation” and the Group’s key science and technology projects in 2021, a special project for carbon emission reduction and carbon neutrality technology has been arranged.

## MANAGEMENT DISCUSSION AND ANALYSIS

**DISCLOSEABLE TRANSACTIONS DURING THE REPORTING PERIOD**

On 31 March 2021, the Company entered into the Amalgamation and Merger Agreement with Tangshan Jidong Cement Co., Ltd. (“**Jidong Cement**”) and BBMG Jidong Cement (Tangshan) Company Limited (the “**JV Company**”, owned directly as to 47.09% and 52.91% by the Company and Jidong Cement respectively as at the date of the agreement), pursuant to which, the JV Company will amalgamate and merge with Jidong Cement such that all the assets and liabilities of the JV Company will be consolidated into Jidong Cement upon completion. Jidong Cement will issue the consideration shares to the Company as the consideration for the 47.09% equity interests directly held by the Company in the JV Company. For details of above discloseable transactions, please refer to the announcements of the Company dated 31 March 2021 and 25 June 2021.

**COMMITMENTS**

	<i>As at</i> <b>30 June 2021</b> <i>(Unaudited)</i>	Unit: RMB As at 31 December 2020 (Audited)
Asset acquisition or construction contracts entered into but not completed	<b>308,414,181.29</b>	1,086,398,279.13
Property development contracts entered into and being executed or will be executed	<b>7,435,415,292.26</b>	7,261,767,509.25
	<b>7,743,829,473.55</b>	8,348,165,788.38

**CONTINGENCIES**

		<i>As at</i> <b>30 June 2021</b> <i>(Unaudited)</i>	Unit: RMB As at 31 December 2020 (Audited)
Provision of guarantee on mortgage to third parties	Note 1	<b>9,644,676,907.56</b>	9,895,528,540.97
Provision of guarantee on loans and others to third parties	Note 2	<b>910,000,000.00</b>	935,000,000.00
		<b>10,554,676,907.56</b>	10,830,528,540.97

## MANAGEMENT DISCUSSION AND ANALYSIS

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

Note 2: Jidong Group, a subsidiary of the Group, provided guarantee on the borrowings of RMB910,000,000.00 for Tangshan Culture & Tourism Investment Group Co., Ltd. (唐山市文化旅游投資集團有限公司). The Guarantee will expire on 21 May 2029.

### PLEDGE OF ASSETS

As at 30 June 2021, certain of the Group's inventories, fixed assets, investment properties, land use rights and equity interest totaling approximately RMB36,107.3 million (as at 31 December 2020: RMB49,487.2 million) were pledged or mortgaged to secure the short-term and long-term loans of the Group, which accounted for approximately 13.0% of the total assets of the Group (as at 31 December 2020: 17.0%).

### EMPLOYEES

As at 30 June 2021, the Group had 46,678 employees in total (as at 31 December 2020: 47,405). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB3,263.8 million (for the six months ended 30 June 2020: RMB2,649.0 million), representing an increase of approximately 23.2%. The Group provides its employees in the PRC with retirement insurance, medical insurance, unemployment insurance, maternity insurance and industrial injury insurance as well as a housing provident fund pursuant to PRC laws and regulations. The Group pays salaries to its employees based on a combination of factors such as their positions, lengths of service and work performance, and reviews these salaries and benefits on a regular basis.

### RISK MANAGEMENT

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

## 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.

### **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

For details of any substantial acquisition or disposal of subsidiaries, associates or joint ventures conducted by the Group that were required to be disclosed during the Reporting Period please refer to the section headed "DISCLOSEABLE TRANSACTIONS DURING THE REPORTING PERIOD" above.

### **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 2021, 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 Center ("Beijing SCOM Center") (Note 1)	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 1)	Held by controlled corporation	4,797,357,572	57.53	44.93
H Shares	Ouyang Jieliang	Direct beneficial owner	214,500,000	9.17	2.01

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

Save as disclosed above, as at 30 June 2021, 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 2021, the interests or short positions of the Company's Directors, supervisors or chief executive in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register of interests maintained by the Company, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

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

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 2021, 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 2021. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

## OTHER INFORMATION

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

The Group did not sell, repurchase or redeem any of the securities of the Company during the six months ended 30 June 2021.

### **CORPORATE GOVERNANCE CODE**

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

### **BOARD COMPOSITION**

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

As the term of the fifth session of the Board of the Company has expired at the 2020 annual general meeting (the **"2020 Annual General Meeting"**) held on 12 May 2021, a general election should be held in accordance with the "Articles of Association" of the Company, the directors of the Company have been elected or re-elected by the shareholders of the Company at the 2020 annual general meeting to constitute the sixth session of the Board of the Company. The term of the sixth session of the Board will be for the period commencing from the conclusion of the 2020 Annual General Meeting and expiring on the date of the 2023 Annual General Meeting of the Company. For the details of election or re-election of directors to constitute the sixth session of the Board of the Company, please refer to the announcements dated 25 March 2021 and 12 May 2021.

### **INVESTOR RELATIONS MANAGEMENT**

The Group strongly believes that investor relations are an integral part of maintaining good corporate governance of a listed company. During the Reporting Period, the Group has been actively maintaining contact with investors and keeping them abreast of the industry updates, corporate information and business development in a timely manner, so as to establish a platform for fair, open and transparent information disclosure. The Board Secretary, Zheng Baojin, is responsible for the investor relations of the Group with the full support from the Board and the senior management. During the six months ended 30 June 2021, the Group actively participated in various investor relations activities and provided real-time information to investors through its company website.

## OTHER INFORMATION

### 1. Investor Forums and Conferences

During the six months ended 30 June 2021, the Group held a number of investors' online briefing on the results and telephone presentations, and actively organized one-on-one and group meetings with fund managers and analysts in various regions. During the Reporting Period, the Group has met with various analysts, fund managers and financial commentators and maintained close communications with institutional investors, providing them with up-to-date information about the Group.

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

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

### 3. Results and Profit Alert Announcements

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

### 4. Maintaining Interactive Communications with Media

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

### 5. Timely Dissemination of Latest Corporate Updates

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



## OTHER INFORMATION

### INVESTOR INFORMATION

#### 1. Share Particulars

##### *H Shares*

Listing date	29 July 2009
Stock Exchange	Hong Kong Stock Exchange
Board lot	1,000 shares
Number of issued H Shares	2,338,764,870 shares (as at 30 June 2021 and 24 August 2021)
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 2021 and 24 August 2021)
Stock code	601992.SH

#### 2. Financial Calendar

2020 annual results announcement	published on 25 March 2021
2021 first quarterly results announcement	published on 29 April 2021
2021 interim results announcement	published on 24 August 2021
2020 Annual General Meeting	held on 12 May 2021
Closure of register of H shares members to determine the eligibility of shareholders to attend the 2020 Annual General Meeting	7 May 2021 – 12 May 2021
Financial year end	31 December

#### 3. Dividends

2020 final dividends	RMB0.06 per share (inclusive of applicable tax) (or equivalent to HK\$0.0722 per H share)
Closure of register of H shares members to determine the entitlement of shareholders to the 2020 final dividends	22 May 2021 – 27 May 2021
Payment of 2020 final dividends of H shares	9 July 2021

## OTHER INFORMATION

For any queries, please contact:

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### **AUDIT COMMITTEE**

The Company has established the Audit Committee pursuant to the provisions of the Listing Rules, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of two non-executive Directors and five independent non-executive Directors. At the meeting convened on 24 August 2021, the Audit Committee had reviewed the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2021. The Audit Committee has considered the Group's internal audit report for the first half of 2021, reviewed the accounting principles and practices adopted by the Group, considered the Group's financial statements for the first half of 2021 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), Ms. Li Xiaohui (independent non-executive Director), Mr. Hong Yongmiao (independent non-executive Director) and Mr. Tan Kin Fong (independent non-executive Director). Ms. Li Xiaohui is the chairman of the Audit Committee.

### **AUDITORS**

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

## Review Report on Interim Financial Statements



Ernst & Young Hua Ming (2021) Zhuan Zi No. 60667053\_A16

### To the shareholders of BBMG Corporation:

We have audited the accompanying financial statements of BBMG Corporation, which comprise the consolidated and company balance sheets as at 30 June 2021, and the consolidated and company income statements, the statements of changes in equity and the statements of cash flows for the six-month period ended 30 June 2021 and the notes to the financial statements (hereinafter collectively, the “**Interim Financial Statements**”). The management of BBMG Corporation is responsible for the preparation of the Interim Financial Statements, while we are responsible for the presentation of a review report on the Interim Financial Statements based on our review

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

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

### Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: **Meng Dong**

Chinese Certified Public Accountant: **Meng Jia**

Beijing, the PRC

24 August 2021

# Unaudited Interim Consolidated Balance Sheet

As at 30 June 2021

RMB

Assets	Note V	30 June 2021	31 December 2020 Audited
<b>Current assets</b>			
Cash and bank balances	1	<b>21,503,888,007.60</b>	28,643,885,532.33
Financial assets held for trading	2	<b>1,123,809,720.27</b>	1,117,646,125.53
Bills receivable	3	<b>869,391,910.10</b>	909,259,922.98
Accounts receivable	4	<b>8,936,185,497.60</b>	7,658,458,756.67
Financing receivables	5	<b>3,541,720,631.71</b>	5,588,223,348.91
Prepayments	6	<b>2,307,125,632.08</b>	2,645,477,546.87
Other receivables	7	<b>7,492,554,122.83</b>	7,484,804,994.29
Inventories	8	<b>116,938,183,574.21</b>	120,593,127,695.50
Contract assets	9	<b>27,877,072.14</b>	14,420,557.17
Other current assets	10	<b>7,510,912,981.06</b>	8,014,327,688.54
<b>Total current assets</b>		<b>170,251,649,149.60</b>	182,669,632,168.79
<b>Non-current assets</b>			
Debt investments	11	<b>781,245,314.68</b>	782,487,853.43
Long-term receivables	12	<b>1,071,362,537.73</b>	1,078,930,249.19
Long-term equity investments	13	<b>3,842,149,619.76</b>	3,968,159,006.99
Investment in other equity instruments	14	<b>552,958,467.13</b>	580,376,487.41
Investment properties	15	<b>31,246,025,532.37</b>	30,683,800,071.02
Fixed assets	16	<b>42,566,397,833.97</b>	43,714,448,132.60
Construction in progress	17	<b>3,403,048,648.72</b>	2,460,432,841.95
Right-of-use assets	18	<b>699,249,885.38</b>	749,141,531.87
Intangible assets	19	<b>15,873,803,487.70</b>	16,194,424,420.83
Goodwill	20	<b>2,434,873,983.05</b>	2,461,468,983.05
Long-term deferred expenditures	21	<b>1,474,134,754.85</b>	1,443,003,731.69
Deferred income tax assets	22	<b>4,034,381,245.47</b>	4,166,680,247.77
Other non-current assets	23	<b>432,151,872.77</b>	399,397,663.31
<b>Total non-current assets</b>		<b>108,411,783,183.58</b>	108,682,751,221.11
<b>Total assets</b>		<b>278,663,432,333.18</b>	291,352,383,389.90

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Consolidated Balance Sheet (continued)

As at 30 June 2021

RMB

Liabilities and equity attributable to shareholders	Note V	30 June 2021	31 December 2020 Audited
<b>Current liabilities</b>			
Short-term loans	24	<b>27,255,747,252.70</b>	30,823,388,385.20
Financial assets sold under agreements to repurchase	25	<b>754,000,000.00</b>	–
Bills payable	26	<b>3,066,409,060.20</b>	1,779,326,807.47
Accounts payable	27	<b>16,431,452,986.72</b>	18,082,453,566.59
Receipts in advance	28	<b>323,668,992.22</b>	305,227,873.47
Contract liabilities	29	<b>32,516,546,969.26</b>	28,906,318,019.79
Wages payable	30	<b>254,056,468.96</b>	429,985,557.03
Tax payable	31	<b>1,986,971,856.46</b>	2,628,117,672.26
Other payables	32	<b>7,583,032,342.45</b>	7,895,565,971.72
Non-current liabilities due within one year	33	<b>15,071,233,215.18</b>	14,967,779,666.16
Short-term financing bonds payable	36	<b>3,000,000,000.00</b>	1,599,273,452.96
Other current liabilities	34	<b>10,190,587,959.60</b>	11,392,807,052.69
Total current liabilities		<b><u>118,433,707,103.75</u></b>	<u>118,810,244,025.34</u>
<b>Non-current liabilities</b>			
Long-term loans	35	<b>28,404,089,263.89</b>	37,777,329,363.48
Bonds payable	36	<b>29,905,847,726.15</b>	31,571,846,083.37
Lease liabilities	37	<b>414,761,977.05</b>	458,329,649.60
Long-term payables	38	<b>18,662,220.69</b>	19,162,220.69
Long-term wages payable	39	<b>527,004,946.57</b>	529,547,335.17
Accrued liabilities	40	<b>711,518,394.22</b>	824,802,495.37
Deferred income	41	<b>802,163,187.58</b>	832,750,925.25
Deferred income tax liabilities	22	<b>5,980,234,621.00</b>	6,063,184,435.98
Other non-current liabilities	42	<b>8,949,590.79</b>	9,000,000.00
Total non-current liabilities		<b><u>66,773,231,927.94</u></b>	<u>78,085,952,508.91</u>
Total liabilities		<b><u>185,206,939,031.69</u></b>	<u>196,896,196,534.25</u>

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Consolidated Balance Sheet (continued)

As at 30 June 2021

RMB

Liabilities and equity attributable to shareholders	Note V	30 June 2021	31 December 2020 Audited
<hr/>			
Equity attributable to shareholders			
Share capital	43	10,677,771,134.00	10,677,771,134.00
Other equity instruments	44	14,526,000,000.00	16,522,000,000.00
Including: Perpetual bonds		14,526,000,000.00	16,522,000,000.00
Capital reserve	45	5,831,608,610.27	6,169,149,696.05
Other comprehensive income	46	575,633,238.38	447,195,933.08
Specific reserve	47	64,881,898.59	51,385,977.58
Surplus reserve	48	2,263,251,151.05	2,263,251,151.05
General risk reserve	49	457,650,791.76	457,650,791.76
Retained earnings	50	<u>27,651,154,076.98</u>	<u>26,787,531,577.50</u>
Total equity attributable to the shareholders of the parent company		<u>62,047,950,901.03</u>	63,375,936,261.02
Minority interests		<u>31,408,542,400.46</u>	<u>31,080,250,594.63</u>
Total equity attributable to shareholders		<u>93,456,493,301.49</u>	<u>94,456,186,855.65</u>
Total liabilities and equity attributable to shareholders		<u>278,663,432,333.18</u>	<u>291,352,383,389.90</u>

The financial statements have been signed by:

Legal representative:  
**Zeng Jin**

Chief accountant:  
**Li Li**

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

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Consolidated Income Statement

For the six months ended 30 June 2021

RMB

	Note V	January to June 2021	January to June 2020
Operating revenue	51	<b>57,713,656,876.27</b>	40,928,098,134.64
Less: Operating costs	51	<b>47,618,279,096.79</b>	31,513,755,189.53
Tax and surcharges	52	<b>806,539,225.36</b>	797,689,781.43
Selling expenses	53	<b>1,516,797,922.84</b>	1,302,239,165.35
Administrative expenses	54	<b>3,008,828,902.65</b>	2,860,480,846.42
Research and development expenses	55	<b>179,590,663.30</b>	138,524,427.00
Finance costs	56	<b>1,363,664,870.30</b>	1,694,837,346.02
Including: Interest expense		<b>1,363,388,158.02</b>	1,757,088,862.95
Interest income		<b>86,343,253.25</b>	253,487,917.73
Add: Other gains	57	<b>369,908,307.33</b>	285,851,134.84
Investment gains	58	<b>353,176,232.00</b>	211,678,187.29
Including: Gains from investment in associates and joint ventures		<b>298,091,900.61</b>	158,492,876.08
Gains from changes in fair value	59	<b>240,771,330.35</b>	252,221,568.61
Credit impairment losses	60	<b>(128,142,938.49)</b>	(158,664,388.39)
Asset impairment losses	61	<b>(51,015,607.95)</b>	(10,710,430.49)
Gains on disposal of assets	62	<b>36,938,729.99</b>	24,993,675.24
Operating profit		<b>4,041,592,248.26</b>	3,225,941,125.99
Add: Non-operating revenue	63	<b>511,748,047.45</b>	233,719,984.38
Less: Non-operating expenses	64	<b>138,614,767.25</b>	94,440,588.62
Total profit		<b>4,414,725,528.46</b>	3,365,220,521.75
Less: Income tax expenses	66	<b>1,195,214,796.19</b>	1,177,626,556.08
Net profit		<b>3,219,510,732.27</b>	2,187,593,965.67
Classified by continuing operations			
Net profit from continuing operations		<b>3,219,510,732.27</b>	2,187,593,965.67
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		<b>1,911,844,630.53</b>	1,523,592,114.58
Minority interests		<b>1,307,666,101.74</b>	664,001,851.09
Net other comprehensive income after tax		<b>105,280,392.27</b>	(68,471,684.00)

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Consolidated Income Statement (continued)

For the six months ended 30 June 2021

RMB

	Note V	January to June 2021	January to June 2020
Net other comprehensive income after tax attributable to shareholders of the parent company		<b>128,437,305.30</b>	(25,635,198.35)
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		<b>(8,041,627.00)</b>	(8,524,914.00)
Changes in fair value of investment in other equity instruments		<b>(4,832,426.07)</b>	(5,348,706.32)
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		–	(8,734,689.30)
Exchange differences on foreign currency translation		<b>(17,402.41)</b>	(3,026,888.73)
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		<b>141,328,760.78</b>	–
Net other comprehensive income after tax attributable to minority interests	46	<b>(23,156,913.03)</b>	(42,836,485.65)
Total comprehensive income		<b>3,324,791,124.54</b>	2,119,122,281.67
Total comprehensive income attributable to the shareholders of the parent company		<b>2,040,281,935.83</b>	1,497,956,916.23
Total comprehensive income attributable to minority interest		<b>1,284,509,188.71</b>	621,165,365.44
Basic earnings per share	67	<b>0.14</b>	0.10
Diluted earnings per share		<b>0.14</b>	0.10

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 2021

RMB

	Equity attributable to shareholders of the parent company										Total equity attributable to shareholders
	Other equity instruments		Capital reserve	Other Comprehensive income			General risk reserve		Subtotal	Minority interests	
	Share capital	Including: Perpetual bonds		income	Specific reserve	Surplus reserve	Retained earnings				
I. Balance at the beginning of the period	10,677,771,134.00	16,522,000,000.00	6,169,149,696.05	447,195,933.08	51,385,977.58	2,263,251,151.05	457,650,791.76	26,787,531,577.50	63,375,936,261.02	31,080,250,594.63	94,456,186,855.65
II. Movements during the period											
(1) Total comprehensive income	-	-	-	128,437,305.30	-	-	-	1,911,844,630.53	2,040,281,935.83	1,284,509,188.71	3,324,791,124.54
(2) Capital contribution and reduction from shareholders											
1. Equity transactions that do not affect control	-	-	(98,985,583.29)	-	-	-	-	-	(98,985,583.29)	4,480,877.29	(94,504,706.00)
2. Reduction of minority interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	(2,506,385.94)	(2,506,385.94)
3. Establishment of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	-	45,070,000.00	45,070,000.00
4. Redemption of perpetual bonds	-	(1,996,000,000.00)	-	-	-	-	-	-	(1,996,000,000.00)	-	(1,996,000,000.00)
(3) Profit distribution											
1. Dividend to owners	-	-	-	-	-	-	-	(640,666,268.04)	(640,666,268.04)	(917,081,669.49)	(1,557,747,937.53)
2. Interest on perpetual bonds	-	-	-	-	-	-	-	(407,555,863.01)	(407,555,863.01)	(102,000,000.00)	(509,555,863.01)
(4) Specific reserve											
1. Appropriated during the period	-	-	-	-	49,791,837.79	-	-	-	49,791,837.79	63,556,023.52	113,347,861.31
2. Used during the period	-	-	-	-	(36,295,916.78)	-	-	-	(36,295,916.78)	(47,736,228.26)	(84,032,145.04)
(5) Others	-	-	(238,555,502.49)	-	-	-	-	-	(238,555,502.49)	-	(238,555,502.49)
III. Balance at the end of the period	10,677,771,134.00	14,526,000,000.00	5,831,608,610.27	575,633,238.38	64,881,898.59	2,263,251,151.05	457,650,791.76	27,651,154,076.98	62,047,950,901.03	31,408,542,400.46	93,456,493,301.49

The accompanying notes form an integral part of these financial statements

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

For the six months ended 30 June 2020

RMB

	Equity attributable to shareholders of the parent company										Total equity attributable to shareholders
	Share capital	Other equity instruments Including:		Other Comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained earnings	Subtotal	Minority interests	
		Perpetual bonds	Capital reserve								
I. Balance at the beginning of the Period	10,677,771,134.00	14,962,000,000.00	6,434,307,002.11	232,267,913.04	32,250,174.13	1,926,994,988.55	359,957,564.90	26,505,650,840.60	61,131,199,597.33	21,400,150,833.94	82,531,350,431.27
II. Movements during the period											
(1) Total comprehensive income	-	-	-	(25,635,198.35)	-	-	-	1,523,592,114.58	1,497,956,916.23	621,165,365.44	2,119,122,281.67
(2) Capital contribution and reduction from shareholders											
1. Equity transactions that do not affect control	-	-	-	-	-	-	-	-	-	8,400,000,000.00	8,400,000,000.00
2. New capital contribution from minority shareholders	-	-	(13,021,185.09)	-	-	-	-	-	(13,021,185.09)	(109,188,762.12)	(122,209,947.21)
3. Reduction of minority interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	(346,772.85)	(346,772.85)
4. Disposal of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	-	1,987,131.53	1,987,131.53
5. Issuance of perpetual bonds	-	2,550,000,000.00	-	-	-	-	-	-	2,550,000,000.00	-	2,550,000,000.00
(3) Profit distribution											
1. Dividend to shareholders	-	-	-	-	-	-	-	(1,281,332,536.08)	(1,281,332,536.08)	(715,011,733.00)	(1,996,344,269.08)
2. Interest on perpetual bonds	-	-	-	-	-	-	-	(410,931,904.88)	(410,931,904.88)	(102,000,000.00)	(512,931,904.88)
(4) Specific reserve											
1. Appropriated during the period	-	-	-	-	50,917,364.75	-	-	-	50,917,364.75	55,279,368.32	106,196,733.07
2. Used during the period	-	-	-	-	(35,655,061.63)	-	-	-	(35,655,061.63)	(41,861,106.44)	(77,516,168.07)
III. Balance at the end of the period	10,677,771,134.00	17,512,000,000.00	6,421,285,817.02	206,632,714.69	47,512,477.25	1,926,994,988.55	359,957,564.90	26,336,978,514.22	63,489,133,190.63	29,510,174,324.82	92,999,307,515.45

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 2021

RMB

	Note V	January to June 2021	January to June 2020
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		<b>61,033,914,350.41</b>	42,424,498,505.94
Refunds of taxes		<b>157,884,182.25</b>	142,413,679.76
Cash received from other operating activities	68	<b>262,335,676.96</b>	1,313,541,602.97
Net decrease in deposits placed with the Central Bank		<b>371,556,117.87</b>	–
Subtotal of cash inflows from operating activities		<b>61,825,690,327.49</b>	43,880,453,788.67
Cash paid for goods and services		<b>40,271,597,498.45</b>	31,069,130,924.70
Cash paid to and on behalf of employees		<b>3,417,964,409.54</b>	2,850,706,939.66
Cash paid for all types of taxes		<b>4,913,323,827.54</b>	4,148,113,829.40
Cash paid for other operating activities	68	<b>2,647,716,155.66</b>	2,925,639,363.78
Net increase in deposits placed with the Central Bank		–	89,166,965.95
Subtotal of cash outflows from operating activities		<b>51,250,601,891.19</b>	41,082,758,023.49
Net cash flows from operating activities	68	<b>10,575,088,436.30</b>	2,797,695,765.18
II. Cash flows from investing activities:			
Cash received from redemption of investments		<b>9,743,313.69</b>	–
Cash received from return on investments		<b>456,180,238.23</b>	427,515,539.10
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>938,231,850.52</b>	312,971,686.10
Net cash received from disposal of subsidiaries and other operating units	68	–	83,459,798.22
Cash received from other investing activities	68	<b>1,588,995,666.03</b>	1,157,825,990.68
Subtotal of cash inflows from investing activities		<b>2,993,151,068.47</b>	1,981,773,014.10
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>1,895,071,555.44</b>	1,369,630,475.63
Cash paid for investments		–	100,000,000.00
Net cash paid for acquisition of subsidiaries and other operating units	68	<b>118,697,128.05</b>	–
Cash paid for other investing activities	68	<b>1,191,548,799.74</b>	1,682,426,792.53
Subtotal of cash outflows from investing activities		<b>3,205,317,483.23</b>	3,152,057,268.16
Net cash flows from investing activities		<b>(212,166,414.76)</b>	(1,170,284,254.06)

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 2021

RMB

	Note V	January to June 2021	January to June 2020
III. Cash flows from financing activities:			
Cash received from investment absorption		<b>42,570,000.00</b>	8,400,000,000.00
<i>Including: Cash received by subsidiaries from minority interests</i>		<b>42,570,000.00</b>	8,400,000,000.00
Cash received from issuance of bonds		<b>5,351,842,452.82</b>	11,214,307,000.00
Cash received from issuance of perpetual bonds		–	2,550,000,000.00
Cash received from borrowings		<b>14,299,133,096.59</b>	29,063,222,096.20
Cash received from other financing activities	68	<b>754,000,000.00</b>	720,300,000.00
Subtotal of cash inflows from financing activities		<b>20,447,545,549.41</b>	51,947,829,096.20
Cash paid for repayment of borrowing		<b>24,203,642,083.95</b>	34,053,948,026.27
Cash paid for distribution of dividends or profits or for interest expenses		<b>3,700,755,841.80</b>	3,740,497,267.45
<i>Including: Dividends and profits paid by subsidiaries to minority interests</i>		<b>786,961,067.67</b>	545,005,214.45
Cash paid for repayment of bonds		<b>8,647,241,000.00</b>	4,875,552,000.00
Cash paid for repayment of perpetual bonds		<b>1,996,000,000.00</b>	–
Cash paid for other financing activities	68	<b>702,443,849.16</b>	110,399,947.21
Subtotal of cash outflows from financing activities		<b>39,250,082,774.91</b>	42,780,397,240.93
Net cash flows from financing activities		<b>(18,802,537,225.50)</b>	9,167,431,855.27
IV. Effect of changes in exchange rate on cash and cash equivalents		<b>(1,649,310.31)</b>	3,388,131.68
V. Net (decrease)/increase in cash and cash equivalents		<b>(8,441,264,514.27)</b>	10,798,231,498.07
Add: Balance of cash and cash equivalents at the beginning of the period		<b>22,149,845,547.97</b>	15,327,545,297.51
VI. Balance of cash and cash equivalents at the end of the period	68	<b>13,708,581,033.70</b>	26,125,776,795.58

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Balance Sheet of the Company

As at 30 June 2021

RMB

Assets	Note XIV	30 June 2021	31 December 2020 Audited
<b>Current Assets</b>			
Cash and bank balances		<b>9,264,267,548.00</b>	12,663,529,448.63
Financial assets held for trading		–	224,440,502.70
Accounts receivable		<b>9,846,058.48</b>	14,295,377.28
Other receivables	1	<b>72,081,869,883.49</b>	80,313,205,268.42
Other current assets	2	<b>790,971,214.75</b>	1,284,871,214.75
<b>Total current assets</b>		<b>82,146,954,704.72</b>	94,500,341,811.78
<b>Non-current assets</b>			
Long-term equity investments	3	<b>51,292,254,307.55</b>	49,266,704,465.05
Investment in other equity instruments		<b>200,000.00</b>	200,000.00
Investment properties	4	<b>12,657,457,222.46</b>	12,453,723,312.06
Fixed assets		<b>954,645,599.68</b>	973,705,745.55
Intangible assets		<b>300,250,000.62</b>	306,941,903.57
Long-term deferred expenditures		<b>13,622,728.37</b>	13,767,337.93
Deferred income tax assets		<b>318,439,754.01</b>	318,439,754.01
Other non-current assets		<b>477,989,103.06</b>	250,632,873.06
<b>Total non-current assets</b>		<b>66,014,858,715.75</b>	63,584,115,391.23
<b>Total assets</b>		<b>148,161,813,420.47</b>	158,084,457,203.01

The accompanying notes form an integral part of these financial statements

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

As at 30 June 2021

RMB

Liabilities and equity attributable to shareholders	30 June 2021	31 December 2020 Audited
Current liabilities		
Short-term loans	22,238,650,000.00	26,128,650,000.00
Accounts payable	8,534,173.57	8,534,173.57
Receipts in advance	117,381,114.17	122,846,014.18
Wages payable	85,430.15	11,085,430.15
Tax payable	53,153,705.84	53,888,058.02
Other payables	5,238,674,572.12	4,686,047,601.06
Short-term financing bonds payable	3,000,000,000.00	–
Non-current liabilities due within one year	<u>11,592,240,221.29</u>	<u>10,434,892,614.67</u>
Total current liabilities	<u>42,248,719,217.14</u>	<u>41,445,943,891.65</u>
Non-current liabilities		
Long-term loans	27,943,758,064.01	34,818,468,869.28
Bonds payable	23,906,581,258.67	26,601,357,278.73
Long-term wages payable	322,410,731.46	321,092,548.46
Deferred income tax liabilities	<u>2,369,549,462.27</u>	<u>2,318,615,984.67</u>
Total non-current liabilities	<u>54,542,299,516.41</u>	<u>64,059,534,681.14</u>
Total liabilities	<u>96,791,018,733.55</u>	<u>105,505,478,572.79</u>

The accompanying notes form an integral part of these financial statements

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

As at 30 June 2021

RMB

Liabilities and equity attributable to shareholders	30 June 2021	31 December 2020 Audited
Equity attributable to shareholders		
Share capital	10,677,771,134.00	10,677,771,134.00
Other equity instruments	14,976,000,000.00	16,972,000,000.00
<i>Including: Perpetual bonds</i>	14,976,000,000.00	16,972,000,000.00
Capital reserve	6,674,854,902.82	6,674,854,902.82
Other comprehensive income	288,567,301.62	296,253,245.62
Surplus reserve	2,263,251,151.05	2,263,251,151.05
Retained earnings	<u>16,490,350,197.43</u>	<u>15,694,848,196.73</u>
Total equity attributable to shareholders	<u>51,370,794,686.92</u>	<u>52,578,978,630.22</u>
Total liabilities and equity attributable to shareholders	<u>148,161,813,420.47</u>	<u>158,084,457,203.01</u>

The financial statements have been signed by:

Legal representative:  
**Zeng Jin**

Chief accountant:  
**Li Li**

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

The accompanying notes form an integral part of these financial statements

## Unaudited Interim Income Statement of the Company

For the six months ended 30 June 2021

RMB

		Note XIV January to June 2021	January to June 2020
Operating revenue	5	<b>475,388,784.85</b>	433,646,751.43
Less: Operating costs	5	<b>35,498,180.76</b>	38,702,097.47
Tax and surcharges		<b>64,051,521.72</b>	65,547,742.80
Selling expenses		<b>3,088,367.40</b>	1,890,344.69
Administrative expenses		<b>70,292,231.92</b>	69,434,854.29
Research and development expenses		<b>34,759,511.39</b>	–
Finance costs		<b>681,712,219.46</b>	658,500,104.34
Including: Interest expense		<b>2,079,804,599.20</b>	2,259,753,186.92
Interest income		<b>1,449,939,408.30</b>	1,727,017,105.86
Add: Investment gains	6	<b>2,146,838,922.98</b>	3,777,541,030.83
Including: Gains from investment in associates and joint ventures		<b>24,641,572.79</b>	18,967,228.95
Gains from changes in fair value		<b>176,690,507.70</b>	108,463,394.70
Operating profit		<b>1,909,516,182.88</b>	3,485,576,033.37
Add: Non-operating revenue		<b>4,655,552.85</b>	72,106,081.33
Less: Non-operating expenses		<b>10,632,729.12</b>	10,048,424.00
Total profit		<b>1,903,539,006.61</b>	3,547,633,690.70
Less: Income tax expenses		<b>50,933,477.60</b>	27,115,848.68
Net profit		<b>1,852,605,529.01</b>	3,520,517,842.02
Classified by continuing operations			
Including: Net profit from continuing operations		<b>1,852,605,529.01</b>	3,520,517,842.02
Net other comprehensive income after tax		<b>(7,685,944.00)</b>	(8,153,914.00)
Other comprehensive income not allowed to be reclassified to profit or loss			
Changes arising from re-measurement of defined benefit plans		<b>(7,685,944.00)</b>	(8,153,914.00)
Total comprehensive income		<b>1,844,919,585.01</b>	3,512,363,928.02

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 2021

RMB

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

The accompanying notes form an integral part of these financial statements

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

For the six months ended 30 June 2020

RMB

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the end of the period	<u>10,677,771,134.00</u>	<u>14,962,000,000.00</u>	<u>6,674,854,902.82</u>	<u>81,426,873.79</u>	<u>1,924,214,128.32</u>	<u>14,781,074,788.53</u>	<u>49,101,341,827.46</u>
II. Movements during the period							
(1) Total comprehensive income	-	-	-	(8,153,914.00)	-	3,520,517,842.02	3,512,363,928.02
(2) Capital contribution and reduction from shareholders							
1. Issuance of perpetual bonds	-	3,000,000,000.00	-	-	-	-	3,000,000,000.00
(3) Profit distribution							
1. Dividend to shareholders	-	-	-	-	-	(1,281,332,536.08)	(1,281,332,536.08)
2. Interest on perpetual bonds	-	-	-	-	-	(411,487,397.25)	(411,487,397.25)
III. Balance at the end of the period	<u>10,677,771,134.00</u>	<u>17,962,000,000.00</u>	<u>6,674,854,902.82</u>	<u>73,272,959.79</u>	<u>1,924,214,128.32</u>	<u>16,608,772,697.22</u>	<u>53,920,885,822.15</u>

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 2021

RMB

	Note XIV	January to June 2021	January to June 2020
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		<b>498,285,263.54</b>	418,680,898.16
Cash received from other operating activities	7	<b>38,798,245,263.43</b>	27,922,486,322.13
Subtotal of cash inflows from operating activities		<b>39,296,530,526.97</b>	28,341,167,220.29
Cash paid for goods and services		<b>34,947,957.25</b>	7,089,356.87
Cash paid to and on behalf of employees		<b>46,694,036.03</b>	30,639,829.87
Cash paid for all types of taxes		<b>90,916,710.98</b>	116,843,085.86
Cash paid for other operating activities	7	<b>29,425,905,411.46</b>	29,334,914,941.23
Subtotal of cash outflows from operating activities		<b>29,598,464,115.72</b>	29,489,487,213.83
Net cash flows from operating activities	8	<b>9,698,066,411.25</b>	(1,148,319,993.54)
II. Cash flows from investing activities			
Cash received from return on investments		<b>1,447,879,084.58</b>	1,102,973,750.39
Subtotal of cash inflows from investing activities		<b>1,447,879,084.58</b>	1,102,973,750.39
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>244,217,154.01</b>	205,560,649.51
Cash paid for investments		<b>476,550,000.00</b>	639,390,817.25
Subtotal of cash outflows from investing activities		<b>720,767,154.01</b>	844,951,466.76
Net cash flows from investing activities		<b>727,111,930.57</b>	258,022,283.63

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 2021

RMB

	Note XIV January to June 2021	January to June 2020
III. Cash flows from financing activities:		
Cash received from issuance of bonds	4,353,300,000.00	8,819,107,000.00
Cash received from borrowings	7,501,000,000.00	27,022,500,000.00
Cash received from issuance of perpetual bonds	–	3,000,000,000.00
Subtotal of cash inflows from financing activities	<u>11,854,300,000.00</u>	<u>38,841,607,000.00</u>
Cash paid for repayment of debts	14,126,635,600.00	20,184,480,800.00
Cash paid for distribution of dividends or profits or for interest expenses	2,511,018,966.39	2,320,564,952.43
Cash paid for repayment of bonds	7,045,001,687.00	2,819,107,000.00
Cash paid for repayment of perpetual bonds	<u>1,996,000,000.00</u>	<u>–</u>
Subtotal of cash outflows from financing activities	<u>25,678,656,253.39</u>	<u>25,324,152,752.43</u>
Net cash flows from financing activities	<u>(13,824,356,253.39)</u>	<u>13,517,454,247.57</u>
IV. Effect of changes in exchange rate on cash and cash equivalents	<u>(83,989.06)</u>	<u>–</u>
V. Net (decrease)/increase in cash and cash equivalents	<u>(3,399,261,900.63)</u>	12,627,156,537.66
Add: Balance of cash and cash equivalents at the beginning of the period	<u>12,663,529,448.63</u>	<u>8,577,069,332.94</u>
VI. Balance of cash and cash equivalents at the end of the period	<u>8</u> <u>9,264,267,548.00</u>	<u>21,204,225,870.60</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 2021

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 (the “Shanghai Stock Exchange”) and The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), respectively. The Company’s headquarters is located at No. 36, North Third Ring East Road, Dongcheng District, Beijing.

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

The Company’s parent and ultimate holding company is BBMG Assets Management Co., Ltd. (北京金隅資產經營管理有限責任公司) (formerly named as “BBMG Group Company Limited”, hereinafter referred to as “BBMG Assets Company”), a company established in the People’s Republic of China, originally. On 11 November 2016, State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality agreed the gratuitous transfer of 100% shares of the Company held by BBMG Assets Company to Beijing SCOM Center (hereinafter referred to as “BSCOMC”). On 29 December 2016, the transfer registration formalities for the gratuitous transfer of the A shares of the Company were completed, after which, BSCOMC directly held 4,797,357,572 state-owned shares of the Company, representing 44.93% of the total share capital of the Company, and became the controlling shareholder of the Company.

These financial statements were approved by a resolution of the board of directors of the Company on 24 August 2021.

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

## II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements are presented on a going concern basis.

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

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

The financial statements are in compliance with the requirements of Accounting Standards for Business Enterprises, and truly and completely reflect the financial position of the Company and the Group as at 30 June 2021 and the results of operations and cash flow for the six months ended 30 June 2021.

#### 2. Accounting Period

The accounting period for the Group is from 1 January to 31 December of each Western calendar year. The accounting period for this report is from 1 January to 30 June 2021.

#### 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.

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

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

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

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

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

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

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

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

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

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

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

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

#### 5. Consolidated financial statements

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

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

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

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

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

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

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

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

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



# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

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

### 7. Cash and cash equivalents

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

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

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

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

For foreign operations, the Group translates their functional currency amounts into Renminbi in preparing the financial statements as follows: asset and liability items in the balance sheet are translated using the spot exchange rates at the balance sheet date, and equity items other than "retained earnings" are translated using the spot exchange rates on the transaction dates; revenue and expense items in the income statement are translated using the weighted average exchange rate for the period during which the transactions occur (unless the translation using such exchange rate is not applicable as a result of the exchange rate changes, it 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.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

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

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

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

### 9. Financial instruments

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

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

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

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

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

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.

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

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

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

According to the Group's corporate business model for managing financial assets and the contractual cash flow characteristics of the financial assets, the Group's financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, financial assets at amortised cost, financial assets at fair value through other comprehensive income.

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

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

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

#### *Debt instruments 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. For such financial assets, the effective interest method is used for recognizing interest income. The gains or losses arising from derecognition, amendment or impairment are recognized in profit or loss for the current period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

##### *Other financial liabilities*

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

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

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

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

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

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

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

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

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, and assumption for measurement of expected credit loss.

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

## Notes to Unaudited Interim Financial Statements

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

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

##### ***Offset of financial instruments***

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

##### ***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.

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

Upon issuance, the Group determines in accordance with the terms of the convertible bonds whether such bonds consist of both liability and equity components. For convertible bonds that carry both liability and equity 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.

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

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

#### *Transfers of financial assets*

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

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transactions as follows: 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.

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

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

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

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

### 11. Inventories

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

Inventories are initially carried at cost. Except for properties under development and completed properties held for sale, cost of inventories comprises all costs of purchase, costs of conversion and other costs. The 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.

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

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

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

The Group adopts a perpetual inventory system.

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

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



# Notes to Unaudited Interim Financial Statements

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

### 12. Long-term equity investments

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

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

# Notes to Unaudited Interim Financial Statements

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

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

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

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

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

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

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

## Notes to Unaudited Interim Financial Statements

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

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

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

#### 13. Investment properties

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

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

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

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

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

## Notes to Unaudited Interim Financial Statements

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

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

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

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

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

#### 14. Fixed assets

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

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

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

## Notes to Unaudited Interim Financial Statements

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

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

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

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

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

#### 15. Construction in progress

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

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

#### 16. Borrowing costs

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

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

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

#### 16. Borrowing costs *(continued)*

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.

#### 17. Intangible assets

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

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

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

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

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

The useful life of each intangible assets is as follows:

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

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

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

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

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.

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

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

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

#### 18. Impairment of assets

The Group determines the impairment of assets other than inventories, contract assets and assets relating to contract assets, investment properties measured under the fair value model, deferred income tax assets, and financial assets using the following methods:

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

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

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



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

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

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

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

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

#### 19. Long-term deferred expenditures

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

## Notes to Unaudited Interim Financial Statements

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

#### 20. Employee benefits

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

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

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

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

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

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

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

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

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

#### ***Termination benefits***

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

### 21. Accrued liabilities

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

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

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

### 22. Other equity instruments

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

## Notes to Unaudited Interim Financial Statements

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

#### 22. Other equity instruments *(continued)*

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

#### 23. Revenue from contracts with customers

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

##### ***Sales contracts of goods***

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

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

##### ***Construction Contracts***

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

# Notes to Unaudited Interim Financial Statements

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

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

#### ***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.

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

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

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

##### ***Variable consideration***

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

##### ***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.

##### ***Changes of contract***

When the construction contract between the Group and the customer changes:

- (1) If the contract change adds a clearly distinguishable construction service and contract price and the new contract price reflects the separate selling price of the new construction service, the Group treats the contract change as a separate contract for accounting treatment;
- (2) If the contract change does not fall within the above-mentioned situation (1), and the construction service transferred and that untransferred can be clearly distinguished on the contract change date, the Group will regard it as the original contract termination, and at the same time, the non-compliance part of the contract and the contract change part are merged into a new contract for accounting treatment;
- (3) If the contract change does not fall within the above-mentioned situation (1), and there is no clear distinction between the construction service transferred and that untransferred on the contract change date, the Group will treat the changed part of the contract as part of the original contract for accounting treatment. The resulting impact on the recognized revenue is adjusted for current income on the contract change date.

## Notes to Unaudited Interim Financial Statements

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

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

##### ***Main responsible person/agent***

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

#### 24. Contract assets and contract liabilities

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

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

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

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

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

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

#### 25. Assets related to contractual cost

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

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

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

#### 25. Assets related to contractual cost *(continued)*

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

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

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

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

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

#### 26. Government grants

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

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



## Notes to Unaudited Interim Financial Statements

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

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

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

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

#### 27. Income tax

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

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

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

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

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

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

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

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

At the balance sheet date, the Group measured the deferred 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 tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

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

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

## Notes to Unaudited Interim Financial Statements

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

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

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

On the commencement date of the lease term, the Group recognises its right to use the lease assets over the lease term as the right-of-use asset, including: 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. 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.

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

#### 29. Lease liabilities

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

#### 30. Leases

##### *Identification of 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. In order to determine whether the contract has transferred the right to control the use of the identified assets within a certain period of time, the Group assesses whether the customers in the contract are entitled to almost all of the economic benefits arising from the use of the identified assets during the period of use and have the right to direct the use of identified assets during this period of use.

##### *Identification of separate leases*

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

- (1) The lessee can profit from using the asset alone or in conjunction with other resources that are readily available;
- (2) The asset does not have a high degree of dependency or a high degree of association with other assets in the contract.

##### *Assessment of lease term*

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

##### *As a lessee*

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

## Notes to Unaudited Interim Financial Statements

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

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

##### **Lease change**

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

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

- (1) The lease change expands the lease scope by increasing the right to use one or more lease assets;
- (2) The increased consideration and the individual price of the enlarged portion of the lease are equivalent to the amount adjusted for the contract.

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

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

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

##### **Short-term lease and low-value asset lease**

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

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

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

##### ***Rent concessions caused by the COVID-19***

For the rent concessions directly caused by the COVID-19 and agreed by the Group and the Lessor under the existing leasing contacts and the rent deduction such as deferred payments, if it meets the following conditions at the same time, the Group will adopt simplified method for the leases:

- (1) The lease consideration after the concession is reduced or basically unchanged compared with that before the concession;
- (2) The concession is only for lease payables before 30 June 2022;
- (3) After taking into account the qualitative and quantitative factors, it is determined that there is no significant changes in other terms and conditions of the leases.

The Group will not assess whether there has been a change in the lease, and will continue to calculate the interest expenses of the lease liabilities based on the discount rate consistent with that before the concession and recognized in profit or loss for the current period; and continue to make provision for the depreciation of the right-of-use assets based on the method consistent with that before the concession. For the recognized rent concessions, the rent concessions shall be treated as variable lease payments by the Group. If original rent payment obligation released when the concession agreement has been fulfilled, the relevant assets costs or expenses shall be offset by the undiscounted amounts and the lease liabilities shall be adjusted accordingly. For the deferred rental payment, the previously recognized lease liabilities will be offset by the Group when the actual payment occurs.

##### ***As a lessor***

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

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

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

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

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

##### *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.

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

##### *Sale and leaseback transactions*

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

##### *As a lessee*

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

##### *As a lessor*

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

## Notes to Unaudited Interim Financial Statements

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

#### 31. Hedge accounting

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

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

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

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

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



# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

### 32. Profit distribution

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

### 33. Production safety cost

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

### 34. Fair value measurement

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

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

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

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

#### 34. Fair value measurement *(continued)*

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

#### 35. Significant accounting judgments and estimates

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

##### *Judgments*

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

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

The Group has entered into lease contracts on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements, that it retains 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 Cement Co., Ltd. and Tangshan Jidong Equipment & Engineering Co., Ltd. even though it owns less than half of the voting rights. This is because the Group is the single largest shareholder of the above two companies, directly or indirectly holding 37% and 30% of the shares with voting rights in aggregate, respectively. Other shares of the above two companies are widely held by many other shareholders. Since the date of acquisition, no other shareholders have collectively exercised their voting rights or have more votes than the Group.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

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

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

#### *Judgments (continued)*

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

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

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

As described in Note V. 44, the Group issued perpetual bonds of RMB4 billion, RMB5 billion, RMB5 billion and RMB2.55 billion in 2016, 2017, 2018 and 2020, respectively. Pursuant to the relevant prospectuses of the medium-term notes, upon comprehensive consideration by the management of the Group that the perpetual bonds have no maturity dates or the Group has the right to extend for unlimited number of times upon the maturity thereof, and has the right to deferred the payment of coupon interests on the perpetual bonds, and that the Group has no contractual obligations to pay cash or other financial assets nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds, the Group classifies the perpetual bonds as equity instruments, and the subsequent declared distribution will be treated as distribution to the holders of the equity.

##### *Business model*

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

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

##### *Judgments (continued)*

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

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

##### *Uncertainty of estimation*

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

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

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

###### *Impairment of goodwill*

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

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

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

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

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

##### *Deferred income tax assets*

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

##### *Land appreciation tax*

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

##### *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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

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

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

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

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

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

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

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

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

###### *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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### IV. TAXATION

#### 1. Major categories of taxes and respective tax rates

Value-added tax (VAT):	The Group's taxable revenue of the general taxpayer is calculated based on the corresponding tax rate, and the VTA is calculated based on the difference after deducting the input tax amount deductible for the current period; the goods sold by the Group is subject to output tax rate of 13%. For small-scale taxpayers, VAT is levied based on the sales revenue at the 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, and food and beverage and accommodation service is 6%, and that for immovable leasing service is 11%.
City maintenance and construction tax:	It is levied at 7%, 5% and 1% of 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.
Land use tax:	It is levied based on the land areas occupied by the Group for production and operations, at the annual tax amount per sq.m. for the respective land use tax levels prescribed by local governments.
Individual income tax:	Individual income tax is withheld and paid under the tax laws based on salaries and other personal incomes paid to employees of the Group.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### IV. TAXATION *(continued)*

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

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

#### 2. Tax preferences

##### **Corporate income tax**

- a. Certain subsidiaries of the Group are certified as high-tech enterprises by relevant governmental authorities and enjoy a preferential corporate income tax rate of 15% for high-tech enterprises pursuant to the implementation rules of the Law on Enterprise Income Tax of the People's Republic of China and the Notice of the State Administration of Taxation of the PRC regarding Income Tax Preferences for High-tech Enterprises (《國家稅務總局關於高新技術企業所得稅優惠有關問題的通知》).
- b. In accordance with the Indices on Income Tax Preferential Policies for Enterprises Engaging in Environmental Protection as well as Energy and Water Saving Projects (《環境保護、節能節水項目企業所得稅優惠政策目錄》), Laishui BBMG Environmental Protection Technology Co., Ltd. (涇水金隅冀東環保科技有限公司) (from 1 January 2018 to 31 December 2023) and Guangling BBMG Cement (1 January 2016 to 31 December 2021) enjoy the preferential corporate income tax policy of "three-year exemption and three-year 50% reduction".



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### IV. TAXATION *(continued)*

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

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

- c. Pursuant to the Notice on the Issues concerning the Taxation Policies for Deepening the Implementation of the Develop-the-West Strategy (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) (Cai Shui [2011] No. 58) and Announcement No. 12, 2012 of the State Administration of Taxation on the Corporate Income Tax in relation to Deepening the Implementation of the Western Development Strategy (《關於深入實施西部大開發戰略有關企業所得稅問題的公告》), certain subsidiaries of the Company located in Western China meeting the criteria were subject to corporate income tax at rate of 15% after obtaining the approval from the competent tax authorities.
- 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 Notice concerning the Issuance of "Directory of Value-added Tax Concessions on Comprehensive Utilisation of Goods and Services" (《關於印發〈資源綜合利用產品和勞務增值稅優惠目錄〉的通知》) (Cai Shui (2015) No. 78), if the Company adopts rotary kiln process for cement production, the proportion of 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 Notice concerning the Issuance of "Directory of Value-added Tax Concessions on Comprehensive Utilisation of Goods and Services" (《關於印發〈資源綜合利用產品和勞務增值稅優惠目錄〉的通知》) (Cai Shui (2015) No. 78), if the Company is engaged in labor services such as waste disposal and sludge treatment and disposal, it may enjoy 70% VAT refund upon collection.
- b. In accordance with the requirements of the Notice concerning the Issuance of "Directory of Value-added Tax Concessions on Comprehensive Utilisation of Goods and Services" (《關於印發〈資源綜合利用產品和勞務增值稅優惠目錄〉的通知》) (Cai Shui [2015] No. 78) with effect from 1 July 2015, a minor portion of products of BBMG Mortar Co., Ltd., being a subsidiary of the Group, meet the requirement of Comprehensive Utilization of Resources, enjoying 70% VAT refund upon collection.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### IV. TAXATION *(continued)*

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

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

- 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., being a subsidiary of the Group, enjoy 50% VAT refund upon collection preferential policy 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 2021

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

#### 1. Cash and bank balances

	30 June 2021	31 December 2020
Cash on hand	271,409.16	351,001.90
Bank deposits	19,582,786,655.49	26,009,746,213.54
Other cash and bank balances	623,387,815.10	964,790,071.17
Statutory deposit reserve placement with central bank by finance company	<u>1,297,442,127.85</u>	<u>1,668,998,245.72</u>
	<u>21,503,888,007.60</u>	<u>28,643,885,532.33</u>

Cash and bank balances with restrictions:

	30 June 2021	31 December 2020
Statutory deposit reserve placement with central bank by finance company	1,297,442,127.85	1,668,998,245.72
Deposits for letter of credit	32,889,666.05	22,098,267.36
Quality/performance guarantees	275,266,251.73	232,094,224.21
Deposits for acceptance bills	277,615,908.46	219,467,709.99
Restricted part of property pre-sale funds	5,622,429,506.55	3,975,423,205.32
Other cash and bank balances with restrictions:	<u>289,663,513.26</u>	<u>375,958,331.76</u>
	<u>7,795,306,973.90</u>	<u>6,494,039,984.36</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 2021, the Group's cash and bank balances deposited overseas amounted to RMB46,525,634.04 (31 December 2020: RMB54,641,457.19).

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 2. Financial assets held for trading

	30 June 2021	31 December 2020
Financial assets at fair value through profit or loss		
Wealth management product investment	<b>12,397,000.00</b>	1,106,311,725.53
Equity instrument investment	<b>1,111,412,720.27</b>	11,334,400.00
	<b>1,123,809,720.27</b>	1,117,646,125.53

#### 3. Bills receivable

	30 June 2021	31 December 2020
Commercial acceptance bills	<b>996,213,915.79</b>	1,039,767,674.29
Less: Provision for bad debts of bills receivable	<b>126,822,005.69</b>	130,507,751.31
	<b>869,391,910.10</b>	909,259,922.98

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

	30 June 2021		31 December 2020	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Commercial acceptance bills	-	546,538,779.11	-	418,961,031.57

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 3. Bills receivable (continued)

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

	30 June 2021	31 December 2020
Bank acceptance bills	<b>105,744,779.53</b>	105,950,000.00

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

	30 June 2021	31 December 2020
Balance at the beginning of the period/year	<b>130,507,751.31</b>	140,949,917.97
Provision for the period/year	<b>(3,685,745.62)</b>	(10,442,166.66)
Balance at the end of the period/year	<b>126,822,005.69</b>	130,507,751.31

See Note VIII. 2 for transfer of bills receivable.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 4. Accounts receivable

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

An aging analysis of accounts receivable is as follows:

	30 June 2021	31 December 2020
Within 1 year	<b>7,040,125,829.65</b>	5,687,116,127.70
1 to 2 years	<b>1,740,491,705.41</b>	1,892,496,034.60
2 to 3 years	<b>806,870,760.67</b>	709,076,105.99
3 to 4 years	<b>402,796,406.66</b>	498,302,513.57
4 to 5 years	<b>396,118,778.33</b>	342,733,285.33
Over 5 years	<b><u>1,166,282,228.46</u></b>	<u>1,122,351,041.11</u>
	<b>11,552,685,709.18</b>	10,252,075,108.30
Less: Provision for bad debts of accounts receivable	<b><u>2,616,500,211.58</u></b>	<u>2,593,616,351.63</u>
	<b><u>8,936,185,497.60</u></b>	<u>7,658,458,756.67</u>

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

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

	30 June 2021	31 December 2020
Balance at the beginning of the period/year	<b>2,593,616,351.63</b>	2,620,476,724.39
Provision for the period/year	<b>28,926,207.95</b>	146,068,311.37
Reversal for the period/year	<b>(5,630,048.00)</b>	(30,222,292.10)
Write-off for the period/year	<b>(460,000.00)</b>	(63,235,420.14)
Removed from upon disposal of subsidiaries	–	(78,255,328.71)
Other transfer in/(transfer out)	<b><u>47,700.00</u></b>	<u>(1,215,643.18)</u>
Balance at the end of the period/year	<b><u>2,616,500,211.58</u></b>	<u>2,593,616,351.63</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 4. Accounts receivable (continued)

	30 June 2021				
	Balance of carrying amount		Provision for bad debts		Carrying value
	Amount	Proportion	Amount	Percentage	
		(%)		of provision	
Individual provision for bad debts	1,017,058,948.10	8.80	580,895,369.56	57.12	436,163,578.54
Provision for bad debts by credit risk characteristics group	<u>10,535,626,761.08</u>	<u>91.20</u>	<u>2,035,604,842.02</u>	19.32	<u>8,500,021,919.06</u>
	<u>11,552,685,709.18</u>	<u>100.00</u>	<u>2,616,500,211.58</u>	22.65	<u>8,936,185,497.60</u>

  

	31 December 2020				
	Balance of carrying amount		Provision for bad debts		Carrying value
	Amount	Proportion	Amount	Percentage	
		(%)		of provision	
Individual provision for bad debts	987,858,446.42	9.64	657,921,302.76	66.60	329,937,143.66
Provision for bad debts by credit risk characteristics group	<u>9,264,216,661.88</u>	<u>90.36</u>	<u>1,935,695,048.87</u>	20.89	<u>7,328,521,613.01</u>
	<u>10,252,075,108.30</u>	<u>100.00</u>	<u>2,593,616,351.63</u>	25.30	<u>7,658,458,756.67</u>

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 4. Accounts receivable (continued)

As at 30 June 2021, accounts receivable which were subject to individual provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Unit 1	78,697,034.78	78,697,034.78	100.00	All uncollectible
Unit 2	67,170,448.13	67,170,448.13	100.00	All uncollectible
Unit 3	63,892,325.95	63,892,325.95	100.00	All uncollectible
Unit 4	51,900,000.00	51,900,000.00	100.00	All uncollectible
Unit 5	13,810,827.50	13,810,827.50	100.00	All uncollectible
Other units	<u>741,588,311.74</u>	<u>305,424,733.20</u>	41.19	Partly uncollectible
	<u>1,017,058,948.10</u>	<u>580,895,369.56</u>		

As at 31 December 2020, accounts receivable which were subject to individual provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Unit 1	78,697,034.78	78,697,034.78	100.00	All uncollectible
Unit 2	67,194,228.53	67,194,228.53	100.00	All uncollectible
Unit 3	61,710,126.62	61,710,126.60	100.00	All uncollectible
Unit 4	19,631,364.05	19,631,364.05	100.00	All uncollectible
Unit 5	13,810,827.50	13,810,827.50	100.00	All uncollectible
Other units	<u>746,814,864.94</u>	<u>416,877,721.30</u>	55.82	Partly uncollectible
	<u>987,858,446.42</u>	<u>657,921,302.76</u>		



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 4. Accounts receivable (continued)

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

	30 June 2021		
	Balance of carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 1 year (inclusive of 1 year)	6,862,623,770.15	2.93	200,854,575.82
1 to 2 years (inclusive of 2 years)	1,504,510,496.54	15.47	232,802,679.58
2 to 3 years (inclusive of 3 years)	725,504,634.48	35.89	260,397,674.72
3 to 4 years (inclusive of 4 years)	321,144,294.88	68.41	219,706,346.87
4 to 5 years (inclusive of 5 years)	195,485,481.33	100.00	195,485,481.33
Over 5 years	926,358,083.70	100.00	926,358,083.70
	<b>10,535,626,761.08</b>		<b>2,035,604,842.02</b>

	31 December 2020		
	Balance of carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 1 year (inclusive of 1 year)	5,579,098,807.77	2.93	163,326,295.13
1 to 2 years (inclusive of 2 years)	1,681,786,995.20	15.58	262,085,450.97
2 to 3 years (inclusive of 3 years)	615,069,633.97	38.44	236,413,592.08
3 to 4 years (inclusive of 4 years)	353,467,321.41	67.64	239,075,807.16
4 to 5 years (inclusive of 5 years)	176,677,512.13	100.00	176,677,512.13
Over 5 years	858,116,391.40	100.00	858,116,391.40
	<b>9,264,216,661.88</b>		<b>1,935,695,048.87</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 4. Accounts receivable (continued)

As at 30 June 2021, reversal of provision for bad debts of individually significant accounts receivable or recovery of individually significant accounts receivable are as follows:

	Reason for reversal	Basis of determining the original provisions for bad debts	Accumulated amount of provisions for bad debts before recovery	Reversal amount
Other units	Payment for goods received	Expected partly uncollectible	18,223,912.72	5,630,048.00

As at 31 December 2020, 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 6	Payment for goods received	Expected all uncollectible	5,092,330.00	5,039,780.00
Unit 7	Payment for goods received	Expected all uncollectible	3,631,844.25	3,631,844.25
Unit 8	Payment for goods received	Expected all uncollectible	2,620,122.00	2,620,122.00
Unit 9	Payment for goods received	Expected all uncollectible	2,509,571.50	2,509,571.50
Unit 10	Payment for goods received	Expected all uncollectible	1,521,552.50	1,521,552.50
Other units	Payment for goods received	Expected partly uncollectible	24,400,647.29	14,899,421.85
			<u>39,776,067.54</u>	<u>30,222,292.10</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

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

(continued)

#### 4. Accounts receivable (continued)

As at 30 June 2021, the top 5 of the balance of accounts receivable were as follows:

	Balance	Proportion in total accounts receivable (%)	Provision for bad debts	Net amount
First	172,109,197.48	1.49	17,133,616.32	154,975,581.16
Second	109,320,131.95	0.95	11,708,564.19	97,611,567.76
Third	99,073,213.01	0.86	5,457,264.72	93,615,948.29
Fourth	90,276,977.72	0.78	9,443,057.75	80,833,919.97
Fifth	88,325,338.89	0.76	3,533,013.56	84,792,325.33
	<b>559,104,859.05</b>	<b>4.84</b>	<b>47,275,516.54</b>	<b>511,829,342.51</b>

As at 31 December 2020, 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	276,576,812.99	2.70	17,521,674.74	259,055,138.25
Second	186,061,582.43	1.81	7,442,463.30	178,619,119.13
Third	116,344,020.24	1.13	–	116,344,020.24
Fourth	105,950,000.00	1.03	74,165,000.00	31,785,000.00
Fifth	95,728,725.26	0.93	3,829,149.01	91,899,576.25
	<b>780,661,140.92</b>	<b>7.60</b>	<b>102,958,287.05</b>	<b>677,702,853.87</b>

For the six months ended 30 June 2021, provision for bad debts amounted to RMB28,926,207.95 (2020: RMB146,068,311.37), and provision for bad debts reversed or recovered amounted to RMB5,630,048.00 (2020: RMB30,222,292.10). The actual amount of accounts receivable written-off was RMB460,000.00 (2020: RMB63,235,420.14).

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

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

(continued)

#### 5. Financing receivables

	30 June 2021	31 December 2020
Bank acceptance bills	<u>3,541,720,631.71</u>	<u>5,588,223,348.91</u>

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

As at 30 June 2021, bank acceptance bills of RMB33,337,252.70 were used for discounting of short-term loan; and the pledged bank acceptance bills of RMB14,401,096.93 were used for invoicing. For details of discounting and pledge of bank acceptance bills, please refer to Note V. 69.

As at 30 June 2021, bills endorsed or discounted but not yet due are as follows:

	Derecognised at the end of period	Not derecognised at the end of period
Bank acceptance bills	<u>6,459,625,040.87</u>	<u>1,168,163,041.31</u>

As at 31 December 2020, bills endorsed or discounted but not yet due are as follows:

	Derecognised at the end of the year	Not derecognised at the end of the year
Bank acceptance bills	<u>7,515,622,642.80</u>	<u>1,890,054,890.44</u>

As at 30 June 2021, the Group endorsed the undue notes receivable to its suppliers or discounted to banks to settle trade payables or obtain short-term borrowings of the same amounts and derecognised these notes receivable and the payables to suppliers 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 2021, the maximum exposure to loss from its continuous involvement represents the amounts of undue notes receivable of RMB6,459,625,040.87 (31 December 2020: RMB7,515,622,642.80), which the Group endorsed to its suppliers or discounted to banks.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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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 2021		31 December 2020	
	Balance of carrying amount	Proportion (%)	Balance of carrying amount	Proportion (%)
Within 1 year	2,228,974,737.06	94.76	2,569,929,109.15	95.54
1 to 2 years	59,734,487.07	2.54	52,752,048.88	1.96
2 to 3 years	10,711,922.43	0.46	13,613,899.40	0.51
Over 3 years	52,761,837.03	2.24	53,620,397.06	1.99
	<b>2,352,182,983.59</b>	<b>100.00</b>	2,689,915,454.49	100.00
Less: Provision for bad debts of prepayments	<b>45,057,351.51</b>		44,437,907.62	
	<b>2,307,125,632.08</b>		<b>2,645,477,546.87</b>	

As at 30 June 2021, the significant prepayments aging over 1 year were as follows:

	Aging	Amount	Percentage of total amount (%)	Reasons for being not yet settled in time
Unit 19	1-2 years	7,938,800.00	0.34	Uncompleted
Unit 20	Over 3 years	6,941,024.00	0.30	Uncompleted
		<b>14,879,824.00</b>	<b>0.64</b>	

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 6. Prepayments (continued)

As at 31 December 2020, the significant prepayments aging over 1 year were as follows:

	Aging	Amount	Percentage of total amount (%)	Reasons for being not yet settled in time
Unit 19	1-2 year	7,938,800.00	0.30	Uncompleted
Unit 20	Over 3 years	<u>6,941,024.00</u>	<u>0.26</u>	Uncompleted
		<u>14,879,824.00</u>	<u>0.56</u>	

As at 30 June 2021, the top five prepayments based on balances of the debtors are analysed as follows:

	Balance	Percentage of total amount (%)
First	<b>247,889,066.95</b>	<b>10.54</b>
Second	<b>79,841,881.24</b>	<b>3.39</b>
Third	<b>59,806,162.14</b>	<b>2.54</b>
Fourth	<b>54,984,316.74</b>	<b>2.34</b>
Fifth	<u><b>49,856,368.45</b></u>	<u><b>2.12</b></u>
	<u><b>492,377,795.52</b></u>	<u><b>20.93</b></u>

As at 31 December 2020, the top five prepayments based on balances of the debtors are analysed as follows:

	Balance	Percentage of total amount (%)
First	336,976,166.71	12.54
Second	88,918,930.88	3.31
Third	51,135,499.97	1.90
Fourth	40,685,856.24	1.51
Fifth	<u>33,522,840.00</u>	<u>1.25</u>
	<u>551,239,293.80</u>	<u>20.51</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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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 2021	31 December 2020
Balance at the beginning of the period/year	44,437,907.62	43,084,211.69
Provision for the period/year	670,896.08	3,752,973.04
Reversal for the period/year	(51,452.19)	–
Removed from upon disposal of subsidiaries	–	(1,632,534.54)
Other transfers	–	(766,742.57)
	<u>45,057,351.51</u>	<u>44,437,907.62</u>

#### 7. Other receivables

	30 June 2021	31 December 2020
Interests receivable	13,889,674.46	17,560,811.37
Interests of bonds	6,884,943.74	17,484,712.69
Interests of borrowings due from associates and joint ventures	4,821.85	76,098.68
Interests of deposits	6,999,908.87	–
Dividends receivable	6,395,146.90	–
Dividends due from associates/joint ventures	381,652.00	–
Dividends due from other equity investment	6,013,494.90	–
Other receivables	9,744,740,865.35	9,558,611,477.88
Deposits and reserve funds	1,594,391,553.43	1,437,315,571.77
Current account with other entities	2,140,981,416.99	1,980,822,228.30
Disbursements previously made	505,165,691.06	490,646,257.60
Investment receivable	326,339,620.73	348,244,746.00
Government grants receivable	143,615,514.55	23,218,740.54
Amount due from associates	2,481,702,768.14	3,120,537,862.31
Amount due from joint ventures	47,947,816.20	52,677,296.20
Other current account	<u>2,504,596,484.25</u>	<u>2,105,148,775.16</u>
	9,765,025,686.71	9,576,172,289.25
Less: Provision for bad debts of other receivables	<u>2,272,471,563.88</u>	<u>2,091,367,294.96</u>
	<u>7,492,554,122.83</u>	<u>7,484,804,994.29</u>

## Notes to Unaudited Interim Financial Statements

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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 2021	31 December 2020
Within 1 year	<b>2,441,105,651.76</b>	1,220,083,556.73
1 to 2 years	<b>1,147,862,967.83</b>	1,734,125,274.00
2 to 3 years	<b>895,636,433.64</b>	3,566,012,752.38
3 to 4 years	<b>2,429,571,050.22</b>	377,633,156.59
4 to 5 years	<b>954,712,263.94</b>	947,219,529.13
Over 5 years	<b>1,896,137,319.32</b>	1,731,098,020.42
	<b>9,765,025,686.71</b>	9,576,172,289.25
Less: Provision for bad debts of other receivables	<b>2,272,471,563.88</b>	2,091,367,294.96
	<b>7,492,554,122.83</b>	7,484,804,994.29

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 2021

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit-impaired financial assets (lifetime expected credit loss)	Total
Balance at the beginning of the period	2,976,553.51	928,808,712.69	1,159,582,028.76	2,091,367,294.96
– transferred to stage two	(2,914,660.39)	2,914,660.39	–	–
– transferred to stage three	–	(1,081,220.06)	1,081,220.06	–
Provision for the period	3,634,841.90	2,465,641.85	107,801,383.76	113,901,867.51
Reversal for the period	–	–	(485,212.39)	(485,212.39)
Write-off for the period	–	–	–	–
Other changes	–	–	67,687,613.80	67,687,613.80
Balance at the end of the period	<b>3,696,735.02</b>	<b>933,107,794.87</b>	<b>1,335,667,033.99</b>	<b>2,272,471,563.88</b>



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

(continued)

#### 7. Other receivables (continued)

As of 30 June 2021, provision for bad debts amounted to RMB113,901,867.51 (2020: RMB273,317,499.35) and provision for bad debts reversed amounted to RMB485,212.39 (2020: RMB12,515,749.31) during the Period. The actual amount of accounts receivable written-off was nil (2020: RMB4,519,420.36) during the Period.

31 December 2020

	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	1,683,772.67	957,741,063.87	727,888,559.81	1,687,313,396.35
- transferred to stage two	(760,328.05)	760,328.05	-	-
- transferred to stage three	-	(58,051,998.38)	58,051,998.38	-
Provision for the year	2,053,108.89	45,735,241.24	225,529,149.22	273,317,499.35
Reversal for the year	-	-	(12,515,749.31)	(12,515,749.31)
Write-off for the year	-	(3,556,249.30)	(963,171.06)	(4,519,420.36)
Other changes	-	(13,819,672.79)	161,591,241.72	147,771,568.93
Closing balance	<u>2,976,553.51</u>	<u>928,808,712.69</u>	<u>1,159,582,028.76</u>	<u>2,091,367,294.96</u>

As at 30 June 2021, the top 5 of other receivables were as follows:

	Closing balance	Proportion in total balance of other receivables (%)	Nature	Aging	Closing balance of provision for bad debts
First	1,845,468,521.62	18.90	Amount due from associates	2-4 years	-
Second	616,150,120.00	6.31	Other current account	Within 1 year, 3-4 years	-
Third	442,341,592.00	4.53	Disbursements previously made	1-5 years	-
Fourth	385,835,414.51	3.95	Current account with other entities	1-4 years	-
Fifth	<u>240,000,000.00</u>	<u>2.46</u>	Deposits	Within 1 year	-
	<u>3,529,795,648.13</u>	<u>36.15</u>			-

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

(continued)

#### 7. Other receivables (continued)

As at 31 December 2020, the top 5 of other receivables were as follows:

	Closing balance	Proportion in total balance of other receivables (%)	Nature	Aging	Closing balance of provision for bad debts
First	2,483,873,584.16	25.94	Amount due from associates	1-3 years	-
Second	557,731,320.00	5.82	Other current account	Within 1 year, 2-3 years	-
Third	442,286,797.00	4.62	Disbursements previously made	1-5 years	-
Fourth	326,703,641.77	3.41	Current account with other entities	1-4 years	16,800,000.00
Fifth	181,557,950.31	1.90	Current account with other entities	1-2 years	-
	<u>3,992,153,293.24</u>	<u>41.69</u>			<u>16,800,000.00</u>

As at 30 June 2021, government grants receivable were as follows:

	Grant item	Amount	Aging	Expected time of receipt, amount and basis
Local tax authorities	Refunds of VAT	<u>143,615,514.55</u>	Within 1 year	2021

As at 31 December 2020, government grants receivable were as follows:

	Grant item	Amount	Aging	Expected time of receipt, amount and basis
Local tax authorities	Refunds of VAT	<u>23,218,740.54</u>	Within 1 year	2021

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 8. Inventories

	30 June 2021		
	Balance of carrying amount	Provision for decline in value/provision for impairment	Carrying value
Raw materials	2,399,697,511.91	75,417,827.04	2,324,279,684.87
Items in production	625,994,097.81	12,366,228.20	613,627,869.61
Finished goods	3,511,999,114.47	156,565,394.09	3,355,433,720.38
Turnover materials	8,201,326.82	–	8,201,326.82
Development costs	88,620,731,795.31	135,096,971.56	88,485,634,823.75
Products under development	22,249,592,808.61	185,587,154.43	22,064,005,654.18
Contract performance cost	104,386,008.75	17,385,514.15	87,000,494.60
	<b>117,520,602,663.68</b>	<b>582,419,089.47</b>	<b>116,938,183,574.21</b>

  

	31 December 2020		
	Balance of carrying amount	Provision for decline in value/provision for impairment	Carrying value
Raw materials	2,049,818,820.01	80,287,293.90	1,969,531,526.11
Items in production	858,689,777.71	22,601,263.03	836,088,514.68
Finished goods	2,593,083,870.78	203,489,470.71	2,389,594,400.07
Turnover materials	9,357,884.51	–	9,357,884.51
Development costs	85,849,603,128.51	133,678,677.65	85,715,924,450.86
Products under development	29,894,598,094.66	256,310,421.19	29,638,287,673.47
Contract performance cost	51,728,759.95	17,385,514.15	34,343,245.80
	<b>121,306,880,336.13</b>	<b>713,752,640.63</b>	<b>120,593,127,695.50</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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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 is as follows:

30 June 2021

	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>51,728,759.95</u>	<u>781,467,479.83</u>	<u>728,810,231.03</u>	<u>104,386,008.75</u>

31 December 2020

	Opening balance	Increase during the year	Amortisation during the year	Closing balance
Contract performance cost	<u>52,231,487.53</u>	<u>1,540,936,399.66</u>	<u>1,541,439,127.24</u>	<u>51,728,759.95</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 8. Inventories (continued)

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

30 June 2021

	Balance at the beginning of the period	Provision for the period	Decrease during the period		Balance at the end of the period
			Reversal	Write-off	
Raw materials	80,287,293.90	2,778,261.19	266,909.96	7,380,818.09	75,417,827.04
Items in production	22,601,263.03	4,964,303.29	162,412.56	15,036,925.56	12,366,228.20
Finished goods	203,489,470.71	72,787.25	677,534.26	46,319,329.61	156,565,394.09
Contract performance cost	17,385,514.15	-	-	-	17,385,514.15
Development costs	133,678,677.65	1,940,000.00	521,706.09	-	135,096,971.56
Products under development	256,310,421.19	-	-	70,723,266.76	185,587,154.43
	<b>713,752,640.63</b>	<b>9,755,351.73</b>	<b>1,628,562.87</b>	<b>139,460,340.02</b>	<b>582,419,089.47</b>

31 December 2020

	Opening balance	Provision for the year	Decrease during the year			Closing balance
			Removed from upon disposal of subsidiaries	Reversal	Write-off	
Raw materials	94,201,495.59	20,622,263.58	1,464,010.74	130,692.86	32,941,761.67	80,287,293.90
Items in production	6,484,413.09	20,225,498.31	-	-	4,108,648.37	22,601,263.03
Finished goods	179,881,949.41	66,702,901.80	-	487,191.03	42,608,189.47	203,489,470.71
Contract performance cost	20,812,186.15	1,914,571.03	-	-	5,341,243.03	17,385,514.15
Development costs	7,169,850.12	133,678,677.65	-	-	7,169,850.12	133,678,677.65
Products under development	427,977,001.15	120,794,193.31	-	-	292,460,773.27	256,310,421.19
	<b>736,526,895.51</b>	<b>363,938,105.68</b>	<b>1,464,010.74</b>	<b>617,883.89</b>	<b>384,630,465.93</b>	<b>713,752,640.63</b>

As at 30 June 2021, the balance of development costs included the capitalised borrowing costs of RMB6,098,927,030.99 (31 December 2020: RMB5,618,572,116.44). The capitalised borrowing costs amounted to RMB1,212,820,192.99 in aggregate from January to June 2021 (2020: RMB3,279,606,362.37), and the rate of interest capitalisation was 3.94% (2020: 3.60%). Details of pledge of inventories are set out in Note V. 69.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 8. Inventories (continued)

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

Project name	Time of commencement	Estimated completion time of the next phase	Aggregate investment	30 June 2021	31 December 2020
Tianjin -Airport Economic Zone	March 2018	December 2021	9,119,780,000.00	<b>7,155,495,613.31</b>	7,026,346,074.68
Shanghai -Yangpu R-09 Plot	December 2020	June 2023	9,844,900,000.00	<b>6,851,770,482.58</b>	6,601,925,817.02
Beijing -Anningzhuang	March 2019	December 2023	8,842,150,000.00	<b>6,398,047,053.30</b>	5,919,321,821.78
Beijing -Incubator Technology Park	March 2018	September 2021	7,597,410,000.00	<b>4,779,975,552.03</b>	4,326,295,562.53
Chongqing -Xinduhui Project	June 2018	October 2021	20,117,351,300.00	<b>4,640,195,772.33</b>	4,979,313,763.71
Tianjin -Jinzhong River Project	April 2019	December 2021	5,993,550,000.00	<b>4,422,722,037.82</b>	4,000,930,393.11
Chengdu -Gaoxin Zhonghe Project	September 2018	July 2021	5,332,520,000.00	<b>4,360,231,046.96</b>	4,307,747,542.38
Hefei -Plot S1606 at Baohe District	May 2017	December 2021	7,832,880,000.00	<b>4,099,156,850.76</b>	4,176,214,228.75
Beijing -Yizhuang X89R1	August 2018	December 2021	4,571,940,000.00	<b>4,042,280,388.23</b>	3,724,228,469.50
Hangzhou -Plot 42 of BBMG Hanchao	February 2020	December 2022	2,849,080,000.00	<b>2,483,151,097.81</b>	2,378,526,017.18
Nanjing -Diary Farm Project	December 2016	November 2021	6,845,850,000.00	<b>3,291,985,655.28</b>	3,764,096,286.80
Qingdao -Jinyu Jimo	December 2018	November 2021	4,151,470,000.00	<b>3,006,244,003.53</b>	2,543,108,129.36
Nanjing -Plot G20 at Jiulonghu	July 2018	September 2021	5,267,680,000.00	<b>2,867,647,957.09</b>	2,661,375,882.03
Ningbo -Plot 07#/15#/16# at Gaoxin District	March 2018	September 2021	8,390,000,000.00	<b>2,666,642,747.28</b>	5,429,573,377.68
Tianjin -Jinyu Jincheng	December 2020	March 2024	4,998,610,000.00	<b>2,666,528,399.08</b>	2,540,470,359.80
Beijing -Penglai Project	May 2015	December 2021	6,816,300,000.00	<b>2,637,207,175.21</b>	2,424,653,664.16
Hefei -Baohe S1802 (包河S1802)	February 2019	November 2021	3,007,450,000.00	<b>2,379,195,387.51</b>	2,275,054,878.99
Tangshan -Qixin 1889#	April 2014	June 2023	2,963,829,179.54	<b>2,347,631,424.47</b>	2,249,205,936.05
Ningbo -Eastern New City	June 2021	November 2023	3,396,020,000.00	<b>2,261,950,215.25</b>	-
Tangshan-Mining & Metallurgical	January 2021	December 2025	2,053,143,125.53	<b>2,051,022,561.78</b>	-
Anhui -Forklift Factory Project	May 2018	June 2022	2,000,000,000.00	<b>1,768,481,142.99</b>	1,690,171,272.17
Chengdu -Xindu Dafeng Project	July 2018	July 2021	1,654,890,000.00	<b>1,489,856,491.37</b>	1,532,426,889.98
Chongqing -Nanshanjun	December 2011	October 2021	5,198,000,000.00	<b>1,409,827,981.52</b>	1,190,575,658.08
Hangzhou -Plot 52 of BBMG Hanchao	February 2020	June 2023	2,541,560,000.00	<b>2,149,430,215.15</b>	2,063,662,851.49
Haikou -Yangguangjun	April 2016	November 2021	2,532,000,000.00	<b>1,068,346,115.75</b>	902,809,940.00
Nanhu -Jin'anshiming	March 2018	December 2021	2,915,380,294.63	<b>908,534,396.44</b>	780,400,336.40
Tianjin -Yingshun Building	March 2018	September 2021	1,300,380,000.00	<b>900,584,024.65</b>	845,581,425.51
Chengdu -Wuhou Longxijun Project	July 2018	December 2021	1,658,840,000.00	<b>789,607,132.47</b>	770,373,245.30
Beijing -Chicken Farm Project	October 2018	December 2022	800,000,000.00	<b>723,016,593.49</b>	723,016,593.49
Hangzhou -Plot 2F, Plot 2G	April 2016	December 2021	592,280,000.00	<b>437,435,146.31</b>	414,630,325.14
Beijing -Kanghuiyuan	February 2009	December 2021	1,923,699,963.82	<b>352,685,481.63</b>	302,022,369.78

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 8. Inventories (continued)

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

Project name	Time of commencement	Estimated completion time of the next phase	Aggregate investment	30 June 2021	31 December 2020
Beijing -Wangjing Star	September 2020	September 2023	926,000,000.00	<b>239,712,645.64</b>	214,857,016.16
Chengde -Chengde Project	May 2018	December 2021	554,248,200.00	<b>237,965,520.91</b>	178,413,332.42
Tangshan -Caofeidian E-02-2	June 2019	December 2021	711,741,959.00	<b>210,888,477.80</b>	430,378,016.13
Chongqing -Times Metro	October 2012	December 2022	5,068,220,000.00	<b>146,881,404.44</b>	119,842,450.81
Tangshan -Jinyu Lefu	March 2010	December 2022	2,787,561,938.91	<b>68,049,346.58</b>	68,049,346.58
Tianjin -Qiaowanyuan project	March 2018	Completed	757,796,000.00	<b>157,477.56</b>	-
Shanghai -Dachenghuating	June 2019	Completed	1,772,560,000.00	-	1,781,298,341.60
Tianjin -Jinyu Yuecheng	September 2010	Completed	5,157,217,800.00	-	213,056,690.31
Others				<b>175,093,807.44</b>	165,970,144.00
				<b>88,485,634,823.75</b>	85,715,924,450.86

## Notes to Unaudited Interim Financial Statements

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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 in the period	Decrease in the period	Closing balance
Beijing-Jinlinjiayuan	December 2020	3,958,614,151.13	–	1,519,550,003.11	2,439,064,148.02
Beijing -Wangchuan Beiyuan	December 2020	2,195,554,285.38	–	364,223,742.59	1,831,330,542.79
Beijing-Shangchengjun	December 2019	1,651,513,082.03	–	201,611,567.29	1,449,901,514.74
Nanjing-Zijingdieryuan	September 2020	1,737,519,361.02	78,307,873.33	386,637,189.06	1,429,190,045.29
Beijing-Jinlingfu	December 2020	1,946,950,475.17	–	825,378,152.59	1,121,572,322.58
Hangzhou -Metro Forest	November 2020	3,878,170,041.61	–	2,766,543,508.46	1,111,626,533.15
Beijing -Jiapin MALL	September 2015	811,471,711.72	–	–	811,471,711.72
Beijing -Chaoyang New City	November 2020	744,587,902.91	–	–	744,587,902.91
Shanghai -Jiading Juyuan	March 2019	789,462,327.87	–	44,911,658.91	744,550,668.96
Hefei-Nanqi Garden	November 2020	1,092,888,542.51	–	376,776,849.44	716,111,693.07
Hefei- Baohe project	August 2020	1,137,123,892.95	70,128,844.13	517,692,446.22	689,560,290.86
Chengdu-Shangxifu	November 2020	719,817,902.87	–	40,485,246.94	679,332,655.93
Chongqing -Nanshanjun	November 2020	765,597,018.69	–	95,919,443.40	669,677,575.29
Shanghai -Jinchengfu	May 2021	–	1,954,827,035.93	1,407,114,941.16	547,712,094.77
Chongqing -Plot No.2 of Xinduhui	November 2019	225,962,923.34	846,012,609.03	532,059,756.82	539,915,775.55
Ningbo -Gaoxin District Project	August 2020	448,673,491.39	2,933,821,845.08	2,880,466,754.01	502,028,582.46
Ningbo -Kanjia Shidai	June 2019	528,403,042.66	–	36,836,403.99	491,566,638.67
Beijing -Jinchengyu Garden	December 2019	811,821,888.74	–	323,108,754.23	488,713,134.51
Chongqing -Times Metro	August 2018	511,626,219.51	–	54,785,675.33	456,840,544.18
Qingdao -Qingdao Hefu	January 2020	416,354,468.02	–	36,999,436.10	379,355,031.92
Beijing -Jin'gang Jiayuan	December 2020	491,771,214.07	–	145,475,038.67	346,296,175.40
Nanjing-Zijingxiyuan	June 2021	–	745,986,830.60	449,511,247.20	296,475,583.40
Tangshan -Jin'anhongbao	December 2017	262,473,175.56	–	7,818,398.61	254,654,776.95
Tangshan-Dachengjun	June 2021	–	484,232,835.39	246,251,379.11	237,981,456.28
Changyang -Polytechnic University Land No. 1	October 2019	254,941,144.53	–	21,227,722.75	233,713,421.78
Inner Mongolia -Global Center	December 2020	240,695,697.24	–	14,255,726.89	226,439,970.35
Chengdu -Dachengjun	December 2014	203,605,789.36	–	15,671,587.61	187,934,201.75
Chengdu -Longxi Center	July 2020	294,139,598.34	–	112,635,624.82	181,503,973.52
Haikou -Yangguangjun	April 2020	254,991,838.01	–	103,744,959.24	151,246,878.77
Tangshan -Qixin 1889#	June 2019	149,887,272.40	–	–	149,887,272.40
Inner Mongolia -Ligang City	October 2015	159,551,885.34	–	10,777,156.87	148,774,728.47
Haikou -Xixili	October 2017	147,511,748.62	13,248,195.52	16,959,782.21	143,800,161.93
Chengdu -Longxijun	July 2017	131,968,493.89	–	610,423.03	131,358,070.86
Tangshan -Jinyu Yuefu	June 2019	118,480,407.71	–	–	118,480,407.71



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

(continued)

#### 8. Inventories (continued)

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

Project name	Completion date of the latest phase	Opening balance	Increase in the period	Decrease in the period	Closing balance
Tianjin -Jinyu Yuecheng	October 2017	106,761,241.98	223,005,253.57	223,875,161.37	105,891,334.18
Beijing -Dacheng International	March 2018	94,710,336.78	-	-	94,710,336.78
Beijing -Wangheyuan	November 2019	87,716,241.50	-	-	87,716,241.50
Beijing -Huijingyuan	November 2020	84,180,714.24	-	-	84,180,714.24
Tianjin -Qiaowanyuan	December 2019	83,492,128.59	-	-	83,492,128.59
Chengde- BBMG Model Community	December 2020	108,745,707.09	-	28,861,325.86	79,884,381.23
Beijing -Chang'an New City	December 2007	56,014,207.87	19,135,728.41	944.32	75,148,991.96
Beijing -Kanghuiyuan	September 2011	85,467,420.03	-	12,533,903.15	72,933,516.88
Beijing -Binheyuan	June 2014	66,555,339.96	-	201,591.55	66,353,748.41
Beijing -Tuqiao Project	December 2016	60,764,231.34	-	-	60,764,231.34
Ma'anshan -Jiashanshu	June 2016	70,376,424.03	-	10,934,419.01	59,442,005.02
Beijing -Dacheng Shidai	December 2019	49,839,231.52	-	-	49,839,231.52
Beijing -Tuqiao Phase III	August 2016	49,755,120.85	-	1,459,388.27	48,295,732.58
Beijing -Guogongzhuang	December 2014	45,939,169.76	-	2,928,488.40	43,010,681.36
Tianjin-Hongshanhuayuan	June 2016	47,157,235.23	-	9,635,072.77	37,522,162.46
Beijing -Jinyu Town-House	October 2014	56,584,665.45	-	21,011,055.88	35,573,609.57
Hainan -Dacheng Business Apartments	February 2005	33,819,032.85	-	-	33,819,032.85
Nanjing -Yunzhu Project	October 2020	980,439,099.63	-	948,380,105.68	32,058,993.95
Inner Mongolia -Jinyu Times City	June 2019	32,563,139.46	-	1,263,178.22	31,299,961.24
Beijing -I Cube	February 2015	26,545,776.96	-	-	26,545,776.96
Beijing -Wangyajiyuan	September 2018	25,524,802.86	-	-	25,524,802.86
Beijing -Huixingyuan	November 2019	24,295,934.67	-	-	24,295,934.67
Beijing -Jiaheyuan	March 2018	22,399,505.99	-	1,076,475.20	21,323,030.79
Beijing -Jinyu Lanwan	October 2016	23,339,296.28	-	5,951,720.00	17,387,576.28
Tangshan -Xitang	June 2019	7,244,970.28	-	-	7,244,970.28
Tangshan -Lixinjiayuan	June 2019	4,630,569.94	-	896,642.92	3,733,927.02
Beijing -Jinyu Feili	November 2016	2,092,902.64	-	-	2,092,902.64
Tianjin -Rongxiyuan Project	May 2015	6,998,472.21	-	6,973,019.10	25,453.11
Beijing -Treasures Mansion	November 2019	108,063,094.32	-	108,063,094.32	-
Others		104,140,664.57	-	2,902,907.60	101,237,756.97
		29,638,287,673.47	7,368,707,050.99	14,942,989,070.28	22,064,005,654.18

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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 2021			31 December 2020		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Completed but not yet settled	<u>30,657,393.83</u>	<u>2,780,321.69</u>	<u>27,877,072.14</u>	<u>15,576,535.17</u>	<u>1,155,978.00</u>	<u>14,420,557.17</u>

The movements in the provisions for impairment of contract assets:

	Balance at the beginning of the period/year	Provision for the period/year	Reversal for the period	Write-off for the period/year	Balance at the end of the period/year
January to June 2021	<u>1,155,978.00</u>	<u>1,831,626.08</u>	<u>207,282.39</u>	<u>-</u>	<u>2,780,321.69</u>
2020	<u>2,487,155.92</u>	<u>423,713.43</u>	<u>-</u>	<u>1,754,891.35</u>	<u>1,155,978.00</u>

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

(continued)

#### 10. Other current assets

	30 June 2021	31 December 2020
Prepaid enterprise income tax	<b>1,251,914,772.54</b>	1,288,363,438.31
Prepaid value-added tax	<b>1,228,108,083.48</b>	911,205,318.91
Prepaid other tax	<b>528,346,211.66</b>	684,419,977.90
VAT recoverable	<b>3,783,032,196.23</b>	4,090,901,445.53
VAT certifiable	<b>124,471,769.78</b>	47,029,997.20
Cost of obtaining a contract	<b>161,609,644.90</b>	187,249,119.83
Others	<b>433,430,302.47</b>	805,158,390.86
	<b><u>7,510,912,981.06</u></b>	<b><u>8,014,327,688.54</u></b>

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

#### 30 June 2021

	Balance at the beginning of the period	Increase during the period	Amortisation during the period	Provisions for impairment	Balance at the end of the period
Cost of obtaining a contract	<u>187,249,119.83</u>	<u>35,410,467.41</u>	<u>61,049,942.34</u>	-	<u>161,609,644.90</u>

#### 31 December 2020

	Balance at the beginning of the year	Increase during the year	Amortisation during the year	Provisions for impairment	Balance at the end of the year
Cost of obtaining a contract	<u>119,704,979.53</u>	<u>166,926,832.38</u>	<u>99,382,692.08</u>	-	<u>187,249,119.83</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 11. Debt investments

	30 June 2021			31 December 2020		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Financial Bonds of Policy Bank -19 Nong Fa 01 (note 1)	199,917,800.00	-	199,917,800.00	199,917,800.00	-	199,917,800.00
Financial Bonds of Policy Bank -20 Nong Fa 04 (note 2)	581,327,514.68	-	581,327,514.68	582,570,053.43	-	582,570,053.43
	<b>781,245,314.68</b>	<b>-</b>	<b>781,245,314.68</b>	<b>782,487,853.43</b>	<b>-</b>	<b>782,487,853.43</b>

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

Note 2: In 2020, BBMG Finance Co., Ltd. purchased the fourth tranche of financial bonds for 2020 of Agricultural Development Bank of China totaling RMB582,570,053.43 with a coupon rate of 2.96% and maturity date of 16 April 2030. Interest is payable annually in arrears on 17 April of each year.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 12. Long-term receivables

	30 June 2021		
	Balance of carrying amount	provision for bad debts	Carrying value
Sales of goods by instalments	239,662,403.82	8,178,467.16	231,483,936.66
Loans to Related parties	335,392,833.89	–	335,392,833.89
Finance lease payment	121,044,916.76	–	121,044,916.76
Others	383,440,850.42	–	383,440,850.42
	<b>1,079,541,004.89</b>	<b>8,178,467.16</b>	<b>1,071,362,537.73</b>

  

	31 December 2020		
	Balance of carrying amount	provision for bad debts	Carrying value
Sales of goods by instalments	386,403,082.86	13,068,598.12	373,334,484.74
Loans to Related parties	322,154,914.03	–	322,154,914.03
Others	383,440,850.42	–	383,440,850.42
	<b>1,091,998,847.31</b>	<b>13,068,598.12</b>	<b>1,078,930,249.19</b>

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

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 12. 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 2021	31 December 2020
Balance at the beginning of the period/year	<b>13,068,598.12</b>	20,103,877.84
Reversal for the period/year	<b>(4,890,130.96)</b>	(7,035,279.72)
Balance at the end of the period/year	<b>8,178,467.16</b>	13,068,598.12

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 13. Long-term equity investments

January to June 2021

	Movements during the period							Provision for impairment at the end of the period	
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		Closing balance
<b>Joint ventures</b>									
BBMG TUS Technology Incubator Co., Ltd.	5,179,484.03	-	-	195,969.75	-	-	-	5,375,453.78	-
STAR-USG Building Materials Co., Ltd.	48,656,234.95	-	-	4,157,645.71	-	-	-	52,813,880.66	-
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	663,539,889.80	-	-	107,287,957.90	-	595,485.91	(215,000,000.00)	556,423,333.61	-
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	489,091,807.62	-	-	97,135,874.11	-	1,625,839.93	(170,790,500.00)	417,063,021.66	-
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	166,991,004.77	-	-	6,899,139.37	-	-	(25,000,000.00)	148,890,144.14	-
Anshan Jidong Cement Co., Ltd.	234,473,611.32	-	-	1,060,277.16	-	-	(5,000,000.00)	230,533,888.48	-
Cross Point Trading 274 (Pty) Ltd (RF)	179,023,798.41	-	-	26,543,659.43	-	(4,923,260.32)	-	200,644,197.52	-
Hebei Xiongan Zhitong Technology Co., Ltd.	10,200,000.00	-	-	14,053,340.68	-	-	-	24,253,340.68	-
	<b>1,797,155,830.90</b>	<b>-</b>	<b>-</b>	<b>257,333,864.11</b>	<b>-</b>	<b>(2,701,934.48)</b>	<b>(415,790,500.00)</b>	<b>1,635,997,260.53</b>	<b>-</b>
<b>Associates</b>									
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	16,681,934.10	-	-	-	-	-	-	16,681,934.10	-
Beijing Chenyu Real Estate Development Co., Ltd.	946,904,307.77	-	-	7,996,596.93	-	-	-	954,900,904.70	-
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	1,263,619.13	-	-	(179,388.19)	-	-	-	1,084,230.94	-
Beijing Sinobaide Technology Co., Ltd.	17,856,837.41	-	-	615,295.10	-	-	-	18,472,132.51	-
Zehnder (China) Indoor Climate Co., Ltd.	106,890,558.40	-	-	9,844.57	-	-	-	106,900,402.97	-
OCV Reinforcements (Beijing) Co., Ltd.	72,124,607.97	-	-	13,475,964.17	-	-	(4,020,000.00)	81,580,572.14	-

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

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

January to June 2021 (continued)

	Movements during the period							Provision for impairment at the end of the period	
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		Closing balance
Tangshan Conch Profiles Co., Ltd.	131,622,124.80	-	-	(2,519,908.46)	-	-	-	129,102,216.34	-
Toto Machinery (Beijing) Company Limited	149,915,671.53	-	-	6,300,270.02	-	-	-	156,215,941.55	-
Beijing Toto Co., Ltd.	144,989,762.92	-	-	446,333.31	-	-	-	145,436,096.23	60,000,000.00
Beijing Innovation Industry Investment Co., Ltd.	201,217,151.75	-	-	2,771,423.47	-	-	-	203,988,575.22	-
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	4,981,823.43	-	-	-	-	-	-	4,981,823.43	-
SINUI TRADING PTE LTD	4,579,091.96	-	-	(253,486.49)	-	-	(381,652.00)	3,943,953.47	-
Jilin Changjitu Investment Co., Ltd.	133,880,350.23	-	-	(762,068.98)	-	-	-	133,118,281.25	-
Liaoning Yunding Cement Group Co., Ltd.	1,268,979.33	-	-	(80,052.24)	-	-	-	1,188,927.09	-
Jidong Cement Fufeng Transportation Co., Ltd.	6,449,489.17	-	-	616,291.29	-	(19,701.36)	(1,187,500.00)	5,858,579.10	-
Tianjin Gangbei Concrete Industry Co., Ltd.	3,168,320.69	-	-	-	-	-	-	3,168,320.69	-
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	29,610,194.74	-	-	(221,463.91)	-	-	-	29,388,730.83	-
Tianjin Yaopi Glass Co., Ltd.	147,123,950.76	-	-	12,542,385.91	-	-	-	159,666,336.67	-
Tianjin Binhai Jiantai Investment Co., Ltd.	110,474,400.00	-	-	-	-	-	-	110,474,400.00	-
Tianjin Shengxiang Plastic Business Management Co., Ltd.	31,940,000.00	-	-	-	-	-	-	31,940,000.00	31,940,000.00
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	-	-	-	-	8,244,156.30	8,244,156.30
Sub-total	2,271,187,332.39	-	-	40,758,036.50	-	(19,701.36)	(5,589,152.00)	2,306,336,515.53	100,184,156.30
Total	4,068,343,163.29	-	-	298,091,900.61	-	(2,721,635.84)	(421,379,652.000)	3,942,333,776.06	100,184,156.30



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

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

2020

	Movements during the period							Provision for impairment at the end of the period	
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		Closing balance
<b>Joint ventures</b>									
BBMG TUS Technology Incubator Co., Ltd.	5,133,661.88	-	-	45,822.15	-	-	-	5,179,484.03	-
BBMG Landao Commercial Operation Management Co., Ltd.	2,587,747.03	-	(2,587,747.03)	-	-	-	-	-	-
STAR-USG Building Materials Co., Ltd.	44,224,382.99	-	-	4,431,851.96	-	-	-	48,656,234.95	-
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	681,625,793.39	-	-	206,822,618.26	-	91,478.15	(225,000,000.00)	663,539,889.80	-
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	511,176,266.95	-	-	146,172,862.22	-	127,678.45	(168,385,000.00)	489,091,807.62	-
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	155,562,628.99	-	-	18,928,375.78	-	-	(7,500,000.00)	166,991,004.77	-
Anshan Jidong Cement Co., Ltd.	227,690,996.47	-	-	11,782,614.85	-	-	(5,000,000.00)	234,473,611.32	-
Cross Point Trading 274 (Pty) Ltd (RF)	135,993,387.14	-	-	43,030,411.27	-	-	-	179,023,798.41	-
Hebei Xiongan Zhitong Technology Co., Ltd.	-	10,200,000.00	-	-	-	-	-	10,200,000.00	-
	1,763,994,864.84	10,200,000.00	(2,587,747.03)	431,214,556.49	-	219,156.60	(405,885,000.00)	1,797,155,830.90	-
<b>Associates</b>									
Changchun Light Rail Jidong Concrete Co., Ltd.	22,920,793.94	-	(20,936,076.81)	(1,984,717.13)	-	-	-	-	-
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	16,513,165.88	-	-	168,768.22	-	-	-	16,681,934.10	-
Beijing Chenyu Real Estate Development Co., Ltd.	978,392,370.60	-	-	(31,488,062.83)	-	-	-	946,904,307.77	-
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	1,545,810.00	-	-	(282,190.87)	-	-	-	1,263,619.13	-
Beijing Sinobside Technology Co., Ltd.	16,154,165.61	-	-	1,702,671.80	-	-	-	17,856,837.41	-
Zehnder (China) Indoor Climate Co., Ltd.	103,037,341.89	-	-	3,853,216.51	-	-	-	106,890,558.40	-
OCV Reinforcements (Beijing) Co., Ltd.	71,385,513.95	-	-	739,094.02	-	-	-	72,124,607.97	-
Beijing Gaoqiang Concrete Co., Ltd.	26,284,093.76	-	(26,272,086.01)	(12,007.75)	-	-	-	-	-
Tangshan Conch Profiles Co., Ltd.	130,912,736.91	-	-	2,909,387.89	-	-	(2,200,000.00)	131,622,124.80	-
Toto Machinery (Beijing) Company Limited	127,711,909.27	-	-	22,203,762.26	-	-	-	149,915,671.53	-
Beijing Toto Co., Ltd.	145,045,601.14	-	-	(55,838.22)	-	-	-	144,989,762.92	60,000,000.00

## Notes to Unaudited Interim Financial Statements

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

(continued)

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

2020

	Movements during the period							Provision for impairment at the end of the period	
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		Closing balance
Associates (continued)									
Beijing Innovation Industry Investment Co., Ltd.	100,436,014.35	100,000,000.00	-	781,137.40	-	-	-	201,217,151.75	-
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	4,981,823.43	-	-	-	-	-	-	4,981,823.43	-
SINUI TRADING PTE LTD	4,683,074.05	-	-	(103,982.09)	-	-	-	4,579,091.96	-
Jilin Changjitu Investment Co., Ltd.	137,302,540.20	-	-	(3,422,189.97)	-	-	-	133,880,350.23	-
Liaoning Yunding Cement Group Co., Ltd.	1,317,804.07	-	-	(48,824.74)	-	-	-	1,268,979.33	-
Jidong Cement Fufeng Transportation Co., Ltd.	6,246,940.35	-	-	1,102,926.87	-	49,621.95	(950,000.00)	6,449,489.17	-
Jilin Cement (Group) Co., Ltd.	14,694,041.46	-	(9,964,224.05)	(4,729,817.41)	-	-	-	-	-
Tianjin Gangbei Concrete Industry Co., Ltd.	3,168,320.69	-	-	-	-	-	-	3,168,320.69	-
Tianjin Wankeyou Energy Saving Technology Co., Ltd.	66,794.05	-	(66,794.05)	-	-	-	-	-	-
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	31,895,330.42	-	-	114,864.32	-	-	(2,400,000.00)	29,610,194.74	-
Tianjin Yaoqi Glass Co., Ltd.	150,176,058.58	-	-	(3,052,107.82)	-	-	-	147,123,950.76	-
Tianjin Binhai Jiantai Investment Co., Ltd.	129,664,427.82	-	-	(19,190,027.82)	-	-	-	110,474,400.00	-
Tianjin Shengxiang Plastic Business Management 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
	<u>2,264,720,828.72</u>	<u>100,000,000.00</u>	<u>(57,239,180.92)</u>	<u>(30,793,937.36)</u>	<u>-</u>	<u>49,621.95</u>	<u>(5,550,000.00)</u>	<u>2,271,187,332.39</u>	<u>100,184,156.30</u>
	<u>4,028,715,693.56</u>	<u>110,200,000.00</u>	<u>(59,826,927.95)</u>	<u>400,420,619.13</u>	<u>-</u>	<u>268,778.55</u>	<u>(411,435,000.00)</u>	<u>4,068,343,163.29</u>	<u>100,184,156.30</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

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

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

January to June 2021

	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period
Beijing Toto Co., Ltd.	60,000,000.00	-	-	60,000,000.00
Tianjin Shengxiang Plastic Business Management Co., Ltd.	31,940,000.00	-	-	31,940,000.00
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	8,244,156.30
Total	100,184,156.30	-	-	100,184,156.30

2020

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Beijing Toto Co., Ltd.	-	60,000,000.00	-	60,000,000.00
Tianjin Shengxiang Plastic Business Management Co., Ltd.	31,940,000.00	-	-	31,940,000.00
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	8,244,156.30
Total	40,184,156.30	60,000,000.00	-	100,184,156.30

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 14. Investment in other equity instruments

30 June 2021

	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	450,201,827.20	(141,027,078.40)	309,174,748.80	–
Equity investments in non-listed companies	<u>258,188,956.76</u>	<u>(14,405,238.43)</u>	<u>243,783,718.33</u>	<u>6,013,494.90</u>
	<u>708,390,783.96</u>	<u>(155,432,316.83)</u>	<u>552,958,467.13</u>	<u>6,013,494.90</u>

31 December 2020

	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	Equity instruments held of dividend income for the year
Investments in shares of listed companies	450,201,827.20	(113,906,486.40)	336,295,340.80	–
Equity investments in non-listed companies	<u>289,169,589.64</u>	<u>(45,088,443.03)</u>	<u>244,081,146.61</u>	<u>6,035,154.41</u>
	<u>739,371,416.84</u>	<u>(158,994,929.43)</u>	<u>580,376,487.41</u>	<u>6,035,154.41</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 15. Investment properties

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

For the six months ended 30 June 2021:

	Completed buildings	Buildings in progress	Total
Opening balance	29,325,818,846.64	1,357,981,224.38	30,683,800,071.02
Acquisition for the period	-	497,192,948.42	497,192,948.42
Transfer from inventories	7,169,656.40	-	7,169,656.40
Disposal for the period	(175,857,598.22)	-	(175,857,598.22)
Changes in fair value	233,720,454.75	-	233,720,454.75
Closing balance	29,390,851,359.57	1,855,174,172.80	31,246,025,532.37

2020:

	Completed buildings	Buildings in progress	Total
Opening balance	27,539,607,674.53	2,092,637,075.00	29,632,244,749.53
Acquisition for the year	991,321,039.92	(890,137,763.08)	101,183,276.84
Transfer from construction in progress during the year	-	58,030,727.54	58,030,727.54
Transfer from intangible assets	-	31,297,318.25	31,297,318.25
Transfer from fixed assets	16,447,976.23	66,153,866.67	82,601,842.90
Disposal for the year	(16,760,119.59)	-	(16,760,119.59)
Other transfer out	(7,000,000.00)	-	(7,000,000.00)
Changes in fair value	802,202,275.55	-	802,202,275.55
Closing balance	29,325,818,846.64	1,357,981,224.38	30,683,800,071.02

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 15. Investment properties (continued)

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 2021, the carrying value of investment properties without completing their procedures for the title certificates was RMB1,251,300,810.00 (31 December 2020: RMB1,245,600,810.00). The Group was in the process of handling the procedures for changing the relevant titles. The management was of the view that the Group had the legitimate and valid right to occupy and use or dispose of the above properties and the above matters would not impose material adverse effect on the operation of the Group.

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

As at 30 June 2021, 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	250,400,000.00	In the process of handling the procedures for changing the relevant titles
Jinhuanyu Building	138,500,000.00	In the process of handling the procedures for changing the relevant titles
Tianjin Building Materials in Circum-Bohai Sea Golden Coast	862,400,810.00	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 2021

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

(continued)

#### 16. Fixed assets

30 June 2021

	Buildings	Machinery and equipment	Transportation equipment	Office and other equipment	Total
Original price					
Opening balance	33,342,129,549.59	30,780,442,336.33	846,332,689.48	843,372,804.57	65,812,277,379.97
Purchase	8,657,712.22	162,342,602.28	48,031,470.94	38,894,527.21	257,926,312.65
Transfer from construction in progress	393,862,692.74	346,607,283.03	4,546,020.83	28,043,523.23	773,059,519.83
Business combination not under common control	–	795,928.60	128,000.00	26,889.00	950,817.60
Disposal or retirement	(440,778,717.50)	(397,648,494.79)	(178,899,196.31)	(38,482,977.06)	(1,055,809,385.66)
Removed from upon disposal of subsidiaries	(22,584,492.58)	(72,499,762.18)	(764,537.00)	(639,028.47)	(96,487,820.23)
Closing balance	<u>33,281,286,744.47</u>	<u>30,820,039,893.27</u>	<u>719,374,447.94</u>	<u>871,215,738.48</u>	<u>65,691,916,824.16</u>
Accumulated depreciation					
Opening balance	7,810,831,367.48	12,782,771,647.67	250,544,858.22	513,354,955.38	21,357,502,828.75
Provision	670,115,785.95	1,096,023,499.43	60,933,074.93	41,828,254.19	1,868,900,614.50
Disposal or retirement	(235,797,344.88)	(302,720,898.74)	(165,854,654.85)	(35,512,498.98)	(739,885,397.45)
Removed from upon disposal of subsidiaries	(3,233,030.36)	(28,255,949.10)	(535,456.78)	(608,830.46)	(32,633,266.70)
Closing balance	<u>8,241,916,778.19</u>	<u>13,547,818,299.26</u>	<u>145,087,821.52</u>	<u>519,061,880.13</u>	<u>22,453,884,779.10</u>
Provision for impairment					
Opening balance	398,755,172.87	307,373,467.98	32,289,871.69	1,907,906.08	740,326,418.62
Provision	13,106,246.60	943,784.91	–	–	14,050,031.51
Disposal or retirement	(62,071,638.34)	(16,253,812.95)	(4,413,340.87)	(3,446.88)	(82,742,239.04)
Closing balance	<u>349,789,781.13</u>	<u>292,063,439.94</u>	<u>27,876,530.82</u>	<u>1,904,459.20</u>	<u>671,634,211.09</u>
Carrying value					
At the end of the period	<u>24,689,580,185.15</u>	<u>16,980,158,154.07</u>	<u>546,410,095.60</u>	<u>350,249,399.15</u>	<u>42,566,397,833.97</u>
At the beginning of the period	<u>25,132,543,009.24</u>	<u>17,690,297,220.68</u>	<u>563,497,959.57</u>	<u>328,109,943.11</u>	<u>43,714,448,132.60</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 16. Fixed assets (continued)

31 December 2020

	Buildings	Machinery and equipment	Transportation equipment	Office and other equipment	Total
Original price					
Opening balance	32,828,963,654.75	29,521,942,864.89	1,326,575,942.50	786,223,290.71	64,463,705,752.85
Purchase	49,057,061.53	494,994,295.28	164,971,423.07	119,325,342.34	828,348,122.22
Transfer from construction in progress	1,062,359,956.50	1,394,747,019.83	2,974,815.93	20,055,361.32	2,480,137,153.58
Disposal or retirement	(346,673,161.13)	(443,442,712.88)	(491,452,955.05)	(70,799,530.47)	(1,352,368,359.53)
Removed from upon disposal of subsidiaries	(2,348,203.16)	(2,373,298.95)	(1,226,110.78)	(359,326.19)	(6,306,939.08)
Other transfer out	(249,229,758.90)	(185,425,831.84)	(155,510,426.19)	(11,072,333.14)	(601,238,350.07)
Closing balance	<u>33,342,129,549.59</u>	<u>30,780,442,336.33</u>	<u>846,332,689.48</u>	<u>843,372,804.57</u>	<u>65,812,277,379.97</u>
Accumulated depreciation					
Opening balance	6,874,081,653.23	11,133,243,399.70	620,504,859.66	519,470,405.29	19,147,300,317.88
Provision	1,252,956,507.19	2,128,869,178.94	163,236,232.43	75,260,345.03	3,620,322,263.59
Disposal or retirement	(170,769,183.93)	(322,705,010.42)	(417,273,722.70)	(66,791,756.33)	(977,539,673.38)
Removed from upon disposal of subsidiaries	(1,149,616.21)	(1,636,193.26)	(733,661.99)	(260,254.53)	(3,779,725.99)
Other transfer out	(144,287,992.80)	(154,999,727.29)	(115,188,849.18)	(14,323,784.08)	(428,800,353.35)
Closing balance	<u>7,810,831,367.48</u>	<u>12,782,771,647.67</u>	<u>250,544,858.22</u>	<u>513,354,955.38</u>	<u>21,357,502,828.75</u>
Provision for impairment					
Opening balance	438,350,894.85	334,300,346.06	28,738,745.79	2,807,990.03	804,197,976.73
Provision	14,136,930.85	39,948,226.91	15,045,533.25	88,623.74	69,219,314.75
Disposal or retirement	(53,732,652.83)	(65,642,910.71)	(11,494,407.35)	(988,707.69)	(131,858,678.58)
Other transfer out	-	(1,232,194.28)	-	-	(1,232,194.28)
Closing balance	<u>398,755,172.87</u>	<u>307,373,467.98</u>	<u>32,289,871.69</u>	<u>1,907,906.08</u>	<u>740,326,418.62</u>
Carrying amount					
At the end of the year	<u>25,132,543,009.24</u>	<u>17,690,297,220.68</u>	<u>563,497,959.57</u>	<u>328,109,943.11</u>	<u>43,714,448,132.60</u>
At the beginning of the year	<u>25,516,531,106.67</u>	<u>18,054,399,119.13</u>	<u>677,332,337.05</u>	<u>263,944,895.39</u>	<u>44,512,207,458.24</u>



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 16. Fixed assets (continued)

Fixed assets that are temporarily idle are as follows:

January to June 2021

	Original price	Accumulated depreciation	Provision for impairment	Carrying value
Buildings	219,657,726.54	67,409,843.77	24,510,431.90	127,737,450.87
Machinery and equipment	145,419,838.30	110,854,994.89	13,598,734.31	20,966,109.10
Transportation equipment	32,280,262.12	24,872,196.74	3,115,896.41	4,292,168.97
Office and other equipment	10,392,610.81	8,907,920.24	445,631.09	1,039,059.48
	<u>407,750,437.77</u>	<u>212,044,955.64</u>	<u>41,670,693.71</u>	<u>154,034,788.42</u>

2020

	Original price	Accumulated depreciation	Provision for impairment	Carrying value
Buildings	140,599,031.53	45,396,696.81	–	95,202,334.72
Machinery and equipment	150,325,837.76	96,571,016.39	–	53,754,821.37
Transportation equipment	6,257,088.71	4,344,036.15	–	1,913,052.56
Office and other equipment	6,482,032.66	6,038,157.26	1,785.52	442,089.88
	<u>303,663,990.66</u>	<u>152,349,906.61</u>	<u>1,785.52</u>	<u>151,312,298.53</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 16. Fixed assets (continued)

Fixed assets leased under operating leases are as follows:

January to June 2021

	Buildings	Machinery and equipment	Transportation equipment	Total
Original price				
Opening balance	400,109,038.18	12,070,316.67	326,588.00	412,505,942.85
Transfer from self-occupied	(199,984.57)	-	-	(199,984.57)
Disposal or retirement	(15,127,671.58)	-	-	(15,127,671.58)
Closing balance	<u>384,781,382.03</u>	<u>12,070,316.67</u>	<u>326,588.00</u>	<u>397,178,286.70</u>
Accumulated depreciation				
Opening balance	139,345,284.02	5,309,159.71	310,258.60	144,964,702.33
Provision	938,597.08	87,510.39	-	1,026,107.47
Transfer from self-occupied	(46,715.21)	-	-	(46,715.21)
Disposal or retirement	(1,917,805.40)	-	-	(1,917,805.40)
Closing balance	<u>138,319,360.49</u>	<u>5,396,670.10</u>	<u>310,258.60</u>	<u>144,026,289.19</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>239,276,969.55</u>	<u>2,168,099.58</u>	<u>16,329.40</u>	<u>241,461,398.53</u>
At the beginning of the period	<u>253,578,702.17</u>	<u>2,255,609.97</u>	<u>16,329.40</u>	<u>255,850,641.54</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 16. Fixed assets (continued)

2020

	Buildings	Machinery and equipment	Transportation equipment	Total
Original price				
Opening balance	372,728,585.84	12,070,316.67	326,588.00	385,125,490.51
Transfer from self-occupied	29,584,412.84	-	-	29,584,412.84
Transfer from construction in progress	677,733.00	-	-	677,733.00
Disposal or retirement	(2,881,693.50)	-	-	(2,881,693.50)
Closing balance	<u>400,109,038.18</u>	<u>12,070,316.67</u>	<u>326,588.00</u>	<u>412,505,942.85</u>
Accumulated depreciation				
Opening balance	122,533,255.59	5,143,709.31	310,258.60	127,987,223.50
Provision	11,994,917.56	165,450.40	-	12,160,367.96
Transfer from self-occupied	5,128,563.54	-	-	5,128,563.54
Disposal or retirement	(311,452.67)	-	-	(311,452.67)
Closing balance	<u>139,345,284.02</u>	<u>5,309,159.71</u>	<u>310,258.60</u>	<u>144,964,702.33</u>
Provision for impairment				
Opening and closing balance	<u>7,185,051.99</u>	<u>4,505,546.99</u>	<u>-</u>	<u>11,690,598.98</u>
Carrying value				
At the end of the year	<u>253,578,702.17</u>	<u>2,255,609.97</u>	<u>16,329.40</u>	<u>255,850,641.54</u>
At the beginning of the year	<u>243,010,278.26</u>	<u>2,421,060.37</u>	<u>16,329.40</u>	<u>245,447,668.03</u>

As at 30 June 2021, the carrying amount for fixed assets pending completion of the procedures for the title certificates amounted to RMB273,855,226.87 (31 December 2020: RMB395,989,167.13). 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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 17. Construction in progress

	30 June 2021	31 December 2020
Construction in progress	<b>3,359,290,834.85</b>	2,414,844,736.57
Construction materials	<b>43,757,813.87</b>	45,588,105.38
	<b>3,403,048,648.72</b>	2,460,432,841.95

	30 June 2021			31 December 2020		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Badaling Hot Spring						
-Resort Upgrade and Renovation	188,917,607.44	-	188,917,607.44	421,906,417.13	-	421,906,417.13
Jidong Cement Tongchuan						
-New clinker cement production line	1,242,862,487.15	-	1,242,862,487.15	416,478,020.07	-	416,478,020.07
-Yangquanshan mine development project	61,713,285.50	-	61,713,285.50	55,631,484.46	-	55,631,484.46
-6 million-tonne aggregate machined-made sand project (Phase II)	-	-	-	51,666,109.40	-	51,666,109.40
Huahai Wind Power						
-Caofeidian New Wind Power Project	108,462,903.07	-	108,462,903.07	108,462,903.07	-	108,462,903.07
Jidong Cement Panshi						
-Technical modification project of cement kiln for co-processing solid wastes	-	-	-	79,466,002.10	-	79,466,002.10
Tangshan Jidong Cement						
-Integrated management, control and operation information platform project	8,170,280.61	-	8,170,280.61	56,448,876.28	-	56,448,876.28
Jidong Cement Fengxiang						
-Project that co-processes hazardous wastes with a capacity of 100,000t/a through the cement kiln	2,600,603.60	-	2,600,603.60	53,683,601.96	-	53,683,601.96
-Phase II construction project of the mine	35,410,749.45	-	35,410,749.45	19,045,722.55	-	19,045,722.55
Laishui Jidong Environmental Protection Technology						
-Project that co-processes hazardous solid wastes through the cement kiln	21,750,062.71	-	21,750,062.71	1,688,679.22	-	1,688,679.22
-Construction project of the limestone shed	19,409,619.26	-	19,409,619.26	-	-	-

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

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

	30 June 2021			31 December 2020		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Qinyang Jidong Environmental Protection Technology						
-Rely on the cement production line with a capacity of 2,500t/d to co-process hazardous wastes for 30,000 tonne/year	44,099,626.93	-	44,099,626.93	44,074,268.49	-	44,074,268.49
Shanxi Shuangliang Dingxin Cement						
-Technical modification project of Shuangliang's cement kiln for co-processing	40,691,193.49	-	40,691,193.49	38,588,174.70	-	38,588,174.70
Yangquan Jidong Cement						
-Project of collaborative disposal of hazardous waste using cement kiln	39,895,374.21	-	39,895,374.21	38,333,105.74	-	38,333,105.74
Xingtai Jidong Cement						
-Project for collaborative disposal of integrated solid waste	79,794,201.61	-	79,794,201.61	38,230,060.44	-	38,230,060.44
-Project of Xingtai BBMG grate coolers for energy conservation and efficiency improvement	20,474,714.63	-	20,474,714.63	20,454,165.96	-	20,454,165.96
Jianji Assets Management						
-Lock factory renovation	58,625,881.91	-	58,625,881.91	37,835,160.54	-	37,835,160.54
Jidong Haitian Cement Wenxi						
-Project that co-processes hazardous wastes through the cement kiln	51,524,474.11	-	51,524,474.11	37,495,341.73	-	37,495,341.73
BBMG (Dachang) Modern Industrial Park						
-Standard plant of Tiantan furniture project	46,444,616.59	-	46,444,616.59	46,444,616.59	-	46,444,616.59
-Project totaling RMB59.80 million	13,394,411.04	-	13,394,411.04	-	-	-
Jidong Development Jingyang Building Materials						
-Aggregates production line with annual production capacity of 3 million tonnes of Jingyang Building Materials	-	-	-	34,103,925.81	-	34,103,925.81
Dachang BBMG Tiantan Furniture						
-Dachang project construction	8,816,820.71	-	8,816,820.71	24,693,735.78	-	24,693,735.78
Yantai Jidong Runtai Building Materials						
-Construction project that processes cements for 850,000t/a and fine ores for 600,000t/a	33,555,915.42	-	33,555,915.42	24,285,476.72	-	24,285,476.72
Jidong Development Group						
-Caofeidian Industrial Park	86,545,639.32	-	86,545,639.32	72,673,443.48	-	72,673,443.48

## Notes to Unaudited Interim Financial Statements

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

(continued)

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

	30 June 2021			31 December 2020		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Jidong Cement (Tangshan)						
-Project that co-processes general solid wastes through the cement kiln of the second plant	40,414,208.80	-	40,414,208.80	21,756,880.00	-	21,756,880.00
Chengde Jidong Cement						
-Construction project of green mines	23,558,834.02	-	23,558,834.02	18,479,503.97	-	18,479,503.97
-Technical modification project of mines	17,994,065.22	-	17,994,065.22	17,994,065.22	-	17,994,065.22
Tangshan Jidong Qixin Cement						
-Ecological rehabilitation project	40,859,908.41	-	40,859,908.41	17,105,964.75	-	17,105,964.75
Tangshan Jidong Development Machinery and Equipment						
-Equipment under installation	19,804,479.73	-	19,804,479.73	71,000.00	-	71,000.00
Bo'ai BBMG Cement						
-Limestone used in the cement for sheepfolds in Zhaihuo Township, Boai County	14,502,830.12	-	14,502,830.12	14,191,509.37	-	14,191,509.37
Dingxin Cement						
-Technical modification project of first-line REDOX ultralow emission of the second branch in 2020	6,778,416.49	-	6,778,416.49	13,324,051.03	-	13,324,051.03
BBMG Residential Industrialization (Tangshan)						
-BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	45,261,515.64	-	45,261,515.64	6,085,433.95	-	6,085,433.95
Jidong Cement Heilongjiang						
-Construction project of green mines of Heilongjiang company	12,261,915.10	-	12,261,915.10	3,128,231.53	-	3,128,231.53
Beijing Jinyu Aerated Concrete						
-Construction project of plants in Glass Cultural and Creative Industrial Park	16,705,433.18	-	16,705,433.18	-	-	-
-Glass Cultural and Creative Industrial Park renovation project	55,406,878.93	-	55,406,878.93	-	-	-
Baoding Taihang Heyi Environmental Protection Technology						
-2#Cement mill energy saving renovation project	46,900,363.95	-	46,900,363.95	-	-	-
-Project of collaborative disposal of hazardous waste using cement kiln by Datong Company	46,642,566.69	-	46,642,566.69	10,019,063.12	-	10,019,063.12

## Notes to Unaudited Interim Financial Statements

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

(continued)

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

	30 June 2021			31 December 2020		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Datong Jidong Cement						
-Construction project of green mines of Datong Company	33,285,363.09	-	33,285,363.09	19,418,388.48	-	19,418,388.48
-West mine uphill road construction and south side slope comprehensive management project of Datong Company	22,478,224.81	-	22,478,224.81	10,483,476.34	-	10,483,476.34
Jilin BBMG Jidong Environmental Protection Technology						
-Construction project of limestone mines for cement in Qincaigou	18,244,028.50	-	18,244,028.50	11,808,039.45	-	11,808,039.45
BBMG Liushui Environmental Protection Technology						
-Power capacity expansion project	18,106,593.14	-	18,106,593.14	131,603.78	-	131,603.78
Zanhuang BBMG Cement						
-modification project for 2# grate coolers	14,838,384.14	-	14,838,384.14	-	-	-
Construction materials	58,966,024.75	15,208,210.88	43,757,813.87	60,796,316.26	15,208,210.88	45,588,105.38
Others	741,034,388.50	88,948,032.37	652,086,356.13	618,106,265.73	88,948,032.37	529,158,233.36
Total	<u>3,507,204,891.97</u>	<u>104,156,243.25</u>	<u>3,403,048,648.72</u>	<u>2,564,589,085.20</u>	<u>104,156,243.25</u>	<u>2,460,432,841.95</u>

## Notes to Unaudited Interim Financial Statements

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

## 17. Construction in progress (continued)

Changes of major construction in progress from January to June 2021 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
Dechang BBMG Tianan Furniture -Dechang project construction	558,600.00	24,693,735.78	3,148,652.04	(13,546,744.83)	(5,478,822.28)	8,816,820.71	Self-financing and state funding	90.53%
Beijing Jinyu Aerated Concrete Industrial Park -Construction project of plants in Glass Cultural and Creative Industrial Park	65,000.00	-	16,705,433.18	-	-	16,705,433.18	Self-financing	25.70%
-Glass Cultural and Creative Industrial Park renovation project BBMG (Dechang) Modern Industrial Park	70,000.00	-	55,406,878.93	-	-	55,406,878.93	Self-financing	79.15%
-Project totaling RMB59.80 million -Standard plant of Tianan furniture project	59,800.00	-	13,394,411.04	-	-	13,394,411.04	Self-financing	22.40%
BBMG Residential Industrialization (Tangshan)	46,444.62	46,444,616.59	-	-	-	46,444,616.59	Self-financing	100.00%
-BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	242,494.88	6,085,433.95	39,176,081.69	-	-	45,261,515.64	Self-financing and borrowing	18.66%
Badaling Hot Spring -Resort upgrade and renovation	698,670.00	421,906,417.13	72,931,290.27	(237,301,287.59)	(68,618,802.37)	188,917,607.44	Self-financing and borrowing	70.83%
Beijing Jiarui Assets Operation Management -Lock factory renovation	74,000.00	37,835,160.54	20,790,721.37	-	-	58,625,881.91	Self-financing	79.22%
BBMG Hongye Ecological Science and Technology -Dongsi No. 78 Courtyard project under construction	20,506.21	10,094,485.13	10,411,729.63	(20,506,214.76)	-	-	Self-financing	100.00%
Jidong Development Group -Caofeidian Industrial Park	86,545.64	72,673,443.48	13,872,193.84	-	-	86,545,639.32	Self-financing and borrowing	99.99%
Huajai Wind Power -Caofeidian New Wind Power Project	230,000.00	108,462,903.07	-	-	-	108,462,903.07	Self-financing	47.16%





# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

### 17. Construction in progress (continued)

Changes of major construction in progress from January to June 2021 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
-Technical modification project of Shuangjiang's cement kiln for co-processing Jidong Cement (Tangshan)	43,796.70	38,588,174.70	2,103,018.79	-	-	40,691,193.49	Self-financing	92.91%
-Project that co-processes general solid wastes through the cement kiln of the second plant Yangquan Jidong Cement	54,040.00	21,756,880.00	18,657,328.80	-	-	40,414,208.80	Self-financing	74.79%
-Project of collaborative disposal of hazardous waste using cement kiln Jidong Cement Fengxiang	69,382.40	38,333,105.74	1,562,268.47	-	-	39,895,374.21	Self-financing	57.50%
-Phase II construction project of the mine -Project that co-processes hazardous wastes with a capacity of 100,000t/a through the cement kiln Yantai Jidong Runtai Building Materials	59,760.00 79,400.00	19,045,722.55 53,683,601.96	16,365,026.90 9,654,622.04	- (60,737,620.40)	- -	35,410,749.45 2,600,603.60	Self-financing Self-financing	59.25% 79.77%
-Construction project that processes cements for 850,000t/a and fine ores for 600,000t/a Qiyang BBMG Cement	35,000.00	24,285,476.72	9,270,438.70	-	-	33,555,915.42	Self-financing and borrowing	95.87%
-Construction project of green mines BBMG Lushui Environmental Protection Technology	37,410.00	18,479,303.97	5,079,330.05	-	-	23,558,634.02	Self-financing	62.97%
-Power capacity expansion project Zanhuang BBMG Cement	45,690.00	131,603.78	17,974,389.36	-	-	18,106,593.14	Self-financing	39.63%
-modification project for 2# grate coolers Jidong Cement (Yantai)	19,480.00	-	14,838,384.14	-	-	14,838,384.14	Self-financing	76.17%
-Mine main roof stripping and waste disposal project (CYT)	28,534.80	-	10,435,898.92	-	-	10,435,898.92	Self-financing	36.57%

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

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

Changes of major construction in progress from January to June 2021 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
Tangshan Jidong Cement -Integrated management, control and operation of information platform project	108,860.00	56,448,976.28	14,242,483.40	(1,896,551.71)	(60,624,529.36)	8,170,280.61	Self-financing	64.94%
Jidong Cement Panzhi -Project of collaborative disposal of hazardous waste using cement kiln (CPS)	96,950.00	79,466,002.10	12,058,701.83	(91,524,703.93)	-	-	Self-financing	94.40%
Jidong Development Jinyang Building Materials -Aggregates production line with annual production capacity of 3 million tonnes of Jinyang Building Materials	330,780.00	36,572,181.05	818,316.10	(33,029,221.56)	(1,483,653.19)	2,877,622.40	Self-financing	86.51%
Hebei BBMG Dingxin Cement -First-line REDOX ultra-low emission technology improvement project, CDX of the second branch company	27,182.08	13,324,051.03	13,858,026.10	(20,403,660.64)	-	6,778,416.49	Self-financing	100.00%
-First-line grate cooler energy-saving technology improvement project, CDX of the second branch company	17,937.45	-	17,937,454.43	(17,379,449.53)	-	558,004.90	Self-financing	100.00%
Laishui BBMG Environmental Protection Technology -Project that co-processes hazardous solid wastes through the cement kiln	46,000.00	1,688,679.22	20,061,383.49	-	-	21,750,062.71	Self-financing	47.28%
-Construction project of the limestone shed	30,640.00	-	19,409,619.26	-	-	19,409,619.26	Self-financing	63.35%

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

### 17. Construction in progress (continued)

Changes of major construction in progress in 2020 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
Beijing Chierfarge Cement								
-Chierfarge upgrading project	58,030.73	58,030,727.54	-	-	(58,030,727.54)	-	Self-financing	100.00%
Dachang BBMG Tianan Furniture								
-Dachang project construction	558,600.00	46,341,727.58	31,331,739.82	(47,241,097.54)	(5,738,634.08)	24,693,735.78	Self-financing+ state funding	89.97%
BBMG Tianan (Tangshan) Wood Technology								
-BBMG Tianan Homevare (Caofeidian) Innovation Industry Construction Project	1,039,170.00	511,845,733.57	183,113,747.82	(694,959,481.39)	-	-	Self-financing and borrowing	66.88%
BBMG Residential Industrialization (Tangshan)								
-BBMG New Material Yutian Prefabricated Building Component Base Project Phase I	218,917.00	100,662,454.78	66,358,010.72	(166,060,048.95)	-	960,416.55	Self-financing and borrowing	76.29%
BBMG (Dachang) Modern Industrial Park								
-Standard plant of Tianan furniture project	46,444.62	25,226,379.16	21,218,237.43	-	-	46,444,616.59	Self-financing funds	100.00%
BBMG GEM Real Estate								
-Supply and installation of home appliances and furniture for public rental housing of Xisha West Project	28,401.37	26,070,462.64	2,330,916.36	-	(28,401,369.00)	-	Self-financing	100.00%
Badaling Hot Spring								
-Resort upgrade and renovation	698,670.00	173,067,568.08	278,104,969.43	(28,405,378.57)	(860,741.81)	421,906,477.13	Self-financing and borrowing	64.58%
Beijing Jianji Assets Management								
-Lock factory renovation	74,000.00	15,658,313.79	22,176,846.75	-	-	37,835,160.54	Self-financing	51.13%
Jidong Development Group								
-Caofeidian Industrial Park	72,764.00	72,673,443.48	-	-	-	72,673,443.48	Self-financing and borrowing	99.99%
Tangshan Jidong Development Machinery and Equipment								
-Equipment under installation	272,070.00	6,787,641.12	62,608,339.47	(69,395,980.59)	-	-	Self-financing	25.51%
Huahai Wind Power								
-Caofeidian New Wind Power Project	230,000.00	108,462,903.07	-	-	-	108,462,903.07	Self-financing	47.16%

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

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

Changes of major construction in progress in 2020 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
Jidong Equipment & Engineering								
-BBMG Intelligent Electric Manufacturing Base (phase I construction project)	198,000.00	106,112,789.23	50,004,947.51	(156,117,736.74)	-	-	Self-financing and borrowing	78.85%
Jidong Cement Tongchuan								
-New clinker cement production line project	1,800,000.00	6,905,944.81	409,572,075.26	-	-	416,478,020.07	Self-financing and borrowing	23.14%
-Yangqianshan mine development project	76,420.00	25,243,662.65	30,387,821.81	-	-	55,631,484.46	Self-financing and borrowing	72.80%
-6 million-tonne aggregate machined-made sand project (phase II)	67,080.00	-	51,666,109.40	-	-	51,666,109.40	Self-financing	77.02%
Jidong Cement Panshi								
-Project of collaborative disposal of hazardous waste using cement kiln (CPS)	96,950.00	3,424,268.11	76,041,733.99	-	-	79,466,002.10	Self-financing	81.97%
Tangshan Jidong Cement								
-Integrated management, control and operation of information platform project	108,860.00	36,536,792.46	19,912,083.82	-	-	56,448,876.28	Self-financing	51.85%
Jidong Cement Fengyang								
-Project that co-processes hazardous wastes with a capacity of 100,000t/a through the cement kiln	80,913.40	1,093,396.21	52,590,205.75	-	-	53,683,601.96	Self-financing	66.35%
Laishui Jidong Environmental Protection Technology								
-Residential building project	118,000.00	-	48,354,693.76	-	-	48,354,693.76	Self-financing	40.98%
Qinyang Jidong Environmental Protection Technology								
-Leverage on the cement production line with a capacity of 2,500t/d to co-process hazardous wastes for 30,000t/year	46,880.00	2,845,266.09	41,229,002.40	-	-	44,074,268.49	Self-financing	94.02%
Shanxi Shuangliang Dingxin Cement								
-Technical modification project of Shuangliang's cement kiln for co-processing	43,796.70	14,378,618.00	24,209,556.70	-	-	38,588,174.70	Self-financing	88.11%
Yangquan Jidong Cement								
-Project of collaborative disposal of hazardous waste using cement kiln	56,000.00	867,924.53	37,465,181.21	-	-	38,333,105.74	Self-financing	68.45%

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

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

Changes of major construction in progress in 2020 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
Xingtai Jidong Cement								
-Project for collaborative disposal of integrated solid waste	93,830.00	728,155.37	37,501,905.07	-	-	38,230,060.44	Self-financing	40.74%
-Project of Xingtai BBMG grate coolers for energy conservation and efficiency improvement	24,000.00	-	20,454,165.96	-	-	20,454,165.96	Self-financing	85.23%
Jidong Haitian Cement Wenvi								
-Project of collaborative disposal of hazardous waste using cement kiln	68,200.00	1,293,885.68	36,201,656.05	-	-	37,495,341.73	Self-financing	54.98%
Jidong Development Jinyang Building Materials								
-Aggregates production line with annual production capacity of 3 million tonnes of Jinyang Building Materials	330,780.00	977,349.43	35,594,831.62	-	-	36,572,181.05	Self-financing	86.26%
Yantai Jidong Runtai Building Materials								
-Project that processes cements for 850,000t/a and fine ores for 600,000t/a	35,000.00	3,614,433.74	20,671,042.98	-	-	24,285,476.72	Self-financing and borrowing	69.39%
Jidong Cement (Tangshan)								
-Project that co-processes general solid wastes through the cement kiln of the second plant	54,040.00	-	21,756,880.00	-	-	21,756,880.00	Self-financing	40.26%
Lini Jidong Cement								
-Technical modification project for the upgrading and transformation of grate coolers	19,950.00	326,307.10	18,081,967.08	(17,051,862.35)	-	1,356,411.83	Self-financing	92.27%
Haidan Shekian BBMG Cement								
-Project of collaborative disposal of domestic waste using cement kiln	65,140.00	39,644,396.55	21,581,105.90	(61,197,472.70)	-	28,029.75	Self-financing	93.99%
Jidong Cement Helongjiang								
-Clinker silo project of Jidong Cement Helongjiang Co., Ltd. with a capacity of 250,000t	45,220.00	2,412,789.81	41,995,439.79	(44,408,229.60)	-	-	Self-financing	98.20%
Zanhuang BBMG Cement								
-Project of collaborative disposal of hazardous waste using cement kiln	63,350.00	23,606,622.35	31,738,545.63	(55,345,167.98)	-	-	Self-financing	87.36%

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

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

Changes of major construction in progress in 2020 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
Diriyin Cement								
-Environmental protection technology improvement project for collaborative disposal of integrated solid waste	117,830.00	80,368,155.63	28,415,261.33	(108,783,416.96)	-	-	Self-financing and borrowing	92.32%
Zuoquan BBMG Cement								
-1.5 million tonnes per year limestone (for cement use) mine project	42,227.00	28,104,798.26	6,886,062.67	(14,306,951.38)	(20,683,909.55)	-	Self-financing	82.86%
-Project of collaborative disposal of hazardous waste using cement kiln	35,950.00	7,253,048.50	25,832,791.08	(33,085,839.38)	-	-	Self-financing	94.65%

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

## Notes to Unaudited Interim Financial Statements

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

(continued)

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

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

30 June 2021

	Progress of works	Accumulated amount of capitalized interest	Including: Capitalized interest for the period	Capitalization rate of interest for the period
Jidong Development Group				
-Caofeidian Industrial Park	99.99%	22,561,618.77	-	-
BBMG Residential Industrialization (Tangshan)				
-BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	18.66%	1,855,639.71	1,764,643.32	3.52%
Badaling Hot Spring				
-Resort upgrade and renovation	70.83%	6,331,735.93	7,143,175.22	4.34%
Jidong Cement Tongchuan				
-New clinker cement production line	90.00%	39,819,108.47	23,859,414.26	4.00%
-Yangquanshan mine development project	90.00%	1,124,318.87	974,150.78	3.89%
Yantai Jidong Runtai Building Materials				
-Project that processes cements for 850,000t/a and fine ores for 600,000t/a	1.62%	234,000.00	-	-
Jilin BBMG Jidong Environmental Protection Technology				
-Construction project of limestone mines for cement in Qincaigou	18.99%	797,805.54	-	-
		<b>72,724,227.29</b>	<b>33,741,383.58</b>	

Note: The amount of capitalized interests included in construction in progress from January to June 2021 was RMB34,008,873.36 (2020: RMB48,207,716.98), and RMB10,383,413.87 (2020: RMB53,163,514.09) had been transferred to fixed assets.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

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

2020

	Progress of works	Accumulated amount of capitalized interest	Including: capitalized interest for the year	Capitalization rate of interest for the year
Jidong Development Group				
-Caofeidian Industrial Park	99.99	22,561,618.77	-	-
-Deep reform and treatment of mine	59.62	355,785.87	-	-
BBMG Residential Industrialization (Tangshan)				
-BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	2.58	90,996.39	90,996.39	3.99
Badaling Hot Spring				
-Resort upgrade and renovation	64.58	8,948,698.93	7,612,205.82	3.18
Jidong Cement Tongchuan				
-New clinker cement production line	23.14	15,959,694.21	15,959,694.21	4.45
-Yangquanshan mine development project	72.80	150,168.09	150,168.09	3.85
Yantai Jidong Runtai Building Materials				
-Project that processes cements for 850,000t/a and fine ores for 600,000t/a	1.17	234,000.00	234,000.00	4.05
Jilin BBMG Jidong Environmental Protection Technology				
-Construction project of limestone mines for cement in Qincaigou	12.29	797,805.54	797,805.54	3.86
		<u>49,098,767.80</u>	<u>24,844,870.05</u>	

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

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

Provision for impairment of construction in progress from January to June 2021:

	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	10,640,070.94	-	-	10,640,070.94
Others	13,929,029.18	-	-	13,929,029.18
Provision for impairment of construction in progress	88,948,032.37	-	-	88,948,032.37
Provision for impairment of construction materials	15,208,210.88	-	-	15,208,210.88
Total	104,156,243.25	-	-	104,156,243.25

## Notes to Unaudited Interim Financial Statements

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

(continued)

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

Provision for impairment of construction in progress in 2020:

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Jidong Group				
-Nanhu Yingbinguan	64,378,932.25	-	-	64,378,932.25
Jidong Cement Tongchuan				
-Conveyor belt project	8,217,768.42	2,422,302.52	-	10,640,070.94
Others	16,242,655.04	-	2,313,625.86	13,929,029.18
Provision for impairment of construction in progress	88,839,355.71	2,422,302.52	2,313,625.86	88,948,032.37
Provision for impairment of construction materials	15,982,477.57	2,214,390.00	2,988,656.69	15,208,210.88
Total	104,821,833.28	4,636,692.52	5,302,282.55	104,156,243.25

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 2021

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

(continued)

#### 18. Right-of-use assets

30 June 2021

	Lands	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
<b>Cost</b>						
Opening balance	518,572,486.89	454,221,225.68	61,440,168.12	1,304,253.82	21,211,535.40	1,056,749,669.91
Increase	7,612,767.83	18,506,422.03	-	-	2,927,212.32	29,046,402.18
Disposal	(8,310,007.85)	(9,308,166.50)	-	-	-	(17,618,174.35)
Closing balance	<u>517,875,246.87</u>	<u>463,419,481.21</u>	<u>61,440,168.12</u>	<u>1,304,253.82</u>	<u>24,138,747.72</u>	<u>1,068,177,897.74</u>
<b>Accumulated depreciation</b>						
Opening balance	85,457,797.36	165,859,481.93	45,902,215.46	1,071,772.75	8,852,313.54	307,143,581.04
Provision	19,585,211.07	43,334,431.70	974,821.65	-	2,163,207.18	66,057,671.60
Disposal	(1,235,727.00)	(3,502,070.28)	-	-	-	(4,737,797.28)
Closing balance	<u>103,807,281.43</u>	<u>205,691,843.35</u>	<u>46,877,037.11</u>	<u>1,071,772.75</u>	<u>11,015,520.72</u>	<u>368,463,455.36</u>
<b>Provision for impairment</b>						
Opening and closing balance	<u>464,557.00</u>	-	-	-	-	<u>464,557.00</u>
<b>Carrying amount</b>						
At the end of the period	<u>413,603,408.44</u>	<u>257,727,637.86</u>	<u>14,563,131.01</u>	<u>232,481.07</u>	<u>13,123,227.00</u>	<u>699,249,885.38</u>
At the beginning of the period	<u>432,650,132.53</u>	<u>288,361,743.75</u>	<u>15,537,952.66</u>	<u>232,481.07</u>	<u>12,359,221.86</u>	<u>749,141,531.87</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

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

31 December 2020

	Lands	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
<b>Cost</b>						
Opening balance	368,224,151.65	295,901,537.87	61,229,482.38	3,007,425.46	21,205,678.65	749,568,276.01
Increase	151,453,484.62	180,954,484.52	210,685.74	145,765.09	5,856.75	332,770,276.72
Disposal	(1,105,149.38)	(22,634,796.71)	—	(1,848,936.73)	—	(25,588,882.82)
Closing balance	<u>518,572,486.89</u>	<u>454,221,225.68</u>	<u>61,440,168.12</u>	<u>1,304,253.82</u>	<u>21,211,535.40</u>	<u>1,056,749,669.91</u>
<b>Accumulated depreciation</b>						
Opening balance	55,177,963.25	71,627,144.35	28,480,541.78	1,155,948.05	3,950,128.94	160,391,726.37
Provision	30,744,391.11	99,587,853.91	17,421,673.68	1,451,663.01	4,902,184.60	154,107,766.31
Disposal	(464,557.00)	(5,355,516.33)	—	(1,535,838.31)	—	(7,355,911.64)
Closing balance	<u>85,457,797.36</u>	<u>165,859,481.93</u>	<u>45,902,215.46</u>	<u>1,071,772.75</u>	<u>8,852,313.54</u>	<u>307,143,581.04</u>
<b>Provision for impairment</b>						
Opening balance	—	—	—	—	—	—
Provision	<u>464,557.00</u>	—	—	—	—	<u>464,557.00</u>
Closing balance	<u>464,557.00</u>	—	—	—	—	<u>464,557.00</u>
<b>Carrying amount:</b>						
At the end of the year	<u>432,650,132.53</u>	<u>288,361,743.75</u>	<u>15,537,952.66</u>	<u>232,481.07</u>	<u>12,359,221.86</u>	<u>749,141,531.87</u>
At the beginning of the year	<u>313,046,188.40</u>	<u>224,274,393.52</u>	<u>32,748,940.60</u>	<u>1,851,477.41</u>	<u>17,255,549.71</u>	<u>589,176,549.64</u>

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

(continued)

#### 19. Intangible assets

30 June 2021

	Land use rights	Computer software licenses	Mining rights	Trademark rights	Others	Total
Original value:						
Opening balance	15,343,233,433.23	273,381,798.66	3,366,170,261.65	83,414,700.00	208,585,822.11	19,274,786,015.65
Purchase	80,374,262.90	15,119,888.60	47,018,146.07	-	374,732.08	142,887,029.65
Transfer from construction in progress	-	67,754,104.50	-	-	-	67,754,104.50
Disposal	(234,537,732.15)	(746,406.70)	-	-	(986,114.95)	(236,270,253.80)
Other decrease	(8,705,508.75)	(87,566.37)	(28,716,900.00)	(349,156.08)	(42,451.13)	(37,901,582.33)
Closing balance	<u>15,180,364,455.23</u>	<u>355,421,818.69</u>	<u>3,384,471,507.72</u>	<u>83,065,543.92</u>	<u>207,931,988.11</u>	<u>19,211,255,313.67</u>
Accumulated amortization:						
Opening balance	1,872,225,352.76	162,742,931.18	778,199,199.48	-	91,908,544.75	2,905,076,028.17
Provision	182,510,685.09	19,290,936.92	74,897,467.22	2,487,100.51	14,481,513.08	293,667,702.82
Disposal	(22,415,524.61)	(319,059.91)	-	-	-	(22,734,584.52)
Other decrease	(202,328.37)	(40,000.00)	(11,088,522.03)	(184,783.47)	-	(11,515,633.87)
Closing balance	<u>2,032,118,184.87</u>	<u>181,674,808.19</u>	<u>842,008,144.67</u>	<u>2,302,317.04</u>	<u>106,390,057.83</u>	<u>3,164,493,512.60</u>
Provision for impairment:						
Opening balance	32,074,445.75	-	130,164,363.36	5,000,000.00	8,046,757.54	175,285,566.65
Other decrease	-	-	(2,327,253.28)	-	-	(2,327,253.28)
Closing balance	<u>32,074,445.75</u>	<u>-</u>	<u>127,837,110.08</u>	<u>5,000,000.00</u>	<u>8,046,757.54</u>	<u>172,958,313.37</u>
Carrying value:						
At the end of the period	<u>13,116,171,824.61</u>	<u>173,747,010.50</u>	<u>2,414,626,252.97</u>	<u>75,763,226.88</u>	<u>93,495,172.74</u>	<u>15,873,803,487.70</u>
At the beginning of the period	<u>13,438,933,634.72</u>	<u>110,638,867.48</u>	<u>2,457,806,698.81</u>	<u>78,414,700.00</u>	<u>108,630,519.82</u>	<u>16,194,424,420.83</u>

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

(continued)

#### 19. Intangible assets (continued)

31 December 2020

	Land use rights	Computer software licenses	Mining rights	Trademark rights	Others	Total
Original value:						
Opening balance	15,361,139,823.36	239,227,132.98	3,319,284,284.77	83,414,700.00	194,904,894.35	19,197,970,835.46
Purchase	413,917,489.96	34,650,395.64	171,116,928.61	-	20,842,831.94	640,527,646.15
Disposal	(297,771,876.76)	(495,729.96)	(65,484,402.73)	-	(7,161,904.18)	(370,913,913.63)
Other decrease	(134,052,003.33)	-	(58,746,549.00)	-	-	(192,798,552.33)
Closing balance	<u>15,343,233,433.23</u>	<u>273,381,798.66</u>	<u>3,366,170,261.65</u>	<u>83,414,700.00</u>	<u>208,585,822.11</u>	<u>19,274,786,015.65</u>
Accumulated amortization:						
Opening balance	1,579,260,647.08	123,587,567.85	659,226,341.78	-	72,822,761.56	2,434,897,318.27
Provision	390,561,530.80	39,601,031.39	132,047,571.01	-	20,052,401.87	582,262,535.07
Disposal	(56,355,938.84)	(445,668.06)	(13,074,713.31)	-	(966,618.68)	(70,842,938.89)
Other decrease	(41,240,886.28)	-	-	-	-	(41,240,886.28)
Closing balance	<u>1,872,225,352.76</u>	<u>162,742,931.18</u>	<u>778,199,199.48</u>	<u>-</u>	<u>91,908,544.75</u>	<u>2,905,076,028.17</u>
Provision for impairment:						
Opening balance	22,690,520.52	-	101,574,830.64	5,000,000.00	8,046,757.54	137,312,108.70
Provision	9,383,925.23	-	30,767,217.50	-	-	40,151,142.73
Disposal	-	-	(2,177,684.78)	-	-	(2,177,684.78)
Closing balance	<u>32,074,445.75</u>	<u>-</u>	<u>130,164,363.36</u>	<u>5,000,000.00</u>	<u>8,046,757.54</u>	<u>175,285,566.65</u>
Carrying amount:						
At the end of the year	<u>13,438,933,634.72</u>	<u>110,638,867.48</u>	<u>2,457,806,698.81</u>	<u>78,414,700.00</u>	<u>108,630,519.82</u>	<u>16,194,424,420.83</u>
At the beginning of the year	<u>13,759,188,655.76</u>	<u>115,639,565.13</u>	<u>2,558,483,112.35</u>	<u>78,414,700.00</u>	<u>114,035,375.25</u>	<u>16,625,761,408.49</u>

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

(continued)

#### 19. Intangible assets (continued)

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

	30 June 2021	31 December 2020
Less than 50 years	<b><u>13,116,171,824.61</u></b>	<u>13,438,933,634.72</u>

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

As at 30 June 2021, the useful life of trademark rights with a carrying amount of RMB75,763,226.88 was indefinite (31 December 2020: RMB78,414,700.00). The Group can apply for extension at the end of the expiration of protection periods of trademark rights with lower handling fees, and according to comprehensive judgment 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 2021, the carrying value of intangible assets of the Group pending completion of the procedures for title certificates amounted to RMB38,888,882.07 (31 December 2020: RMB39,385,701.98). The management of the Company is of the view that there would not be any material adverse impact on the business operation of the Group from the aforementioned incomplete procedures for the title certificates.



## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 20. Goodwill

	30 June 2021	31 December 2020
Hebei BBMG Dingxin Cement Co., Ltd.	<b>189,815,999.91</b>	189,815,999.91
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	<b>3,967,009.95</b>	3,967,009.95
Handan BBMG Taihang Cement Co., Ltd.	<b>26,884,752.28</b>	26,884,752.28
Beijing Taihang Prospect Environmental Protection Technology Co., Ltd.	<b>9,482,871.64</b>	9,482,871.64
Baoding Taihang Heyi Cement Co., Ltd.	<b>11,428,946.82</b>	11,428,946.82
Beijing Qianglian Cement Co., Ltd.	<b>2,742,710.29</b>	2,742,710.29
Tianjin BBMG Zhenxing Environmental Protection Technology Co., Ltd.	<b>10,931,009.96</b>	10,931,009.96
Handan Shexian BBMG Cement Co., Ltd.	<b>56,276,121.38</b>	56,276,121.38
Jidong Cement Business	<b>2,013,854,242.93</b>	2,013,854,242.93
Jidong Equipment Business	<b>477,549,380.23</b>	477,549,380.23
Baogang Jidong Cement Co., Ltd.	<b>1,181,333.25</b>	1,181,333.25
	<b>2,804,114,378.64</b>	2,804,114,378.64
Less: Provision for impairment of goodwill	<b>369,240,395.59</b>	342,645,395.59
	<b>2,434,873,983.05</b>	2,461,468,983.05

Movements in provision for impairment of goodwill are as follows:

#### January to June 2021

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 20. Goodwill (continued)

2020

	Amount
Opening balance	212,645,395.59
Provision for the year	<u>130,000,000.00</u>
Closing balance	<u>342,645,395.59</u>

For the purpose of impairment testing, the goodwill arising from the business combination has been allocated to a group of assets (being subsidiaries acquired in each acquisition). Such group of cash-generating units 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 2021 after adjustments.

The estimated future cash flows of the asset group are based on the five-year financial budget approved by the management at a discount rate of 9% -10% (2020: 9% -10%). The estimated cash flows of these assets groups beyond five years are determined at a fixed growth rate of 1%-3% (2020: 1% -3%) per annum. Other key assumptions adopted during the evaluation include estimated production capacity, future selling price, growth rate, expected gross profit margin and relevant expenditures of the asset product portfolio, and the above assumptions are based on the previous performance of these assets groups, industry standard and the management's expectations on market development.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 21. Long-term deferred expenditures

30 June 2021

	Opening balance	Increase in the period	Amortisation for the period	Other decrease	Provision for impairment in the period	Closing balance
Decoration	106,066,471.12	34,630,494.20	17,569,552.27	-	-	123,127,413.05
Leasehold improvement for fixed assets rented	33,355,507.25	8,066,438.53	3,996,460.23	-	-	37,425,485.55
Land lease prepayments and compensation for land acquisition	245,309,020.70	-	14,991,835.23	-	-	230,317,185.47
Cost of stripping mines	707,143,409.42	53,497,508.17	33,722,149.83	-	-	726,918,767.76
Others	351,129,323.20	56,994,578.10	32,211,876.22	19,566,122.06	-	356,345,903.02
	<u>1,443,003,731.69</u>	<u>153,189,019.00</u>	<u>102,491,873.78</u>	<u>19,566,122.06</u>	<u>-</u>	<u>1,474,134,754.85</u>

31 December 2020

	Opening balance	Increase in the year	Amortisation for the year	Other decrease	Provision for impairment in the year	Closing balance
Decoration	112,984,664.44	37,513,373.21	35,891,956.65	8,539,609.88	-	106,066,471.12
Leasehold improvement for fixed assets rented	27,029,259.27	12,008,255.41	5,682,007.43	-	-	33,355,507.25
Land lease prepayments and compensation for land acquisition	168,151,641.58	102,363,159.86	24,657,430.74	548,350.00	-	245,309,020.70
Cost of stripping mines	737,669,639.09	64,447,261.33	94,973,491.00	-	-	707,143,409.42
Others	230,448,989.10	224,067,810.21	63,901,268.11	5,486,208.00	34,000,000.00	351,129,323.20
	<u>1,276,284,193.48</u>	<u>440,399,860.02</u>	<u>225,106,153.93</u>	<u>14,574,167.88</u>	<u>34,000,000.00</u>	<u>1,443,003,731.69</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

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

Deferred income tax assets not eliminated:

	30 June 2021		31 December 2020	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deferred income tax assets				
Provision for LAT	5,189,058,049.36	1,297,264,512.34	5,396,865,150.00	1,349,216,287.50
Deductible losses	4,309,543,673.68	1,077,385,918.42	4,178,042,190.04	1,044,510,547.51
Provision for impairment of assets	1,862,963,452.96	465,740,863.24	1,913,412,599.00	478,353,149.75
Difference in accounting and tax of revenue recognition	57,917,327.28	14,479,331.82	35,210,212.48	8,802,553.12
Accrual of property development cost	2,870,031,519.32	717,507,879.83	3,024,146,243.16	756,036,560.79
Unrealised profits and losses of internal transactions	1,249,812,772.68	312,453,193.17	1,548,642,166.08	387,160,541.52
Changes in fair value of other equity instruments	141,027,078.40	35,256,769.60	113,906,486.40	28,476,621.60
Others	457,171,108.20	114,292,777.05	456,495,943.92	114,123,985.98
	<b>16,137,524,981.88</b>	<b>4,034,381,245.47</b>	<b>16,666,720,991.08</b>	<b>4,166,680,247.77</b>

Deferred income tax liabilities not eliminated:

	30 June 2021		31 December 2020	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Deferred income tax liabilities				
Valuation gains of investment properties	10,681,417,732.96	2,670,354,433.24	10,497,150,950.24	2,624,287,737.56
Assessment increase/decrease in business combination	11,450,651,500.28	2,862,662,875.07	11,912,498,651.56	2,978,124,662.89
Others	1,788,869,250.76	447,217,312.69	1,843,088,142.12	460,772,035.53
	<b>23,920,938,484.00</b>	<b>5,980,234,621.00</b>	<b>24,252,737,743.92</b>	<b>6,063,184,435.98</b>

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

(continued)

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

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

	30 June 2021	31 December 2020
Deductible temporary differences	<b>10,834,212,689.24</b>	10,231,014,366.68
Deductible losses	<b><u>10,262,480,660.21</u></b>	<u>9,700,148,476.39</u>
	<b><u>21,096,693,349.45</u></b>	<u>19,931,162,843.07</u>

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

	30 June 2021	31 December 2020
2021	<b>149,936,620.26</b>	949,960,677.26
2022	<b>740,124,711.67</b>	1,427,001,552.13
2023	<b>1,107,203,418.70</b>	1,311,264,936.73
2024	<b>4,532,591,494.16</b>	3,595,119,489.04
2025	<b>2,558,376,123.17</b>	2,416,801,821.23
2026	<b><u>1,174,248,292.25</u></b>	—
	<b><u>10,262,480,660.21</u></b>	<u>9,700,148,476.39</u>

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

## Notes to Unaudited Interim Financial Statements

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

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#### 23. Other non-current assets

	30 June 2021	31 December 2020
Prepayment for projects, equipment and plants	<b>156,982,969.02</b>	208,455,232.26
Prepayment for lands	<b>109,084,043.95</b>	95,410,134.00
Prepayment for exploration rights	<b>153,167,341.54</b>	95,532,297.05
Others	<b>12,917,518.26</b>	–
	<b><u>432,151,872.77</u></b>	<b><u>399,397,663.31</u></b>

#### 24. Short-term loans

	30 June 2021	31 December 2020
Guaranteed loans (Note 1)	<b>2,091,710,000.00</b>	2,896,710,000.00
Credit loans	<b>25,130,700,000.00</b>	27,900,040,000.00
Pledged loans (Note 2)	<b>33,337,252.70</b>	26,638,385.20
	<b><u>27,255,747,252.70</u></b>	<b><u>30,823,388,385.20</u></b>

Note 1: As at 30 June 2021 and 31 December 2020, the guaranteed loans were guaranteed by entities within the Group.

Note 2: As at 30 June 2021 and 31 December 2020, details and value of collaterals corresponding to mortgaged and pledged loans of the Group are set out in Note V. 69.

As at 30 June 2021, the interest rates of the above loans were 2.70%-4.79% per annum (31 December 2020: 2.54%-5.22%).

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

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 25. Financial assets sold under agreements to repurchase

Financial assets sold under agreements to repurchase by underlying assets are shown as follows:

Item	30 June 2021	31 December 2020
Bonds	<b>754,000,000.00</b>	—

Note: On 10 June 2021, BBMG Finance Co., Ltd. sold the bonds of “19 Nong Fa 01 (19農發01)” and “20 Nong Fa 04 (20農發04)” to Fullgoal Fund Management Co., Ltd. at the price of RMB754,000,000.00 and agreed to repurchase the bonds on 9 July 2021 at a repurchase rate of 2.70%. The bonds sold by Beijing BBMG Finance Co., Ltd. under the repurchase agreement were not derecognized and were still presented in debt investments, and the debt to the reverse repurchaser was recognized as the amount of financial assets sold under agreements to repurchase.

#### 26. Bills payable

	30 June 2021	31 December 2020
Commercial acceptance bills	<b>518,985,406.21</b>	10,654,618.71
Bank acceptance bills	<b>2,547,423,653.99</b>	1,768,672,188.76
	<b>3,066,409,060.20</b>	1,779,326,807.47

As at 30 June 2021, there were no outstanding bills payable (31 December 2020: Nil).

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

(continued)

#### 27. Accounts payable

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

	30 June 2021	31 December 2020
Within 1 year (inclusive of 1 year)	<b>12,784,193,812.86</b>	14,283,022,159.33
1 to 2 years (inclusive of 2 years)	<b>1,248,263,935.54</b>	1,806,763,705.63
2 to 3 years (inclusive of 3 years)	<b>458,267,320.19</b>	485,780,194.35
Over 3 years	<b><u>1,940,727,918.13</u></b>	<u>1,506,887,507.28</u>
	<b><u>16,431,452,986.72</u></b>	<u>18,082,453,566.59</u>

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

As at 30 June 2021, significant accounts payable aging over 1 year of the Group are as follows:

	Relationship with the Group	Amount payable	Percentage of total other payables (%)	Reasons for non-repayment
First	Third party	1,232,447,312.89	7.50	Unsettled
Second	Third party	140,101,944.50	0.85	Unsettled
Third	Third party	53,734,689.03	0.33	Unsettled
Fourth	Third party	41,160,000.00	0.25	Unsettled
Fifth	Third party	28,007,653.94	0.17	Unsettled

#### 28. Receipts in advance

	30 June 2021	31 December 2020
Advances on rents	<b><u>323,668,992.22</u></b>	<u>305,227,873.47</u>

As at 30 June 2021, there were no significant receipts in advance aged over one year (31 December 2020: Nil).



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

(continued)

#### 29. Contract liabilities

	30 June 2021	31 December 2020
Advances on pre-sale of properties	<b>30,139,812,586.19</b>	26,973,508,752.49
Advances on sale of goods	<b>1,867,003,993.77</b>	1,378,129,234.31
Advances on construction costs	<b>92,728,239.34</b>	62,910,414.97
Advances on property fees	<b>206,420,147.21</b>	250,005,111.93
Others	<b>210,582,002.75</b>	241,764,506.09
	<b>32,516,546,969.26</b>	28,906,318,019.79

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 2021	31 December 2020
Hefei - Nanqi Garden	December 2021	93.86%	<b>40,555,137.62</b>	428,109,873.58
Beijing - Treasures Mansion	December 2021	95.00%	<b>71,129,363.67</b>	47,786,777.69
Qingdao - BBMG Hefu	December 2021	100.00%	<b>17,116,555.97</b>	9,470,657.99
Beijing - Wangchuan Beiyuan	December 2021	83.65%	<b>345,693,786.90</b>	414,081,037.33
Shanghai - Juyuan	January 2023	77.69%	<b>2,004,848.63</b>	35,711,896.36
Beijing - Jinchengyu Garden	September 2021	92.27%	<b>228,181,965.89</b>	197,012,105.47
Beijing - Jin'gang Jiayuan	December 2021	69.59%	<b>21,401,433.93</b>	80,421,415.02
Chongqing - Nanshanjun	November 2021	45.45%	<b>330,578,432.57</b>	215,649,086.38
Hangzhou - Metro Forest	July 2021	99.30%	<b>671,410,267.52</b>	2,069,894,059.58
Beijing - Shangchengjun	December 2021	94.12%	<b>1,197,777,751.21</b>	702,898,747.85
Inner Mongolia - Jinyu Global Finance Centre	September 2021	91.00%	<b>52,936,457.17</b>	36,811,854.80
Haikou - Xixili	July 2021	91.18%	<b>15,982,456.51</b>	10,578,037.21
Chongqing - Times Metro	December 2021	92.27%	<b>7,835,520.96</b>	25,589,772.03
Tangshan - Jinyu Lefu	December 2021	100.00%	<b>23,407,531.40</b>	4,904,075.81
Tangshan - Jin'anhongbao	June 2022	69.04%	<b>564,514,166.92</b>	470,536,105.47
Beijing - Changyang Polytechnic University Land No. 1	December 2021	21.76%	<b>71,188,280.59</b>	69,617,347.98
Haikou - Yangguangjun	October 2021	76.55%	<b>1,716,766,834.08</b>	370,936,510.23
Hangzhou - Jinyu Xuefu	September 2021	100.00%	<b>1,694,188.94</b>	1,401,792.81
Chongqing - Xinduhui	November 2021	16.52%	<b>2,087,418,767.95</b>	1,544,933,419.94

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

(continued)

#### 29. Contract liabilities (continued)

Projects	Expected settlement date of the next batch	Proportion of the pre-sale (%)	30 June 2021	31 December 2020
Beijing - Dacheng Times Center	December 2021	99.92%	-	3,498,504.76
Beijing - Jinlin Maison	December 2021	25.92%	<b>154,170,304.69</b>	387,026,125.87
Tianjin - Jinyu Yuecheng	September 2021	100.00%	<b>8,268,026.35</b>	326,997,945.61
Chengdu - Longxi Center	December 2021	100.00%	<b>38,922,009.13</b>	38,174,808.81
Ningbo - Kanjiang Times	December 2021	19.67%	<b>12,064,418.88</b>	39,996,317.31
Ningbo - Shengjunhuating	December 2021	96.20%	<b>46,894,123.21</b>	54,918,662.19
Tianjin - Jinyu Mantang	December 2021	100.00%	<b>17,072,976.79</b>	29,733,041.66
Beijing - Kanghuiyuan	December 2021	97.00%	<b>2,210,847.38</b>	7,157,998.27
Chengdu - Longxijun	December 2021	100.00%	<b>2,528,645.67</b>	2,113,999.00
Inner Mongolia - Jinyu Elegancy City	December 2021	89.00%	<b>5,033,725.81</b>	1,657,523.13
Beijing - Chaoyang New City	December 2021	97.00%	<b>633,126,820.33</b>	626,340,657.34
Inner Mongolia - Jinyu Times City	December 2021	99.00%	<b>1,438,699.48</b>	5,931,359.62
Beijing - Jinlinjiayuan	December 2021	33.35%	<b>96,041,939.18</b>	1,722,246,809.13
Nanjing - Zijingdieyuan	November 2021	39.37%	<b>812,176,005.21</b>	346,359,912.90
Hefei - Dachengjun	June 2022	75.01%	<b>1,908,104,422.02</b>	352,115,100.89
Hangzhou - Guanlan Commercial	December 2021	64.48%	<b>660,913,682.73</b>	607,679,161.40
Chengde - BBMG Demonstration	September 2021	60.30%	<b>23,284,409.71</b>	24,279,467.99
Beijing - Xuefu	December 2021	100.00%	<b>3,486,076,354.52</b>	1,934,218,376.22
Ningbo - Longyaohuating	December 2021	99.98%	<b>101,210,971.11</b>	2,686,383,345.37
Hefei - Jincheng Mansions	December 2021	73.27%	<b>2,306,101,170.35</b>	1,727,792,292.60
Tangshan - BBMG Dachengjun	July 2021	47.94%	<b>37,461,126.17</b>	291,441,429.36
Nanjing - Zijingxiyuan	July 2021	76.39%	<b>920,771,167.96</b>	1,102,820,365.10
Beijing - Shanglin Home	July 2022	100.00%	<b>1,034,040,053.21</b>	374,653,215.70
Beijing - Fengqi Home	July 2023	83.00%	<b>1,839,326,069.80</b>	2,605,923,204.87
Qingdao - Treasures Mansion	November 2021	16.31%	<b>256,176,864.44</b>	127,014,750.67
Chengdu - Dachengjun	November 2021	100.00%	<b>5,315,455.87</b>	11,355,501.04
Shanghai - Dachenghuating	July 2021	80.02%	<b>136,989,832.91</b>	935,261,762.70
Beijing - Jinyu Lanwan	December 2021	97.69%	<b>9,515,566.73</b>	21,464,539.72
Beijing - Jinyu Town-House	December 2021	96.14%	<b>50,921,637.33</b>	40,714,965.93
Tangshan - Treasures Mansion	July 2021	30.47%	<b>545,851,724.56</b>	464,045,629.64
Hangzhou - Senlinlanfu	June 2023	97.28%	<b>1,726,385,708.04</b>	494,244,844.58
Nanjing - Zijingyunzhu	July 2021	34.01%	<b>32,625,384.41</b>	590,881,870.50
Chengdu - Jincheng Mansion	September 2021	74.52%	<b>1,273,898,358.72</b>	472,063,816.00
Chengdu - Shangchengjun	August 2021	34.14%	<b>417,096,041.70</b>	169,944,540.29
Ningbo - Ruizhenhuating	September 2021	99.10%	<b>2,695,728,973.19</b>	1,427,931,436.70
Beijing - Price-capped housing in Binheyuan	December 2021	95.93%	<b>66,410,886.19</b>	64,497,731.87

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

(continued)

#### 29. Contract liabilities (continued)

Projects	Expected settlement date of the next batch	Proportion of the pre-sale (%)	30 June 2021	31 December 2020
Hangzhou - Chuntanglanfu	June 2023	81.81%	1,095,664,842.10	-
Tianjin - Jinzhong Project	December 2021	6.73%	162,175,744.04	-
Tianjin - Yingshun Building	April 2023	100.00%	20,432,222.00	-
Others			29,791,625.84	118,283,164.22
			<b>30,139,812,586.19</b>	<b>26,973,508,752.49</b>

#### 30. Wages payable

January to June 2021

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Short-term remunerations	373,929,602.79	2,856,018,222.73	3,033,808,140.44	196,139,685.08
Post-employment benefits (defined contribution plan)	14,250,570.19	369,572,745.75	360,113,449.54	23,709,866.40
Termination benefits	41,805,384.05	38,192,119.07	45,790,585.64	34,206,917.48
	<b>429,985,557.03</b>	<b>3,263,783,087.55</b>	<b>3,439,712,175.62</b>	<b>254,056,468.96</b>

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

(continued)

#### 30. Wages payable (continued)

2020

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short-term remunerations	436,985,160.94	5,619,325,979.55	5,682,381,537.70	373,929,602.79
Post-employment benefits (defined contribution plan)	13,462,162.87	258,072,332.99	257,283,925.67	14,250,570.19
Termination benefits	40,445,572.64	33,185,795.91	31,825,984.50	41,805,384.05
	<u>490,892,896.45</u>	<u>5,910,584,108.45</u>	<u>5,971,491,447.87</u>	<u>429,985,557.03</u>

Short-term remunerations are as bellow:

#### January to June 2021

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Salaries, bonuses, allowances and subsidies	260,486,389.57	2,145,898,337.17	2,330,694,843.62	75,689,883.12
Staff welfare	1,571,170.85	190,585,285.40	189,406,830.29	2,749,625.96
Social insurance	13,162,083.35	201,188,562.86	190,077,930.95	24,272,715.26
Including: Medical insurance	10,789,406.83	179,287,854.00	168,331,175.04	21,746,085.79
Work injury insurance	1,314,671.80	20,095,414.58	20,061,589.27	1,348,497.11
Maternity insurance	1,058,004.72	1,805,294.28	1,685,166.64	1,178,132.36
Housing funds	30,432,612.02	223,639,986.19	225,598,076.64	28,474,521.57
Union fund and employee education fund	56,305,887.35	59,856,248.61	63,470,942.13	52,691,193.83
Other short-term remunerations	11,971,459.65	34,849,802.50	34,559,516.81	12,261,745.34
	<u>373,929,602.79</u>	<u>2,856,018,222.73</u>	<u>3,033,808,140.44</u>	<u>196,139,685.08</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 30. Wages payable (continued)

2020

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Salaries, bonuses, allowances and subsidies	337,718,205.24	4,358,574,615.19	4,435,806,430.86	260,486,389.57
Staff welfare	968,555.81	384,505,107.62	383,902,492.58	1,571,170.85
Social insurance	13,073,994.08	284,101,249.93	284,013,160.66	13,162,083.35
<i>Including: Medical insurance</i>	<i>11,191,050.50</i>	<i>266,056,766.43</i>	<i>266,458,410.10</i>	<i>10,789,406.83</i>
<i>Work injury insurance</i>	<i>1,191,403.60</i>	<i>11,849,543.85</i>	<i>11,726,275.65</i>	<i>1,314,671.80</i>
<i>Maternity insurance</i>	<i>691,539.98</i>	<i>6,194,939.65</i>	<i>5,828,474.91</i>	<i>1,058,004.72</i>
Housing funds	29,973,693.91	433,312,347.31	432,853,429.20	30,432,612.02
Union fund and employee education fund	53,366,767.01	106,630,250.15	103,691,129.81	56,305,887.35
Other short-term remunerations	1,883,944.89	52,202,409.35	42,114,894.59	11,971,459.65
	<u>436,985,160.94</u>	<u>5,619,325,979.55</u>	<u>5,682,381,537.70</u>	<u>373,929,602.79</u>

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

Details of defined contribution plan are as follows:

#### January to June 2021

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Basic pension	12,350,875.87	296,866,906.62	287,352,722.53	21,865,059.96
Unemployment insurance	675,866.56	59,963,883.16	60,337,287.02	302,462.70
Corporate annuity	1,223,827.76	12,741,955.97	12,423,439.99	1,542,343.74
	<u>14,250,570.19</u>	<u>369,572,745.75</u>	<u>360,113,449.54</u>	<u>23,709,866.40</u>

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

(continued)

#### 30. Wages payable (continued)

2020

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Basic pension	11,696,144.43	185,663,701.81	185,008,970.37	12,350,875.87
Unemployment insurance	724,540.91	5,433,973.27	5,482,647.62	675,866.56
Corporate annuity	1,041,477.53	66,974,657.91	66,792,307.68	1,223,827.76
	<u>13,462,162.87</u>	<u>258,072,332.99</u>	<u>257,283,925.67</u>	<u>14,250,570.19</u>

The Group participated in the pension insurance and unemployment insurance managed by local government, to which the Group and employees made contributions based on 16% and 0.7-0.8% of the total wages in the previous year respectively. In addition, the Group also participated in the corporate annuity scheme operated and managed by a competent external management organization, to pay a certain percentage of annuity for eligible enterprises and employees.

#### 31. Tax payable

	30 June 2021	31 December 2020
VAT	<b>394,295,920.35</b>	532,245,965.41
Corporate income tax	<b>1,052,620,968.70</b>	1,372,266,058.10
Individual income tax	<b>6,594,861.09</b>	28,525,457.67
City maintenance and construction tax	<b>43,904,652.78</b>	43,798,794.41
Resource tax	<b>40,569,998.52</b>	46,805,603.60
Land appreciation tax	<b>244,745,169.03</b>	429,600,180.47
Education surcharges	<b>36,987,967.66</b>	34,229,483.69
Urban and rural land use tax	<b>19,321,437.38</b>	24,987,365.83
Real estate tax	<b>42,770,146.34</b>	38,701,299.30
Deed tax and others	<b>105,160,734.61</b>	76,957,463.78
	<u><b>1,986,971,856.46</b></u>	<u>2,628,117,672.26</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 32. Other payables

	30 June 2021	31 December 2020
Interests payable	<b>1,294,967,875.94</b>	1,492,797,039.93
Interests on borrowings	<b>124,356,776.21</b>	132,058,659.58
Including: <i>Interests on long-term borrowings</i>	<b>69,557,703.35</b>	70,765,030.05
<i>Interests on short-term borrowings</i>	<b>54,799,072.86</b>	61,293,629.53
Interests of corporate bonds	<b>1,170,611,099.73</b>	1,360,738,380.35
Dividends payable	<b>1,379,094,473.28</b>	312,091,740.42
Other shareholders	<b>770,424,198.70</b>	30,596,257.92
Interest on perpetual bonds	<b>608,670,274.58</b>	281,495,482.50
Other payables	<b>4,908,969,993.23</b>	6,090,677,191.37
Amounts collected on behalf and temporary receipts	<b>1,920,600,019.15</b>	2,624,777,077.42
Deposits	<b>1,408,989,580.53</b>	1,564,870,997.96
Payables for land use right	<b>91,080,078.25</b>	88,686,930.87
Construction costs payable	<b>110,313,163.77</b>	109,941,362.91
Payables for relocation compensation	<b>238,267,901.61</b>	557,682,612.93
Freight and miscellaneous charges payable	<b>129,336,124.18</b>	133,843,301.26
Payables for acquisition of equity investments	<b>13,973,593.86</b>	6,239,800.00
Payables to related companies	<b>22,740,026.86</b>	39,184,407.58
Utilities	<b>9,248,065.85</b>	10,054,725.93
Public maintenance fund payable	<b>23,689,087.08</b>	24,422,096.65
Current portion of net liabilities of defined benefit plan (Note V. 39)	<b>57,106,013.60</b>	58,070,571.60
Others	<b>883,626,338.49</b>	872,903,306.26
	<b>7,583,032,342.45</b>	7,895,565,971.72

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 32. Other payables (continued)

As at 30 June 2021, significant other payables aging more than one year of the Group are as follows:

	Relationship with the Group	Amount payable	Percentage of total other payables (%)	Reasons for un-repayment
First	Third party	300,033,343.80	6.12	Unsettled
Second	Third party	271,139,856.85	5.53	Unsettled
Third	Third party	190,156,700.00	3.88	Unsettled
Fourth	Third party	96,876,950.57	1.97	Unsettled
Fifth	Third party	<u>74,794,869.73</u>	<u>1.52</u>	Unsettled

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

	30 June 2021	31 December 2020
Long-term loans due within one year (Note V. 35)	<b>8,933,824,561.10</b>	5,837,256,826.00
Bonds payable due within one year (Note V. 36)	<b>5,992,240,221.29</b>	8,984,892,614.67
Long-term payables due within one year (Note V. 38)	<b>39,567,383.08</b>	39,567,383.08
Lease liabilities due with one year (Note V. 37)	<b>105,601,049.71</b>	106,062,842.41
	<b><u>15,071,233,215.18</u></b>	<u>14,967,779,666.16</u>

#### 34. Other current liabilities

	30 June 2021	31 December 2020
Accrued expenses	<b>8,623,730,412.07</b>	10,208,145,297.41
Including: <i>Accrued development costs</i>	<b>2,907,773,447.62</b>	3,395,472,382.10
<i>Provision for LAT</i>	<b>5,228,445,986.31</b>	5,367,137,566.95
<i>Accrued costs for treatment of solid wastes</i>	<b>310,577,162.27</b>	165,857,705.47
<i>Charges from sale and repurchase</i>	–	1,016,918,013.52
<i>Other accrued expenses</i>	<b>176,933,815.87</b>	262,759,629.37
Tax to be written off	<b>1,566,857,547.53</b>	1,184,661,755.28
	<b><u>10,190,587,959.60</u></b>	<u>11,392,807,052.69</u>



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

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#### 35. Long-term loans

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

	30 June 2021	31 December 2020
Guaranteed loans (Note 1)	<b>4,350,846,011.10</b>	7,855,232,916.00
Credit loans	<b>20,559,187,970.01</b>	19,358,248,263.18
Mortgaged loans (Note 2)	<b>8,073,279,843.88</b>	11,946,505,010.30
Pledged loans (Note 2)	<b>4,354,600,000.00</b>	4,454,600,000.00
	<b>37,337,913,824.99</b>	43,614,586,189.48
Less: Long-term loans due within one year	<b>8,933,824,561.10</b>	5,837,256,826.00
	<b>28,404,089,263.89</b>	37,777,329,363.48

Note 1: As at 30 June 2021 and 31 December 2020, the guaranteed loans of the Group were guaranteed by entities within the Group.

Note 2: As at 30 June 2021 and 31 December 2020, details and value of collaterals corresponding to mortgaged and pledged loans of the Group are set out in Note V. 69.

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

	30 June 2021	31 December 2020
Within 1 year	<b>8,933,824,561.10</b>	5,837,256,826.00
1-2 years	<b>7,509,196,981.11</b>	11,207,729,448.30
2-5 years	<b>14,756,387,873.88</b>	13,828,871,415.18
Over 5 years	<b>6,138,504,408.90</b>	12,740,728,500.00
	<b>37,337,913,824.99</b>	43,614,586,189.48

As at 30 June 2021, the annual interest rates of the above loans were 1.20%-6.00% (31 December 2020: 1.20%-7.20%).

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

(continued)

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

	30 June 2021	31 December 2020
Short-term financing bonds payable	<b><u>3,000,000,000.00</u></b>	<u>1,599,273,452.96</u>
Corporate bonds	<b>24,898,087,947.44</b>	29,556,738,698.04
Medium-term notes	<b><u>11,000,000,000.00</u></b>	<u>11,000,000,000.00</u>
Closing balance	<b>35,898,087,947.44</b>	40,556,738,698.04
Less: Bonds payable due within one year	<b><u>5,992,240,221.29</u></b>	<u>8,984,892,614.67</u>
Non-current portion	<b><u>29,905,847,726.15</u></b>	<u>31,571,846,083.37</u>

Analysis of maturity of bonds payable:

	30 June 2021	31 December 2020
Within 1 year (inclusive of 1 year)	<b>5,992,240,221.29</b>	8,984,892,614.67
1 to 2 years (inclusive of 2 years)	<b>6,727,497,473.82</b>	8,125,441,880.93
2 to 5 years (inclusive of 5 years)	<b>21,672,157,997.39</b>	21,969,331,341.18
Over 5 years	<b><u>1,506,192,254.94</u></b>	<u>1,477,072,861.26</u>
	<b><u>35,898,087,947.44</u></b>	<u>40,556,738,698.04</u>

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

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

As at 30 June 2021, the balance of bonds payable is as follows:

	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the period	Interest charged during the period	Amortisation of discount/premium	Repayment during the period	Reclassified to due within one year	Closing balance
Bonds payable:											
Non-current portion:											
1) RMB900 million corporate bonds	RMB800 million	15 October 2012	10 years	800,000,000.00	798,869,358.09	-	24,000,000.00	317,883.48	-	-	799,187,241.57
2) RMB3.2 billion corporate bonds	RMB3.2 billion	14 March 2016	3+2 years	3,193,935,000.00	3,191,695,687.00	-	25,448,448.84	2,239,313.00	(3,193,935,000.00)	-	-
2) RMB1.8 billion corporate bonds	RMB1.8 billion	14 March 2016	5+2 years	1,799,994,000.00	1,795,940,788.26	1,353,300,000.00	31,199,937.90	-	(1,353,306,000.00)	-	1,795,934,788.26
3) RMB3.5 billion corporate bonds	RMB3.5 billion	19 May 2017	3+2 years	3,500,000,000.00	3,496,604,647.31	-	55,999,999.98	(757,879.14)	-	(3,495,846,768.17)	-
3) RMB500 million corporate bonds	RMB500 million	19 May 2017	5+2 years	500,000,000.00	499,488,612.93	-	13,450,000.02	118,425.44	-	(499,866,738.37)	-
4) RMB1.75 billion corporate bonds	RMB1.75 billion	13 July 2017	3+2 years	140,000,000.00	137,042,109.10	-	1,609,999.98	-	-	-	137,042,109.10
5) RMB2 billion medium-term notes	RMB2 billion	18 January 2018	5 years	2,000,000,000.00	2,000,000,000.00	-	58,500,000.00	-	-	-	2,000,000,000.00
6) RMB2.5 billion debt financing plan	RMB2.5 billion	25 June 2018	3 years	2,500,000,000.00	2,500,000,000.00	-	76,562,500.00	-	(2,500,000,000.00)	-	-
7) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	3+2 years	1,500,000,000.00	1,497,256,139.41	-	35,250,000.00	477,837.96	-	(1,497,733,977.37)	-
7) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	5+2 years	1,500,000,000.00	1,496,503,766.25	-	37,500,000.00	325,298.10	-	-	1,496,829,064.35
8) RMB2 billion medium-term notes	RMB2 billion	9 August 2018	5 years	2,500,000,000.00	2,500,000,000.00	-	58,750,000.02	-	-	-	2,500,000,000.00
9) RMB500 million corporate bonds	RMB500 million	9 January 2019	3+2 years	500,000,000.00	498,890,568.22	-	9,325,000.02	162,169.16	-	(499,052,737.38)	-
9) RMB1.5 billion corporate bonds	RMB1.5 billion	9 January 2019	5+2 years	1,500,000,000.00	1,496,057,668.67	-	30,525,000.00	331,055.36	-	-	1,496,388,724.03
10) RMB2.5 billion medium-term notes	RMB2.5 billion	7 March 2019	5 years	2,500,000,000.00	2,500,000,000.00	-	54,375,000.00	-	-	-	2,500,000,000.00
11) RMB1.2 billion corporate bonds	RMB1.2 billion	21 March 2019	5 years	1,200,000,000.00	1,197,821,872.95	-	29,820,000.00	351,628.08	-	-	1,198,173,501.03
12) RMB2 billion medium-term notes	RMB2 billion	7 August 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	39,400,000.02	-	-	-	2,000,000,000.00
5) RMB500 million corporate bonds	RMB1.5 billion	29 October 2019	5 years	1,500,000,000.00	1,496,724,712.34	-	31,500,000.00	430,827.72	-	-	1,497,155,540.06
12) RMB2 billion medium-term notes	RMB2 billion	12 November 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	41,299,999.98	-	-	-	2,000,000,000.00

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

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

As at 30 June 2021, the balance of bonds payable is as follows: (continued)

	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the period	Interest charged during the period	Amortisation of discount/premium	Repayment during the period	Reclassified to due within one year	Closing balance
Bonds payable:											
13) RMB4.5 billion corporate bonds	RMB4.5 billion	10 January 2020	5+2 years	4,500,000,000.00	4,487,185,227.28	-	89,775,000.00	1,575,000.00	-	-	4,488,760,227.28
13) RMB2 billion corporate bonds	RMB2 billion	15 June 2020	3+2 years	2,000,000,000.00	1,994,166,668.22	-	32,400,000.00	1,166,666.67	-	-	1,995,333,334.89
13) RMB1.5 billion corporate bonds	RMB1.5 billion	13 August 2020	3+2 years	1,500,000,000.00	1,495,418,010.75	-	27,300,000.00	875,000.00	-	-	1,496,293,010.75
14) RMB2.82 billion corporate bonds	RMB2.82 billion	11 November 2020	6 years	2,820,000,000.00	1,477,072,861.26	-	2,540,016.06	29,119,393.68	-	-	1,506,192,254.94
15) RMB1 billion corporate bonds	RMB1 billion	11 June 2021	5 years	1,000,000,000.00	-	998,542,452.83	2,038,888.89	15,477.06	-	-	998,557,929.89
				<u>42,953,929,000.00</u>	<u>40,556,738,698.04</u>	<u>2,351,842,452.83</u>	<u>808,869,792.71</u>	<u>36,147,796.57</u>	<u>(7,047,241,000.00)</u>	<u>(5,992,240,221.29)</u>	<u>29,905,847,726.15</u>
Short-term financing bond:											
16) RMB800 million ultrashort financing bonds	RMB800 million	14 May 2020	270 days	800,000,000.00	799,877,830.18	-	1,732,813.83	122,169.92	(800,000,000.00)	-	-
16) RMB800 million ultrashort financing bonds	RMB800 million	5 August 2020	270 days	800,000,000.00	799,395,622.78	-	8,169,201.29	604,377.22	(800,000,000.00)	-	-
17) RMB1.5 billion ultrashort financing bonds	RMB1.5 billion	4 March 2021	140 days	1,500,000,000.00	-	1,500,000,000.00	12,250,000.00	-	-	-	1,500,000,000.00
17) RMB1.5 billion ultrashort financing bonds	RMB1.5 billion	8 March 2021	268 days	1,500,000,000.00	-	1,500,000,000.00	13,750,000.00	-	-	-	1,500,000,000.00
				<u>4,600,000,000.00</u>	<u>1,599,273,452.96</u>	<u>3,000,000,000.00</u>	<u>35,322,015.12</u>	<u>726,547.04</u>	<u>(1,600,000,000.00)</u>	<u>-</u>	<u>3,000,000,000.00</u>
				<u>47,553,929,000.00</u>	<u>42,156,012,151.00</u>	<u>5,351,842,452.83</u>	<u>844,791,807.83</u>	<u>37,474,343.61</u>	<u>(8,647,241,000.00)</u>	<u>(5,992,240,221.29)</u>	<u>32,905,847,726.15</u>

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

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

As at 31 December 2020, 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) RMB900 million corporate bonds	RMB900 million	20 March 2012	5+3 years	900,000,000.00	418,315,330.01	-	-	379,669.99	(418,695,000.00)	-	-
2) RMB800 million corporate bonds	RMB800 million	15 October 2012	10 years	800,000,000.00	798,262,481.01	-	48,000,000.00	606,877.08	-	-	798,869,358.09
3) RMB3.2 billion corporate bonds	RMB3.2 billion	14 March 2016	3+2 years	3,200,000,000.00	3,189,708,833.39	-	124,217,455.38	1,986,853.61	-	(3,191,695,687.00)	-
3) RMB1.8 billion corporate bonds	RMB1.8 billion	14 March 2016	5+2 years	1,800,000,000.00	1,795,173,893.04	-	62,825,000.00	766,895.22	-	(1,795,940,788.26)	-
4) RMB500 million corporate bonds	RMB500 million	19 May 2017	5+2 years	500,000,000.00	498,697,370.15	-	26,900,000.04	791,242.89	-	-	499,488,613.04
4) RMB3.5 billion corporate bonds	RMB3.5 billion	19 May 2017	3+2 years	3,500,000,000.00	3,493,070,972.35	319,107,000.00	145,626,666.66	3,533,674.96	(319,107,000.00)	-	3,496,604,647.31
5) RMB500 million corporate bonds	RMB500 million	3 July 2017	2+1 years	500,000,000.00	314,469,614.39	-	-	530,385.61	(315,000,000.00)	-	-
6) RMB1.25 billion corporate bonds	RMB1.25 billion	13 July 2017	2+1 years	1,250,000,000.00	488,655,975.73	-	9,032,032.26	344,024.27	(469,000,000.00)	-	-
6) RMB1.75 billion corporate bonds	RMB1.75 billion	13 July 2017	3+2 years	1,750,000,000.00	1,746,327,209.11	-	51,105,080.65	714,899.88	(1,610,000,000.00)	-	137,042,108.99
7) RMB2 billion medium-term notes	RMB2 billion	18 January 2018	5 years	2,000,000,000.00	2,000,000,000.00	-	117,000,000.00	-	-	-	2,000,000,000.00
8) RMB500 million debt financing plan	RMB500 million	27 February 2018	2+3 years	500,000,000.00	500,000,000.00	-	4,583,333.34	-	(500,000,000.00)	-	-
9) RMB2.5 billion debt financing plan	RMB2.5 billion	25 June 2018	3 years	2,500,000,000.00	2,500,000,000.00	-	157,062,500.00	-	-	(2,500,000,000.00)	-
10) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	3+2 years	1,500,000,000.00	1,496,300,463.49	-	70,304,166.67	955,675.92	-	(1,497,256,139.41)	-
10) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	5+2 years	1,500,000,000.00	1,495,853,170.05	-	74,791,666.67	650,596.20	-	-	1,496,503,766.25
11) RMB2.5 billion medium-term notes	RMB2.5 billion	9 August 2018	5 years	2,500,000,000.00	2,500,000,000.00	-	117,173,611.15	-	-	-	2,500,000,000.00
12) RMB500 million corporate bonds	RMB500 million	9 January 2019	3+2 years	500,000,000.00	498,566,229.88	-	18,650,000.02	324,338.34	-	-	498,890,568.22
12) RMB1.5 billion corporate bonds	RMB1.5 billion	9 January 2019	5+2 years	1,500,000,000.00	1,495,395,557.95	-	61,050,000.00	662,110.72	-	-	1,496,057,668.67
13) RMB2.5 billion medium-term notes	RMB2.5 billion	7 March 2019	5 years	2,500,000,000.00	2,500,000,000.00	-	108,447,916.67	-	-	-	2,500,000,000.00
14) RMB1.2 billion corporate bonds	RMB1.2 billion	21 March 2019	3 years	1,200,000,000.00	1,197,146,271.18	-	59,640,000.00	675,601.77	-	-	1,197,821,872.95
15) RMB2 billion medium-term notes	RMB2 billion	7 August 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	78,381,111.15	-	-	-	2,000,000,000.00

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

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

As at 31 December 2020, 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
14) RMB1.5 billion corporate bonds	RMB1.5 billion	29 October 2019	3 years	1,500,000,000.00	1,495,892,448.00	-	63,000,000.00	822,264.34	-	-	1,496,724,712.34
15) RMB2 billion medium-term notes	RMB2 billion	12 November 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	82,599,999.96	-	-	-	2,000,000,000.00
16) RMB4.5 billion corporate bonds	RMB4.5 billion	10 January 2020	5+2 years	4,500,000,000.00	-	4,500,000,000.00	175,206,048.39	2,935,227.28	(15,750,000.00)	-	4,487,185,227.28
16) RMB2 billion corporate bonds	RMB2 billion	15 June 2020	3+2 years	2,000,000,000.00	-	2,000,000,000.00	35,100,000.00	1,166,668.22	(7,000,000.00)	-	1,994,166,668.22
16) RMB1.5 billion corporate bonds	RMB1.5 billion	13 August 2020	3+2 years	1,500,000,000.00	-	1,500,000,000.00	20,841,935.48	668,010.75	(5,250,000.00)	-	1,495,418,010.75
17) RMB2.82 billion corporate bonds	RMB2.82 billion	11 November 2020	6 years	2,820,000,000.00	-	1,463,876,018.19	783,333.31	13,196,843.07	-	-	1,477,072,861.26
				46,720,000,000.00	34,401,835,819.73	9,782,983,018.19	1,712,521,857.80	31,721,860.12	(3,659,802,000.00)	(8,984,892,614.67)	31,571,846,083.37
Short-term financing bond:											
18) RMB800 million ultrashort financing bonds	RMB800 million	26 July 2019	270 days	800,000,000.00	799,394,083.19	-	8,103,606.56	605,916.81	(800,000,000.00)	-	-
18) RMB500 million ultrashort financing bonds	RMB500 million	25 September 2019	270 days	500,000,000.00	499,407,006.06	-	7,731,327.93	592,993.94	(500,000,000.00)	-	-
19) RMB2 billion ultrashort financing bonds	RMB2 billion	12 October 2019	177 days	2,000,000,000.00	2,000,000,000.00	-	15,244,444.46	-	(2,000,000,000.00)	-	-
20) RMB2 billion ultrashort financing bonds	RMB2 billion	12 March 2020	240 days	2,000,000,000.00	-	2,000,000,000.00	31,467,777.77	-	(2,000,000,000.00)	-	-
21) RMB800 million ultrashort financing bonds	RMB800 million	13 March 2020	270 days	800,000,000.00	-	798,490,566.04	15,859,726.03	1,509,433.96	(800,000,000.00)	-	-
21) RMB800 million ultrashort financing bonds	RMB800 million	19 March 2020	270 days	800,000,000.00	-	798,490,566.03	15,741,369.86	1,509,433.97	(800,000,000.00)	-	-
21) RMB800 million ultrashort financing bonds	RMB800 million	14 May 2020	270 days	800,000,000.00	-	798,490,566.04	10,497,049.18	1,387,264.14	-	-	799,877,830.18
21) RMB800 million ultrashort financing bonds	RMB800 million	5 August 2020	270 days	800,000,000.00	-	798,490,566.08	9,998,469.94	905,056.70	-	-	799,395,622.78
				8,500,000,000.00	3,298,801,089.25	5,193,962,264.19	114,645,771.73	6,510,059.52	(6,900,000,000.00)	-	1,599,273,452.96
				55,220,000,000.00	37,700,656,908.98	14,976,945,282.38	1,827,165,629.53	38,231,959.64	(10,559,802,000.00)	(8,984,892,614.67)	33,171,119,536.33

## Notes to Unaudited Interim Financial Statements

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

*(continued)*

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

- 1) Pursuant to the document (Fa Gai Cai Jin [2012] No. 2810) (發改財金[2012]2810號文件) issued by National Development and Reform Commission, Jidong Group issued the first tranche of corporate bonds of Jidong Development Group Co., Ltd. for 2012 on 15 October 2012 (hereinafter referred to as "12 Jidong Development Bond"), totalling RMB800,000,000 with a term of 10 years and a coupon rate of 6.3%.
- 2) Pursuant to the document [2016] No. 35 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) of BBMG Corporation for 2016 to qualified investors by way of public issuance on 14 March 2016 (hereinafter referred to as "16 BBMG 01"), totalling RMB3,200,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and an initial coupon rate of 3.12%. As announced on 22 January 2019, the coupon rate of the bonds was increased to 3.9% for the next two years (i.e., from 14 March 2019 to 13 March 2021). The sale back amount as announced on 12 March 2019 was RMB6,065,000 (exclusive of interests) with the remaining amount of RMB3,193,935,000 (exclusive of interests) due for payment on 15 March 2021; The Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2016 to qualified investors by way of public issuance on 14 March 2016 (hereinafter referred to as "16 BBMG 02"), totalling RMB1,800,000,000 with a term of 7 years (with the issuer's option to raise the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.5%. As disclosed in the announcement dated 5 March 2021, the issuer decided not to raise the coupon rate of the bonds for the next two years. The total sale back amount as announced on 15 March 2021 was RMB1,353,306,000 (exclusive of interests). As announced on 15 March 2021, part of the sale-back bonds were resold with an amount of RMB1,353,300,000 (exclusive of interests) and the remaining bonds not resold was cancelled with an amount of RMB6,000.

## Notes to Unaudited Interim Financial Statements

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

(continued)

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

- 3) Pursuant to the document [2017] No. 46 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) of BBMG Corporation for 2017 to qualified investors by way of public issuance on 19 May 2017 (hereinafter referred to as "17 BBMG 01"), totalling RMB3,500,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.2%. As announced on 25 March 2020, the coupon rate of the bonds was lowered to 3.2% for the next two years (i. e., from 19 May 2020 to 18 May 2022). The total sale back amount as announced on 19 May 2020 was RMB319,107,000 (exclusive of interests). As announced on 19 May 2020, part of the sale-back bonds were resold with an amount of RMB319,107,000 (exclusive of interests). The Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of public issuance on 19 May 2017 (hereinafter referred to as "17 BBMG 02"), totalling RMB500,000,000 with a term of 7 years (with the issuer's option to raise the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.38%.
- 4) Pursuant to the relevant requirements for bonds listing on the Shanghai Stock Exchange, the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of non-public issuance on 13 July 2017 (hereinafter referred to as "17 BBMG 04"), totalling RMB1,750,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.30%. The total sale back amount was RMB1,610,000,000 on 13 July 2020.
- 5) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) (《接受註冊通知書》(中市協註[2017]MTN512號)) issued by the National Association of Financial Market Institutional Investors (the "NAFMII"), the Company issued the first tranche of medium term notes of BBMG Corporation for 2018 on 18 January 2018 (hereinafter referred to as "18 BBMG MTN001"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 5.85%.
- 6) Pursuant to the Notice of Acceptance of Filing (Debt Financing Plan [2018] No. 0312) (《接受備案通知書》(債權融資計劃[2018]第0312號)) issued by Beijing Financial Assets Exchange Limited, the Company issued the second tranche of debt financing plan for 2018 on 25 June 2018 (hereinafter referred to as "18 BBMG ZR002"), totalling RMB2,500,000,000 with a term of 3 years and a coupon rate of 6.30%, which was due for payment on 25 June 2021.



## Notes to Unaudited Interim Financial Statements

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

(continued)

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

- 7) Pursuant to the document [2018] No. 884 issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as "18 BBMG 01"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.7%; and the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as "18 BBMG 02"), totalling RMB1,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.00%.
- 8) Pursuant to the Notice of Acceptance of Registration issued by the NAFMII, the Company issued the third tranche of medium term notes of BBMG Corporation for 2018 on 9 August 2018 (hereinafter referred to as "18 BBMG MTN003"), totalling RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.70%.
- 9) Pursuant to the Zheng Jian Xu Ke document [2018] No. 884 (《證監許可[2018]884號》文件) issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2019 to qualified investors by way of public issuance on 9 January 2019 (hereinafter referred to as "19 BBMG 01"), totalling RMB500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.73%. The Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2019 to qualified investors by way of public issuance on 9 January 2019 (hereinafter referred to as "19 BBMG 02"), totalling RMB1,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.07%.
- 10) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) (《接受註冊通知書》中市協註[2017] MTN512號) issued by the NAFMII, the Company issued the first tranche of medium term notes of BBMG Corporation for 2019 on 7 March 2019 (hereinafter referred to as "19 BBMG MTN001"), totalling RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.35%.

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

(continued)

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

- 11) Pursuant to the No Objection Letter Regarding the Compliance with Transfer Conditions of the Shenzhen Stock Exchange in the Non-Public Issuance of Corporate Bonds for 2018 of Tangshan Jidong Cement Co., Ltd. (Shen Zheng Han [2018] No. 810) (《關於唐山冀東水泥股份有限公司2018年非公開發行公司債券符合深交所轉讓條件的無異議函》(深證函[2018]810號)) issued by the Shenzhen Stock Exchange, Jidong Cement issued the first tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 19 March 2019 (hereinafter referred to as "19 Jidong 01"), totalling RMB1,200,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.97%. Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 28 October 2019 (hereinafter referred to as "19 Jidong 02"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.20%.
- 12) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DF16) (《接受註冊通知書》(中市協註[2019]DF16號)) issued by the NAFMII, the Company issued the second tranche of medium term notes of BBMG Corporation for 2019 on 7 August 2019 (hereinafter referred to as "19 BBMG MTN002"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 3.94%; and the Company issued the third tranche of medium term notes of BBMG Corporation for 2019 on 12 November 2019 (hereinafter referred to as "19 BBMG MTN003"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 4.13%.
- 13) Pursuant to the Replies (Zheng Jian Xu Ke [2019] No. 2255) (中國證券監督管理委員會出具的批復(證監許可[2019]2255號)) issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2020 to qualified investors by way of public issuance on 10 January 2020 (hereinafter referred to as "20 BBMG 02"), totalling RMB4,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.99%; the Company issued the second tranche of corporate bonds of BBMG Corporation for 2020 to qualified investors by way of public issuance on 15 June 2020 (hereinafter referred to as "20 BBMG 03"), totalling RMB2,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.24%; the Company issued the third tranche of corporate bonds of BBMG Corporation for 2020 to qualified investors by way of public issuance on 13 August 2020 (hereinafter referred to as "20 BBMG 04"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.64%.

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

(continued)

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

- 14) Pursuant to the Replies (Zheng Jian Xu Ke [2020] No. 2416) (中國證券監督管理委員會出具的批復(證監許可[2020]2416號)) issued by the China Securities Regulatory Commission, Tangshan Jidong Cement Co., Ltd. issued its convertible corporate bonds on 5 November 2020 (hereinafter referred to as "Jidong Convertible Bonds"), totally RMB2,820,000,000 with a term of 6 years, and the coupon rate was set as 0.20%, 0.40%, 0.80%, 1.20%, 1.50% and 2.00% for the first year, second year, third year, fourth year, fifth year and sixth year, respectively, with the redemption price at maturity of RMB106 (including the last payment of interests). The term of conversion of convertible bonds is from 11 May 2021 to 4 November 2026. As at 30 June 2021, the nominal value of the converted bonds amounted to RMB1,043,000,000.
- 15) Pursuant to the document (Zheng Jian Xu Ke [2020] No. 2804) (《證監許可[2020]2804號》文件) issued by the China Securities Regulatory Commission, Jidong Cement issued the first tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. to professional investors by way of public issuance on 11 June 2021 (hereinafter referred to as "21 Jidong 01"), totalling RMB1,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.67%.
- 16) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. SCP 16) (《接受註冊通知書》(中市協註[2019]SCP16號)) issued by the NAFMII, Jidong Cement issued the third tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2020 on 14 May 2020 (hereinafter referred to as "20 Jidong SCP003"), totalling RMB800,000,000 with a term of 270 days and a coupon rate of 2.07%; Jidong Cement successfully issued the fourth tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2020 on 5 August 2020 (hereinafter referred to as "20 Jidong SCP004"), totalling RMB800,000,000 with a term of 270 days and a coupon rate of 3.07%.
- 17) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DFI6) (《接受註冊通知書》(中市協註[2019]DFI6號)) issued by the NAFMII, the Company successfully issued the first tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 4 March 2021 (hereinafter referred to as "21 BBMG SCP001"), totalling RMB1,500,000,000 with a term of 140 days and a coupon rate of 2.90% and successfully issued the second tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 8 March 2021 (hereinafter referred to as "21 BBMG SCP002"), totalling RMB1,500,000,000 with a term of 268 days and a coupon rate of 3.18%.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 37. Lease liabilities

	30 June 2021	31 December 2020
Principal of lease liabilities	<b>677,267,235.64</b>	738,044,085.90
Less: Unrecognised finance cost	<b><u>156,904,208.88</u></b>	<u>173,651,593.89</u>
	<b>520,363,026.76</b>	564,392,492.01
Less: Lease liabilities due within one year	<b><u>105,601,049.71</u></b>	<u>106,062,842.41</u>
Non-current portion	<b><u>414,761,977.05</u></b>	<u>458,329,649.60</u>

#### 38. Long-term payables

	30 June 2021	31 December 2020
Long-term payables	<b>58,229,603.77</b>	58,729,603.77
Less: Long-term payables due within one year	<b><u>39,567,383.08</u></b>	<u>39,567,383.08</u>
Non-current portion	<b><u>18,662,220.69</u></b>	<u>19,162,220.69</u>

Analysis of maturity of long-term payables:

	30 June 2021	31 December 2020
Within 1 year (inclusive of 1 year)	<b>39,567,383.08</b>	39,567,383.08
2 to 5 years (over 2 years and inclusive of 5 years)	<b><u>18,662,220.69</u></b>	<u>19,162,220.69</u>
	<b><u>58,229,603.77</u></b>	<u>58,729,603.77</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 39. Long-term wages payable

	30 June 2021	31 December 2020
Net liabilities of defined benefit plan	<b>527,004,946.57</b>	529,547,335.17

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 2021 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 2021	31 December 2020
Discount rate (%)	<b>3.00-4.00</b>	3.00-4.00
Growth rate of benefit costs of retirees and early retirees (%)	<b>2.5</b>	2.5

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

#### 30 June 2021

	Increase/ (decrease) of defined benefit plan obligations	Increase/ (decrease) of defined benefit plan obligations
	Increase %	Decrease %
Discount rate (%)	0.25	0.25
Expected growth rate of future retiree benefit costs (%)	0.50	0.50
	(9,334,238.91)	9,682,867.55
	17,192,021.51	(15,985,551.88)

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

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

31 December 2020

	Increase %	Increase/(decrease) of defined benefit plan obligations	Decrease %	Increase/ (decrease) of defined benefit plan obligations
Discount rate (%)	0.25	(9,970,096.12)	0.25	10,336,361.72
Expected growth rate of future retiree benefit costs (%)	0.50	18,274,037.05	0.50	(16,970,951.10)

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

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

	30 June 2021	31 December 2020
Net interest expenses charged to finance expenses	<b>5,792,062.00</b>	20,581,342.00
Charged to management expenses	<b>1,000.00</b>	(63,379,000.00)
	<b>5,793,062.00</b>	(42,797,658.00)

## Notes to Unaudited Interim Financial Statements

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

(continued)

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

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

	30 June 2021	31 December 2020
Balance at the beginning of the period/year	<b>587,617,906.77</b>	710,193,487.83
Interest expenses for the period/year	<b>5,792,062.00</b>	20,581,342.00
Service costs for period/year	<b>1,000.00</b>	(34,719,000.00)
Previous service costs	–	(28,660,000.00)
Welfare benefits paid for the period/year	<b>(17,341,635.60)</b>	(52,882,167.06)
Actuarial gains recognised in other comprehensive income	<b>8,041,627.00</b>	(26,895,756.00)
<i>Including: Actuarial changes arising from changes in financial assumptions</i>	–	(3,481,000.00)
<i>Including: Actuarial gains on difference in experience</i>	<b>8,041,627.00</b>	(23,414,756.00)
Balance at the end of the period/year	<b>584,110,960.17</b>	587,617,906.77
<i>Less: Current portion of net liabilities of defined benefit plan</i>	<b>57,106,013.60</b>	58,070,571.60
Balance at the end of the period/year	<b>527,004,946.57</b>	529,547,335.17

Expected future payments to the defined benefit plan:

	30 June 2021	31 December 2020
Within 1 year	<b>57,106,013.60</b>	58,070,571.60
2 to 5 years	<b>199,120,038.12</b>	202,152,503.12
5 to 10 years	<b>201,674,950.72</b>	205,170,206.72
Over 10 years	<b>675,808,756.57</b>	685,330,185.57
Total expected deposit	<b>1,133,709,759.01</b>	1,150,723,467.01

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 40. Accrued liabilities

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Pending litigations or arbitration	11,943,914.92	–	8,720,931.00	3,222,983.92
Accrued concrete loss (Note 1)	47,540,047.23	–	12,316,583.12	35,223,464.11
Restoration cost of mines (Note 2)	531,897,777.96	7,216,966.39	22,649,402.69	516,465,341.66
Others (Note 3)	233,420,755.26	–	76,814,150.73	156,606,604.53
	<b>824,802,495.37</b>	<b>7,216,966.39</b>	<b>120,501,067.54</b>	<b>711,518,394.22</b>

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

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

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

#### 41. Deferred income

	30 June 2021	31 December 2020
Balance at the beginning of the period/year	<b>832,750,925.25</b>	837,416,381.95
Increase in the period/year	<b>11,072,181.50</b>	75,971,189.15
Decrease in the period/year	<b>41,659,919.17</b>	80,636,645.85
Balance at the end of the period/year	<b>802,163,187.58</b>	832,750,925.25



## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 41. Deferred income (continued)

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

	30 June 2021	31 December 2020
Government grants related to assets		
Environmental protection projects	<b>404,603,000.75</b>	416,672,814.52
Cogeneration projects	<b>8,657,003.09</b>	17,402,834.97
Relocation compensation	<b>194,131,448.45</b>	197,625,852.66
Specific funds	<b>6,191,185.93</b>	7,037,648.63
Others	<b>182,867,118.82</b>	189,028,263.77
Government grants related to income		
Research and development funds	<b>5,713,430.54</b>	4,983,510.70
Balance at the end of the period/year	<b>802,163,187.58</b>	832,750,925.25

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 41. Deferred income (continued)

As at 30 June 2021, the major items related to government grants were as follows:

	Opening balance	Increase in the period	Other transfer out during the period	Included in other income in the period	Closing balance	Related to assets/gains
Asset subsidy for relocation compensation of Tiantan	150,803,870.79	-	-	3,576,603.95	147,227,266.84	Related to assets
Subsidy for environmental protection equipment for Bio-Island project	110,974,234.02	-	-	7,687,958.82	103,286,275.20	Related to assets
Appropriation for mud project of Beijing Cement Plant	18,969,722.20	-	-	1,488,333.34	17,481,388.86	Related to assets
Tangshan Qixin Cement Industry Museum Project	46,245,793.10	-	-	681,336.28	45,564,456.82	Related to assets
Grant of Liushui construction garbage project	31,841,333.32	-	-	1,224,666.66	30,616,666.66	Related to assets
Relocation compensation for Jianji	44,218,182.16	-	-	921,212.10	43,296,970.06	Related to assets
Replacement subsidy for Jianyuan	18,867,924.53	-	-	-	18,867,924.53	Related to assets
Zanhuang collaborative disposal of household garbage and sludge project	13,363,500.00	-	-	531,000.00	12,832,500.00	Related to assets
Grant of Heilongjiang industrial production project	12,344,096.40	-	-	514,337.34	11,829,759.06	Related to assets
Project of the production line with a capacity of 4,600 tonnes of cement clinkers in Hechuan	12,481,730.28	-	-	161,054.58	12,320,675.70	Related to assets
Raw material storage tent of Zhenxing	7,311,333.34	-	-	40,333.33	7,271,000.01	Related to assets
Ground source heat pump construction project of BBMG Logistics Park	6,750,000.00	-	6,750,000.00	-	-	Related to assets
Heat supply renovation project of Liulihe	5,374,999.85	-	-	250,000.02	5,124,999.83	Related to assets
	<u>479,546,719.99</u>	<u>-</u>	<u>6,750,000.00</u>	<u>17,076,836.42</u>	<u>455,719,883.57</u>	

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 41. Deferred income (continued)

As at 31 December 2020, the major items related to government grants were as follows:

	Opening balance	Increase in the year	Other transfer out during the year	Included in other income in the year	Closing balance	Related to assets/gains
Asset subsidy for relocation compensation of Tiantan	157,757,241.75	-	-	6,953,370.96	150,803,870.79	Related to assets
Subsidy for environmental protection equipment for Bio-Island project	126,163,285.46	-	-	15,189,051.44	110,974,234.02	Related to assets
Appropriation for mud project of Beijing Cement Plant	21,946,388.88	-	-	2,976,666.68	18,969,722.20	Related to assets
Tangshan Qixin Cement Industry Museum Project	47,726,666.30	-	-	1,480,873.20	46,245,793.10	Related to assets
Grant of Liushui construction garbage project	38,550,666.64	-	4,260,000.00	2,449,333.32	31,841,333.32	Related to assets
Relocation compensation for Jianji	46,060,606.36	-	-	1,842,424.20	44,218,182.16	Related to assets
Replacement subsidy for Jianyuan	-	18,867,924.53	-	-	18,867,924.53	Related to assets
Zanhuang collaborative disposal of household garbage and sludge project	14,425,500.00	-	-	1,062,000.00	13,363,500.00	Related to assets
Grant of Heilongjiang industrial production project	12,332,666.63	1,040,104.45	-	1,028,674.68	12,344,096.40	Related to assets
Project of the production line with a capacity of 4,600 tonnes of cement clinkers in Hechuan	-	12,589,100.00	-	107,369.72	12,481,730.28	Related to assets
Raw material storage tent of Zhenxing	7,392,000.00	-	-	80,666.66	7,311,333.34	Related to assets
Ground source heat pump construction project of BBMG Logistics Park	6,750,000.00	-	-	-	6,750,000.00	Related to assets
Heat supply renovation project of Liulihe	5,874,999.89	-	-	500,000.04	5,374,999.85	Related to assets
	<u>484,980,021.91</u>	<u>32,497,128.98</u>	<u>4,260,000.00</u>	<u>33,670,430.90</u>	<u>479,546,719.99</u>	

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 42. Other non-current liabilities

	30 June 2021	31 December 2020
Advance payment for rent	<u>8,949,590.79</u>	<u>9,000,000.00</u>

#### 43. Share capital

30 June 2021 and 31 December 2020

	Opening and closing balance
I. Shares subject to lock-up restriction	
1. State-owned legal person shareholdings	–
2. Other domestic shareholdings	<u>4,848,000.00</u>
Total shares subject to lock-up restriction	<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>
2. Overseas listed foreign shares	<u>2,338,764,870.00</u>
Total shares not subject to lock-up restriction	<u>10,672,923,134.00</u>
Total share capital	<u>10,677,771,134.00</u>

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 44. Other equity instruments

Perpetual bonds	Issuance date	30 June 2021	31 December 2020
2016 First Tranche of Medium-term Notes	2 September 2016	1,996,000,000.00	1,996,000,000.00
2016 Second Tranche of Medium-term Notes	6 September 2016	1,996,000,000.00	1,996,000,000.00
2017 First Tranche of Medium-term Notes	11 October 2017	2,495,000,000.00	2,495,000,000.00
2017 Second Tranche of Medium-term Notes	6 November 2017	2,495,000,000.00	2,495,000,000.00
2018 Second Tranche of Medium-term Notes	7 June 2018	-	1,996,000,000.00
2018 Fourth Tranche of Medium-term Notes	18 September 2018	1,497,000,000.00	1,497,000,000.00
2018 Fifth Tranche of Medium-term Notes	17 October 2018	1,497,000,000.00	1,497,000,000.00
2020 First Tranche of Medium-term Notes	22 April 2020	1,500,000,000.00	1,500,000,000.00
2020 Second Tranche of Medium-term Notes	19 June 2020	1,050,000,000.00	1,050,000,000.00
		<b>14,526,000,000.00</b>	<b>16,522,000,000.00</b>

## Notes to Unaudited Interim Financial Statements

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

(continued)

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

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

Maturity date	The medium-term notes have no fixed maturity date, which are on a long-term basis until redemption by the Company according to the requirement of the issuance provisions, and will expire when the Company redeems the notes according to the requirement of the issuance provisions.
Deferred distribution	Unless a mandatory interest payment event has occurred, on each interest payment date of the medium-term notes, the Company can elect to defer payment of interest due and all interest deferred according to the issuance provisions and its fruits to the next interest payment date without any limitation on the number of times of such deferral. The foregoing deferred interest payment does not make the Company fail to pay the interest in full according to the requirement. Interest shall accrue on each of the deferred interest at the prevailing coupon rate over the period of deferral.
Mandatory distribution payment events	If any of the following events occurs within 12 months prior to the interest payment date, the Company shall not defer the payment of interest due or all interest deferred pursuant to this term and its fruits: <ol style="list-style-type: none"> <li>(1) distributing dividends to ordinary shareholders;</li> <li>(2) reducing the registered capital.</li> </ol>
Redemption and purchase	The Company is entitled to redeem the medium-term notes at par value plus payable interest (including all deferred interest) on the third/fifth and each of the subsequent interest payment dates of the medium-term notes.
Interest rate determination	Medium-term notes carried fixed rate;  The coupon rate shall be reset every three/five years from the fourth/sixth year of interest calculation;  In the event that the issuer does not exercise its redemption right, starting from the fourth/sixth year of interest calculation, the coupon rate shall be adjusted to benchmark interest rate for the current period plus initial spread plus 300 basis points. Thereafter, the coupon interest rates is reset every 3/5 years to the benchmark interest rate for the current period plus the initial spread plus 300 basis points.

## Notes to Unaudited Interim Financial Statements

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

(continued)

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

In view of the above characteristics of the medium-term notes, the Company has no contractual obligation to repay the principal or pay interest on the bonds, nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds. The perpetual bonds were accounted for by the Company based on the net proceeds after deducting issue expenses and included in other equity instruments, and the relevant coupon payments declared will be treated as distribution to the holders of the equity.

The interest rate of medium-term notes of the Group was 3.45%~5.99%, and as at 30 June 2021, the interest accrued was RMB416,437,260.27 and interest payable to specific investors amounted to RMB202,657,937.00.

#### 45. Capital reserve

30 June 2021

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Share premium	<u>6,169,149,696.05</u>	<u>-</u>	<u>337,541,085.78</u>	<u>5,831,608,610.27</u>

31 December 2020

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium	<u>6,434,307,002.11</u>	<u>-</u>	<u>265,157,306.06</u>	<u>6,169,149,696.05</u>

The decrease in the capital reserve during the period includes other comprehensive income transferred from the evaluation appreciation of investment properties which was converted from original inventories of RMB238,555,502.49 at the date of conversion and the decrease in capital reserve of the equity transactions that do not affect control of RMB98,985,583.29. For details of the equity transactions that do not affect control, please see the Note VII. 2.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 46. Other comprehensive income

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

30 June 2021

	1 January 2021	Increase/(decrease)	30 June 2021
Changes arising from re-measurement of defined benefit plans	95,100,748.00	(8,041,627.00)	87,059,121.00
The difference between the fair value and the carrying value of the self-occupied properties on the date when the inventory and the self-occupied properties changed to the investment properties measured with the fair value model	384,136,093.81	141,328,760.78	525,464,854.59
The effect of the change in the equity of other owners of an investee under equity method	(1,008,660.75)	-	(1,008,660.75)
Exchange differences on foreign currency translation	(702,944.41)	(17,402.41)	(720,346.82)
Changes in fair value of investment in other equity instruments	(30,329,303.57)	(4,832,426.07)	(35,161,729.64)
	<u>447,195,933.08</u>	<u>128,437,305.30</u>	<u>575,633,238.38</u>



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

(continued)

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

31 December 2020

	1 January 2020	Increase/(decrease)	31 December 2020
Changes arising from re-measurement of defined benefit plans	76,807,642.00	18,293,106.00	95,100,748.00
Changes in fair value of investment in other equity instruments	(28,712,389.60)	(1,616,913.97)	(30,329,303.57)
Other comprehensive income that may be reclassified to profit or loss under equity method	(1,008,660.75)	–	(1,008,660.75)
Exchange differences on foreign currency translation	8,459,245.41	(9,162,189.82)	(702,944.41)
The difference between the fair value and the carrying value of the self-occupied properties on the date when it changed to the investment properties measured with the fair value model	176,722,075.98	207,414,017.83	384,136,093.81
	<u>232,267,913.04</u>	<u>214,928,020.04</u>	<u>447,195,933.08</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:

30 June 2021

	Amount before tax	Less: Income tax	Attributable to the shareholders of the parent company	Attributable to minority shareholders
Changes arising from re-measurement of defined benefit plans	(8,041,627.00)	-	(8,041,627.00)	-
The difference between the fair value and the carrying value of the inventory/self-occupied properties on the date when the inventory/the self-occupied properties changed to the investment properties measured with the fair value model	188,438,347.71	47,109,586.93	141,328,760.78	-
Exchange differences on foreign currency translation	(7,443,226.29)	-	(17,402.41)	(7,425,823.88)
Changes in fair value of investment in other equity instruments	(27,418,020.28)	(6,854,505.06)	(4,832,426.07)	(15,731,089.15)
	<u>145,535,474.14</u>	<u>40,255,081.87</u>	<u>128,437,305.30</u>	<u>(23,156,913.03)</u>

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

(continued)

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

31 December 2020

	Amount before tax	Less: Income tax	Attributable to the shareholders of the parent company	Attributable to minority shareholders
Changes arising from re-measurement of defined benefit plans	26,895,756.00	–	18,293,106.00	8,602,650.00
The difference between the fair value and the carrying value of the self-occupied properties on the date when it changed to the investment properties measured with the fair value model	276,552,023.77	69,138,005.94	207,414,017.83	–
Exchange differences on foreign currency translation	(21,389,719.73)	–	(9,162,189.82)	(12,227,529.91)
Changes in fair value of investment in other equity instruments	(9,321,338.25)	(2,440,853.28)	(1,616,913.97)	(5,263,571.00)
	<u>272,736,721.79</u>	<u>66,697,152.66</u>	<u>214,928,020.04</u>	<u>(8,888,450.91)</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 2021

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Production safety cost	<u>51,385,977.58</u>	<u>49,791,837.79</u>	<u>36,295,916.78</u>	<u>64,881,898.59</u>

31 December 2020

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Production safety cost	<u>32,250,174.13</u>	<u>116,941,990.17</u>	<u>97,806,186.72</u>	<u>51,385,977.58</u>

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

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 48. Surplus reserve

30 June 2021

	Opening balance	Increase in the period	Closing balance
Statutory surplus reserve	<u>2,263,251,151.05</u>	<u>-</u>	<u>2,263,251,151.05</u>

31 December 2020

	Opening balance	Increase in the year	Closing balance
Statutory surplus reserve	<u>1,926,994,968.55</u>	<u>336,256,182.50</u>	<u>2,263,251,151.05</u>

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.

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 49. General risk reserve

30 June 2021

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

31 December 2020

	Opening balance	Increase in the year	Closing balance
General risk reserve	<u>359,957,564.90</u>	<u>97,693,226.86</u>	<u>457,650,791.76</u>

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

#### 50. Retained earnings

	30 June 2021	31 December 2020
Retained earnings as at the beginning of the period/year	<b>26,787,531,577.50</b>	26,505,650,840.60
Net profit attributable to the shareholders of the parent company	<b>1,911,844,630.53</b>	2,843,772,517.94
Less: Interest of perpetual bonds	<b>407,555,863.01</b>	846,609,835.60
Less: Appropriation of surplus reserve	-	336,256,182.50
Less: Appropriation of general risk reserve	-	97,693,226.86
Less: Cash dividends payable	<b><u>640,666,268.04</u></b>	<u>1,281,332,536.08</u>
Retained earnings at the end of the period/year	<b><u>27,651,154,076.98</u></b>	<u>26,787,531,577.50</u>

Note 1: Upon the consideration and approval by the 2020 annual general meeting of the Company convened on 12 May 2021, profit distribution for the year 2020 was calculated based on total share capital of the Company of 10,677,771,134 shares before implementation of distribution plan, with the distribution of a cash dividend of RMB0.06 per share (tax inclusive) in an aggregate amount of cash dividends of RMB640,666,268.04.

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

(continued)

#### 51. Operating revenue and costs

	January to June 2021		January to June 2020	
	Revenue	Costs	Revenue	Costs
Principal operations	57,065,979,701.66	47,477,841,587.33	40,714,935,190.25	31,389,023,411.39
Other operations	647,677,174.61	140,437,509.46	213,162,944.39	124,731,778.14
	<b>57,713,656,876.27</b>	<b>47,618,279,096.79</b>	<b>40,928,098,134.64</b>	<b>31,513,755,189.53</b>

Operating revenue are as follows:

	January to June 2021	January to June 2020
Revenue from contracts with customers	56,651,557,667.42	39,921,749,941.78
Rental income	864,843,837.25	844,604,909.02
<i>Including: Rental income from investment properties</i>	<b>771,416,346.64</b>	750,725,792.41
<i>    Other rental income</i>	<b>93,427,490.61</b>	93,879,116.61
Interest income	<b>197,255,371.60</b>	161,743,283.84
	<b>57,713,656,876.27</b>	<b>40,928,098,134.64</b>

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

(continued)

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

Disaggregated operating revenue from contracts with customers is as follows:

Revenue recognition time	January to June 2021	January to June 2020
Revenue recognized at a point in time		
Sale of products	<b>20,493,554,921.23</b>	17,207,525,786.68
Bulk commodity trade	<b>15,893,389,251.08</b>	11,343,505,485.74
Sale of properties	<b>17,718,310,320.24</b>	9,403,202,011.87
Others	<b>855,601,747.61</b>	453,715,294.86
Revenue recognized over time		
Property management	<b>494,492,190.31</b>	428,848,843.34
Hotel operation	<b>149,558,704.95</b>	87,844,343.35
Income from decoration	<b>427,549,891.31</b>	278,702,619.22
Treatment of solid wastes	<b>619,100,640.69</b>	718,405,556.72
	<b>56,651,557,667.42</b>	39,921,749,941.78

#### 52. Tax and surcharges

	January to June 2021	January to June 2020
Business tax	–	283,432.85
City maintenance and construction tax	<b>83,537,921.47</b>	83,699,181.55
Education surcharges	<b>72,112,482.04</b>	66,053,635.11
Resource tax	<b>61,664,809.05</b>	39,555,043.33
Real estate tax	<b>193,770,300.69</b>	179,120,390.50
Land use tax	<b>97,207,744.61</b>	92,652,577.11
Stamp duty	<b>46,468,796.28</b>	36,731,549.94
Land appreciation tax	<b>183,297,999.70</b>	260,791,991.86
Green tax	<b>29,163,984.33</b>	29,429,842.16
Vehicle and vessel tax	<b>938,515.98</b>	1,258,197.31
Others	<b>38,376,671.21</b>	8,113,939.71
	<b>806,539,225.36</b>	797,689,781.43



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

(continued)

#### 53. Selling expenses

	January to June 2021	January to June 2020
Employee remuneration	<b>467,730,945.35</b>	398,709,607.40
Office expenses	<b>220,162,940.32</b>	160,746,795.95
Lease fee	<b>26,775,767.43</b>	35,011,072.30
Agency intermediary fee	<b>258,526,483.99</b>	143,271,573.24
Advertisement fee	<b>133,751,113.89</b>	105,921,811.25
Transportation expenses	<b>378,264,273.88</b>	449,133,583.17
Others	<b>31,586,397.98</b>	9,444,722.04
	<b><u>1,516,797,922.84</u></b>	<u>1,302,239,165.35</u>

#### 54. Administrative expenses

	January to June 2021	January to June 2020
Employee remunerations	<b>1,264,367,945.06</b>	1,091,160,403.97
Office expenses	<b>509,745,971.21</b>	458,401,333.92
Intermediary service fees	<b>107,301,888.87</b>	110,889,809.57
Lease fee	<b>112,893,727.78</b>	113,645,576.61
Sewage and afforestation fees	<b>13,721,811.78</b>	27,285,789.31
Loss on shut down	<b>449,687,419.93</b>	457,740,395.27
Others	<b>551,110,138.02</b>	601,357,537.77
	<b><u>3,008,828,902.65</u></b>	<u>2,860,480,846.42</u>

The above management fees include the remuneration paid to Ernst & Young Hua Ming LLP (Special General Partnership) for the Company's interim report review services totaling RMB3,750,000 (January to June 2020: RMB3,750,000).

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 55. Research and development expenses

	January to June 2021	January to June 2020
Employee remunerations	<b>102,653,747.02</b>	73,782,440.13
Material and equipment cost	<b>37,146,824.75</b>	37,504,812.47
Others	<b>39,790,091.53</b>	27,237,174.40
	<b>179,590,663.30</b>	138,524,427.00

#### 56. Finance costs

	January to June 2021	January to June 2020
Interest expense	<b>2,610,217,224.37</b>	3,438,047,817.59
<i>Including: Interests on bank loans and other loans to be fully repaid within 5 years</i>	<b>2,287,614,411.83</b>	2,807,454,517.71
<i>Interests on bank loans and other loans to be repaid over 5 years</i>	<b>70,221,152.36</b>	250,517,328.48
<i>Interest expense on lease liabilities</i>	<b>22,371,620.17</b>	14,217,203.47
<i>Interest expenses on significant financing component</i>	<b>230,010,040.02</b>	365,858,767.93
Less: Interest income	<b>86,343,253.25</b>	253,487,917.73
Less: Amount of capitalized interest	<b>1,246,829,066.35</b>	1,680,958,954.64
Exchange gains	<b>1,649,310.31</b>	57,044,925.34
Handling charges	<b>66,434,632.07</b>	81,850,364.15
Others	<b>18,536,023.15</b>	52,341,111.31
	<b>1,363,664,870.30</b>	1,694,837,346.02

In January to June 2021, the amount of capitalised borrowing costs has been included in construction in progress of RMB34,008,873.36 (January to June 2020: RMB8,274,530.24) and costs for properties under development of RMB1,212,820,192.99 (January to June 2020: RMB1,672,684,424.40).

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

(continued)

#### 56. Finance costs (continued)

The breakdown of interest income was as follows:

	January to June 2021	January to June 2020
Cash and bank balances	18,496,215.79	77,924,824.83
Interest income from financing component	53,587,109.59	61,728,234.19
Other debt investments	14,259,927.87	113,834,858.71
	<b>86,343,253.25</b>	<b>253,487,917.73</b>

#### 57. Other gains

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

	January to June 2021	January to June 2020	Related to assets/gains
Refunds of VAT	278,012,806.45	208,401,609.26	Related to gains
Income from relocation compensation	4,497,816.05	4,400,059.52	Related to assets/gains
Income from other subsidies	85,597,684.83	69,679,266.06	Related to assets/gains
Grants of sale of heat	1,800,000.00	3,370,200.00	Related to gains
	<b>369,908,307.33</b>	<b>285,851,134.84</b>	

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

(continued)

#### 58. Investment gains

	January to June 2021	January to June 2020
Gains from long-term equity investments under equity method	<b>298,091,900.61</b>	158,492,876.08
Investment gains from disposal of subsidiaries	<b>17,871,948.45</b>	30,430,655.25
Investment gains from financial assets held for trading during the holding Period	<b>4,177,738.76</b>	–
Investment gains from financial assets measured at amortized cost during the holding period	<b>13,417,692.30</b>	4,333,285.46
Investment gains from disposal of financial assets held for trading	<b>7,858,957.51</b>	17,140,215.51
Dividend income from investment in other equity instruments during the holding period	<b>6,246,924.90</b>	21,659.51
Others	<b>5,511,069.47</b>	1,259,495.48
	<b>353,176,232.00</b>	211,678,187.29

There were no significant restrictions on the repatriation of investment income of the Group as of 30 June 2021. For the six months ended 30 June 2021, there were no gains from listed share investment among the Group's investment income (January to June 2020: Nil).

#### 59. Gains from changes in fair value

	January to June 2021	January to June 2020
Financial assets at fair value through profit or loss	<b>6,163,594.74</b>	4,782,760.86
Investment properties measured at fair value	<b>233,720,454.75</b>	247,438,807.75
Hedging business	<b>887,280.86</b>	–
	<b>240,771,330.35</b>	252,221,568.61

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

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#### 60. Credit impairment losses

	January to June 2021	January to June 2020
Losses on bad debts of bills receivables	3,685,745.62	69,526,275.88
Losses on bad debts of accounts receivable	(23,296,159.95)	(179,350,094.49)
Losses on bad debts of other receivables	(113,416,655.12)	(52,120,963.48)
Losses on bad debts of long-term receivables	4,890,130.96	3,593,519.97
Losses on impairment of contract assets	-	(313,126.27)
Others	(6,000.00)	-
	<u>(128,142,938.49)</u>	<u>(158,664,388.39)</u>

#### 61. Asset impairment losses

	January to June 2021	January to June 2020
Losses on decline in value of inventory	(8,126,788.86)	(9,861,148.14)
Losses on impairment of contract assets	(1,624,343.69)	-
Losses on impairment of fixed assets	(14,050,031.51)	(639,917.87)
Losses on impairment of prepayments	(619,443.89)	(209,364.48)
Losses on impairment of goodwill	(26,595,000.00)	-
	<u>(51,015,607.95)</u>	<u>(10,710,430.49)</u>

#### 62. Gains on disposal of assets

	January to June 2021	January to June 2020
Gains on disposal of fixed assets	36,938,729.99	10,467,072.93
Gains on disposal of intangible assets	-	14,526,602.31
	<u>36,938,729.99</u>	<u>24,993,675.24</u>

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

(continued)

#### 63. Non-operating income

	January to June 2021	January to June 2020	Recognised in non-recurring profit and loss for the period from January to June 2021
Net gains from fines	<b>9,267,542.89</b>	21,105,976.67	9,267,542.89
Relocation compensation/government grants	<b>54,251,485.17</b>	150,971,155.73	54,251,485.17
Unpayable amounts	<b>59,722,410.18</b>	31,243,430.14	59,722,410.18
Gains on disposal of non-current assets	<b>328,468,392.76</b>	1,194,625.55	328,468,392.76
Others	<b>60,038,216.45</b>	29,204,796.29	60,038,216.45
	<b>511,748,047.45</b>	233,719,984.38	511,748,047.45

#### 64. Non-operating expenses

	January to June 2021	January to June 2020	Recognised in non-recurring profit and loss for the period from January to June 2021
Losses on disposal of non-current assets	<b>70,705,330.37</b>	49,971,496.38	70,705,330.37
Including: Losses on disposal of fixed assets	<b>70,006,703.28</b>	49,971,496.38	70,006,703.28
Losses on disposal of other non-current assets	<b>698,627.09</b>	–	698,627.09
Abnormal losses	<b>824,640.19</b>	–	824,640.19
Expenses on charity donation	<b>100,000.00</b>	16,579,425.31	100,000.00
Expenses on compensation, penalties and fines	<b>24,027,038.93</b>	9,573,975.40	24,027,038.93
Other expenses	<b>42,957,757.76</b>	18,315,691.53	42,957,757.76
	<b>138,614,767.25</b>	94,440,588.62	138,614,767.25

## Notes to Unaudited Interim Financial Statements

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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 2021	January to June 2020
Consumption of raw materials	<b>11,957,711,366.24</b>	8,411,821,955.32
Procurement costs of tradable goods	<b>16,442,901,462.29</b>	11,664,811,131.69
Cost of sales of real estate	<b>15,361,643,114.78</b>	6,807,342,970.74
Changes in inventory of finished goods and work in progress	<b>(763,794,286.32)</b>	313,640,445.66
Employee remunerations	<b>3,263,783,087.55</b>	2,649,031,002.17
Depreciation and amortisation	<b>2,331,117,862.69</b>	2,256,847,551.49
Rentals	<b>143,933,919.77</b>	325,783,139.47
Maintenance expenses	<b>594,972,456.40</b>	575,977,057.09
Fuel and energy costs	<b>1,370,458,415.09</b>	1,329,444,965.74
Transportation fee	<b>667,944,217.07</b>	707,730,546.85
Advertisement fee	<b>146,769,257.52</b>	105,921,811.25
Office expenses	<b>73,672,970.82</b>	70,278,722.20
Intermediary fee	<b>365,828,372.86</b>	254,161,382.81
Others	<b>366,554,368.82</b>	342,206,945.82
	<b><u>52,323,496,585.58</u></b>	<u>35,814,999,628.30</u>

#### 66. Income tax expense

	January to June 2021	January to June 2020
Current income tax expense	<b>1,119,448,741.56</b>	1,274,973,914.06
Deferred income tax expense	<b>75,766,054.63</b>	(97,347,357.98)
	<b><u>1,195,214,796.19</u></b>	<u>1,177,626,556.08</u>

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

(continued)

#### 66. Income tax expense (continued)

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

	January to June 2021	January to June 2020
Total profit	<b>4,414,725,528.46</b>	3,365,220,521.75
Income tax expense at the statutory income tax rate	<b>1,103,681,382.12</b>	841,305,130.43
Tax effect of different tax rates of some subsidiaries	<b>(87,680,034.94)</b>	(36,019,462.91)
Adjustments on the current income tax of previous periods	<b>(2,387,021.17)</b>	(6,110,383.92)
Share of profits and losses of joint ventures and associates	<b>(68,771,281.01)</b>	(45,838,830.63)
Income not subject to tax	<b>(47,694,749.13)</b>	(7,317,345.16)
Expenses not deductible	<b>12,513,260.82</b>	8,884,062.36
Use of deductible losses in prior years	<b>(95,533,082.76)</b>	(52,398,494.81)
Deductible temporary difference and deductible losses not recognized	<b><u>381,086,322.26</u></b>	<u>475,121,880.72</u>
Income tax expense at the effective tax rate of the Group	<b><u>1,195,214,796.19</u></b>	<u>1,177,626,556.08</u>



## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 67. Earnings per share

	January to June 2021 RMB/share	January to June 2020 RMB/share
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	<b>1,911,844,630.53</b>	1,523,592,114.58
Less: the interests of other equity instrument	<b><u>407,555,863.01</u></b>	<u>410,931,904.88</u>
	<b><u>1,504,288,767.52</u></b>	<u>1,112,660,209.70</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<b><u>10,677,771,134.00</u></b>	<u>10,677,771,134.00</u>
Basic earnings per share -continuing operations	<b><u>0.14</u></b>	<u>0.10</u>

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

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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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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 2021	January to June 2020
Cash received relating to other operating activities		
Compensation received	104,218,917.07	985,575,888.37
Interest income received	79,414,621.21	249,638,734.74
Current accounts and other current account	78,702,138.68	78,326,979.86
	<b>262,335,676.96</b>	1,313,541,602.97
Cash paid relating to other operating activities		
Selling and administrative expenses etc. paid	2,110,024,809.61	1,917,611,762.06
Deposit and other amounts paid	309,777,994.43	294,614,931.08
Other current accounts	227,913,351.62	713,412,670.64
	<b>2,647,716,155.66</b>	2,925,639,363.78
Cash received from other investing activities		
Disposal of financial products such as short-term funds or bonds	927,858,957.51	1,100,000,000.00
Collection of the principal and interest of borrowings from the Associate	637,000,000.00	–
Refund received related to exploration rights	–	57,825,990.68
Receipt of principal and interest on financing sale-leaseback	24,136,708.52	–
	<b>1,588,995,666.03</b>	1,157,825,990.68
Cash paid relating to other investing activities		
Purchase of financial products such as short-term funds or bonds	920,000,000.00	1,682,426,792.53
Payment of loans from the third-party company	71,548,799.74	–
Payment of principal and interest on financing sale-leaseback	200,000,000.00	–
	<b>1,191,548,799.74</b>	1,682,426,792.53
Cash received from other financing activities		
Borrowings received from minority shareholders	–	720,300,000.00
Financial assets sold under agreements to repurchase	754,000,000.00	–
	<b>754,000,000.00</b>	720,300,000.00
Cash paid relating to other financing activities		
Repayment of borrowings of minority shareholders	687,939,143.16	–
Payment for acquisition of minority interests	14,504,706.00	110,399,947.21
	<b>702,443,849.16</b>	110,399,947.21

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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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 2021	January to June 2020
Net Profit	<b>3,219,510,732.27</b>	2,187,593,965.67
Add: Losses on credit impairment	<b>128,142,938.49</b>	158,664,388.39
Asset impairment losses	<b>51,015,607.95</b>	10,710,430.49
Depreciation of fixed assets	<b>1,868,900,614.50</b>	1,805,397,485.19
Depreciation of right-of-use assets	<b>66,057,671.60</b>	65,954,924.65
Amortisation of intangible assets	<b>293,667,702.82</b>	292,996,658.13
Amortisation of long-term deferred expenses	<b>102,491,873.78</b>	92,498,483.52
Gains from disposal of fixed assets, intangible assets and other long-term assets	<b>(458,525,660.70)</b>	(24,993,675.24)
(Gains)/Losses on retirement of non-current assets	<b>(257,763,062.39)</b>	48,776,869.83
Gains from changes in fair value	<b>(240,771,330.35)</b>	(252,221,568.61)
Finance costs	<b>1,365,037,468.32</b>	1,754,673,663.29
Investment income	<b>(353,176,232.00)</b>	(211,678,187.29)
Decrease/(Increase) in deferred income tax assets	<b>132,299,002.30</b>	(46,964,744.74)
Decrease in deferred income tax liabilities	<b>(43,686,396.00)</b>	(42,574,626.40)
Decrease/(increase) in inventories	<b>4,832,627,069.19</b>	(456,880,865.09)
Increase in operating receivables	<b>(134,826,376.85)</b>	(1,844,652,162.86)
Increase/(decrease) in operating payables	<b>4,086,813.37</b>	(739,605,273.75)
Net cash flows from operating activities	<b><u>10,575,088,436.30</u></b>	<u>2,797,695,765.18</u>
Material financing activities not involving cash:		
Endorsement and transfer of bank acceptance bills received from sale of goods or rendering of services	<b><u>5,130,529,869.39</u></b>	<u>5,538,932,700.05</u>
Net changes in cash and cash equivalents:		
Balance of cash at the end of the period	<b>13,708,581,033.70</b>	26,125,776,795.58
Less: Balances of cash equivalents at the beginning of the period	<b><u>22,149,845,547.97</u></b>	<u>15,327,545,297.51</u>
Net decrease/(increase) in cash	<b><u>(8,441,264,514.27)</u></b>	<u>10,798,231,498.07</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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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 unit

Information on disposal of subsidiaries and other operating units

	January to June 2021	January to June 2020
Cash received from disposal of subsidiaries and other business entities	–	38,049,457.00
Cash and cash equivalents received during the period from disposal of subsidiaries and other operating units during the previous year	–	56,602,304.00
Less: Cash and cash equivalent held by subsidiaries and other operating units disposed of	<b>118,697,128.05</b>	11,191,962.78
(Decrease) in net cash/net cash received from disposal of subsidiaries and other business entities	<b>(118,697,128.05)</b>	83,459,798.22

##### (3) Cash and cash equivalents

	January to June 2021	January to June 2020
Cash	<b>13,708,581,033.70</b>	26,125,776,795.58
<i>Including: Cash on hand</i>	<b>271,409.16</b>	707,375.96
<i>Bank deposits on demand</i>	<b>13,671,304,056.52</b>	26,124,163,908.94
<i>Other monetary fund on demand</i>	<b>37,005,568.02</b>	905,510.68
Balance of cash and cash equivalents at end of the period	<b>13,708,581,033.70</b>	26,125,776,795.58

## Notes to Unaudited Interim Financial Statements

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

(continued)

#### 69. Assets with restricted titles or right to use

	Notes	January to June 2021	January to June 2020
Pledged assets			
Cash and bank balances			
Statutory deposit reserve placement with central bank by finance company	(1)	<b>1,297,442,127.85</b>	1,335,726,955.49
Guarantee deposits for L/C	(1)	<b>32,889,666.05</b>	44,447,376.60
Quality/performance deposits	(1)	<b>275,266,251.73</b>	155,031,913.75
Guarantee deposits for acceptance bills	(1)	<b>277,615,908.46</b>	229,038,845.31
Inventories	(2)	<b>12,429,886,812.18</b>	26,937,968,740.46
Financing receivables	(3)	<b>47,738,349.63</b>	63,774,505.00
Fixed assets	(2)	<b>803,427,304.00</b>	902,137,172.39
Investment properties	(2)	<b>12,495,184,583.52</b>	13,928,040,908.32
Equity interests	(2)	<b>10,343,176,371.21</b>	10,343,176,371.21
Land use rights	(2)	<b>35,595,882.34</b>	36,694,402.42
Cash and bank balances whose titles are restricted for other reasons			
Restricted cash arising from pre-sales of properties	(4)	<b>5,622,429,506.55</b>	5,061,181,511.90
Others		<b>289,663,513.26</b>	290,333,248.14
		<b>43,950,316,276.78</b>	59,327,551,950.99

## Notes to Unaudited Interim Financial Statements

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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 2021, the total amount of the Group's pledged cash and bank balances was RMB1,883,213,954.09 (30 June 2020: RMB1,764,245,091.15), 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 RMB1,297,442,127.85 (30 June 2020: RMB1,335,726,955.49).

Note 2: As at 30 June 2021, the Group obtained long-term borrowings of RMB12,427,879,843.88 (30 June 2020: RMB19,852,808,245.70) secured by inventories with a carrying amount of RMB12,429,886,812.18 (30 June 2020: RMB26,937,968,740.46), fixed assets with a carrying amount of RMB803,427,304.00 (30 June 2020: RMB902,137,172.39), investment properties with a carrying amount of RMB12,492,484,583.52 (30 June 2020: RMB13,928,040,908.32), land use rights with a carrying amount of RMB35,595,882.34 (30 June 2020: RMB36,694,402.42) and equity interests with a carrying amount of RMB10,343,176,371.21 (30 June 2020: RMB10,343,176,371.21).

Note 3: As at 30 June 2021, the Group obtained short-term borrowings of RMB33,337,252.70 by discounting bank acceptance bills with a carrying amount of RMB33,337,252.70 (30 June 2020: the Group obtained short-term borrowings of RMB26,128,750.00 by discounting bank acceptance bills with a carrying amount of RMB26,128,750.00). As at 30 June 2021, the Group pledged bank acceptance bills for invoicing of RMB14,401,096.93 (30 June 2020: RMB37,645,755.00).

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 2021, there were no bank borrowings obtained from unreleased pledge by land use rights of commodity houses of the Company which had already been delivered to the purchasers.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

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

(continued)

#### 70. Foreign currency monetary items

	30 June 2021			31 December 2020		
	Original currency	Exchange rate	As RMB	Original currency	Exchange rate	As RMB
Cash and bank balances						
USD	20,202,062.04	6.4601	130,507,340.99	39,551,623.28	6.5249	258,070,386.75
HKD	8,025,711.93	0.8321	6,678,034.38	968,506.88	0.8416	815,095.39
ZAR	14,020,857.82	0.4501	6,310,788.10	20,204,382.15	0.4458	9,007,113.56
MNT	28,604,340.54	0.0023	64,846.04	-	-	-
Accounts receivable						
USD	341,101.41	6.4601	2,203,549.24	862,191.63	6.5249	5,625,714.17
ZAR	6,385,795.27	0.4501	2,874,246.45	6,740,021.67	0.4458	3,004,701.66
Other receivables						
USD	9,783,236.22	6.4601	63,200,684.31	1,095,799.95	6.5249	7,149,985.10
ZAR	323,018.75	0.4501	145,390.74	328,534.00	0.4458	146,460.46
HKD	24,000.00	0.8321	19,970.40	325,240.00	0.8416	273,721.98
Long-term receivables						
USD	51,917,591.66	6.4601	335,392,833.89	49,702,738.00	6.5249	320,194,708.18
Total foreign currency monetary assets			<u>547,397,684.54</u>			<u>604,287,887.25</u>
Accounts payable						
USD	7,441,970.28	6.4601	48,075,872.21	11,715,689.50	6.5249	76,443,702.42
ZAR	164,470.75	0.4501	74,028.28	74,470.75	0.4458	33,199.06
Bills payable						
USD	141,215,525.66	6.4601	912,266,417.32	93,738,746.54	6.5249	611,635,947.30
Other payables						
USD	136,133.94	6.4601	879,438.87	54,733.94	6.5249	357,133.49
HKD	2,707,190.54	0.8321	2,252,599.10	-	-	-
ZAR	2,440,393.37	0.4501	1,098,421.05	19,553.65	0.4458	8,717.02
Total foreign currency monetary liabilities			<u>964,646,776.83</u>			<u>688,478,699.29</u>
Net foreign currency monetary liabilities			<u>417,249,092.29</u>			<u>84,190,812.04</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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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 2021

	Within 6 months	Total
Nominal amount of copper futures	<b>49,154,849.84</b>	49,154,849.84
Average price of copper futures	<b>54,616.50</b>	54,616.50

##### January to June 2020

	Within 6 months	Total
Nominal amount of copper futures	<b>40,129,598.78</b>	40,129,598.78
Average price of copper futures	<b>44,588.44</b>	44,588.44
Nominal amount of iron ore futures	<b>104,848,660.00</b>	104,848,660.00
Average price of iron ore futures	<b>733.21</b>	733.21
Nominal amount of rebar futures	<b>21,087,000.00</b>	21,087,000.00
Average price of rebar futures	<b>3,514.50</b>	3,514.50



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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

(continued)

#### 71. Hedging (continued)

##### *Fair value hedge (continued)*

Changes in the carrying amount and fair value of the hedging instruments are as follows:

##### January to June 2021

	Nominal amounts of the hedging instruments	Carrying amounts of the hedging instruments		Items on the balance sheet that contain Hedging instruments	Changes in fair value of hedging instruments used as a basis for recognizing the ineffective portion of hedging for the period
		Assets	Liabilities		
Commodity price risk- inventories	49,154,849.84	49,950,075.00	-	Inventories	-

##### January to June 2020

	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	166,065,258.78	-	9,511,991.22	Inventories	(51,748.78)

## Notes to Unaudited Interim Financial Statements

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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 2021

	Carrying amount of hedged items Assets	Cumulative amount of adjustments to fair value hedge of hedged items (included in carrying amount of hedged items) Assets	Items on the balance sheet that contain hedged items	Changes in fair value of hedged items used as a basis for recognizing the ineffective portion of hedging for the period
Commodity price risk- inventories	51,452,449.47	1,682,506.02	Inventories	-

##### January to June 2020

	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	168,922,022.92	3,456,413.01	Inventories	-

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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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 2021

	Ineffective portion of hedging included in profit or loss	Ineffective portion of hedging included in other comprehensive income	Items on the income statement that contain ineffective portion of hedging
Inventory price risk	-	-	-

##### January to June 2020

	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	(51,748.78)	-	Investment income

## Notes to Unaudited Interim Financial Statements

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### VI. CHANGE IN SCOPE OF CONSOLIDATION

#### 1. Disposal of subsidiaries

In April 2021, Beijing First Intermediate People's Court accepted the bankruptcy petition filed by Beijing Zhejun Technology Development Co., Ltd. (hereinafter referred to as "Beijing Zhejun") and designated Beijing Zhonglun W&D as its bankruptcy administrator. On 27 April 2021, the information handover was completed. The date when BBMG lost its control over Beijing Zhejun was 27 April 2021. Therefore, BBMG no longer included Beijing Zhejun in the scope of consolidation since 27 April 2021. The financial information of Beijing Zhejun is set forth below:

	Carrying amount on 27 April 2021	Carrying amount on 31 December 2020
Current assets	<b>138,537,927.88</b>	138,471,877.95
Non-current assets	<b>94,692,756.79</b>	97,054,998.55
Current liabilities	<b>(241,741,206.21)</b>	(238,817,261.67)
Non-current liabilities	<b>(9,361,426.91)</b>	(9,225,754.07)
	<b>(17,871,948.45)</b>	(12,516,139.24)
Investment income	<b>17,871,948.45</b>	
Consideration of disposal	<b>—</b>	

The operating results included in the scope of consolidation in the period:

	From 1 January to 27 April 2021
Operating revenue	—
Operating cost	—
Net loss	<b>(5,355,809.21)</b>

## Notes to Unaudited Interim Financial Statements

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

#### 2. Deregistration of subsidiaries

The Group deregistered 7 subsidiaries during the period, including:

	Proportion of shareholding of parent company before deregistration	Reason for not being subsidiary
Tianjin Tiancai Chenrun Building Materials Co., Ltd.	100.00%	Absorption and merge
Tianjin Tianxia Doors and Window Co., Ltd.	100.00%	Absorption and merge
Beijing BBMG Mining Co., Ltd.	100.00%	Deregistration
Foshan BBMG Tiantan Furniture Co., Ltd.	100.00%	Deregistration
Jilin BBMG Tiantan Furniture Co., Ltd.	55.00%	Deregistration
Krono (Beijing) Woods Co., Ltd.	100.00%	Absorption and merge
Tangshan Jinshi Lianhe Cement Industry Development Co., Ltd.	48.96%	Deregistration

#### 3. Establishment of new subsidiaries

	Acquired method
Ningbo BBMG Jingsheng Real Estate Development Co., Ltd.	Establishment
Beijing Mingzhu Glass Products Co., Ltd.	Business combination not under common control
Fuzhou Fuhua Concrete Co., Ltd.	Establishment
BBMG Zhixing (Hebei Xiongan) Supply Chain Co., Ltd.	Establishment
Qianan BBMG Shougang Environmental Technology Co., Ltd.	Establishment
Tangshan Jinyu Dunshi Dacheng Real Estate Development Co., Ltd.	Establishment

# Notes to Unaudited Interim Financial Statements

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## VII. INTERESTS IN OTHER ENTITIES

### 1. Interests in the subsidiaries

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment or investment</b>					
Beijing BBMG Concrete Co., Ltd.	Beijing	Processing of commodity concrete etc.	46,541.04	-	100.00
Handan BBMG Taihang Shangtong Technology Co., Ltd.	Hebei	Manufacture and sale of concrete	6,600.00	-	100.00
Wei County BBMG Concrete Co., Ltd.	Hebei	Manufacture and sale of concrete	1,000.00	-	92.00
Handan Hanshan BBMG Concrete Co. Ltd.	Hebei	Manufacture and sale of commercial concrete and crushed stone	3,000.00	-	92.00
Handan Jinyu Chenxiang Concrete Co., Ltd.	Hebei	Manufacture and sale of concrete	3,000.00	-	92.00
Beijing BBMG Coating Co., Ltd.	Beijing	Manufacture of coating; professional contracting	8,900.00	-	100.00
BBMG New Building Materials Industrialization Group Co., Ltd.	Beijing	Manufacture and sale of building materials	200,000.00	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	1,700.00	-	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	25,410.52	-	100.00
BBMG (Dachang) Modern Industrial Park Management Co., Ltd.	Hebei	Manufacture of various modern building materials etc.	90,000.00	-	100.00
Beijing BBMG Tiantan Furniture Co., Ltd.	Beijing	Manufacture, processing, and sale of furniture etc.	26,080.48	-	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	-

## Notes to Unaudited Interim Financial Statements

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment or investment <i>(continued)</i></b>					
Beijing Building Materials Testing Academy Co., Ltd.	Beijing	Testing for building material quality etc.	8,136.61	-	100.00
Beijing BBMG Cement Environmental Protection Technology Co., Ltd.	Beijing	Construction 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.	5,000.00	-	100.00
Chengdu BBMG Yuehuang Real Estate Co., Ltd.	Chengdu	Property development	5,000.00	-	100.00
Shanghai BBMG Dacheng Property Development Co., Ltd.	Shanghai	Property development and operation, etc.	100,000.00	-	100.00
BBMG Jinghua Property Development Hefei Co., Ltd.	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 Chuang Real Estate Development Co., Ltd.	Qingdao	Property development and operation	1,000.00	-	100.00
Tianjin Jinyu Jinli Real Estate Development Co., Ltd.	Tianjin	Property development and operation	5,000.00	-	100.00
BBMG (Tianjin) Property Development Co., Ltd.	Tianjin	Property development and sale etc.	80,000.00	-	100.00

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment or investment <i>(continued)</i></b>					
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 Nanjing Real Estate Development Co., Ltd.	Nanjing	Property development and operation, etc.	122,000.00	-	100.00
BBMG Jiahua Nanjing Real Estate Co., Ltd.	Nanjing	Property development	50,000.00	-	100.00
Jinyu Mengcheng (Ma'anshan) Property Development Co., Ltd.	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
BBMG (Hangzhou) Property Development Co., Ltd.	Hangzhou	Property development and operation	75,000.00	-	100.00
Hangzhou BBMG Mountain Villa Property Development Co., Ltd.	Hangzhou	Property development and others	25,000.00	-	100.00
Hangzhou BBMG Guanchao Real Estate Development Co., Ltd.	Hangzhou	Property development and operation, etc.	58,600.00	-	100.00
BBMG Jiaxing Nanjing Real Estate Development Co., Ltd.	Nanjing	Property development	10,000.00	-	70.00
Beijing BBMG Dongcheng Real Estate Co., Ltd.	Beijing	Property development	30,000.00	-	91.00
BBMG (Qingdao) Property Development Co., Ltd.	Qingdao	Property development and operation, etc.	5,000.00	-	100.00
Qingdao BBMG Yangguang Property Development Co., Ltd.	Qingdao	Property development	60,000.00	-	100.00
BBMG China Railway Noble (Hangzhou) Development Co., Ltd.	Hangzhou	Property development and operation, etc.	50,000.00	-	51.00



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment or investment <i>(continued)</i></b>					
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 BBMG Property Development Co., Ltd.	Beijing	Property development and sale etc.	5,000.00	-	100.00
BBMG Vanke Property Development Co., Ltd.	Beijing	Property development and sale of housing, etc.	19,000.00	-	51.00
Beijing Jinyu Chaoxin Tiandi Property Investment Co., Ltd.	Beijing	Property development and property management, etc.	1,000.00	-	100.00
Beijing BBMG Changyang Jiaye Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	237,254.90	-	100.00
Beijing BBMG Property Investment Co., Ltd.	Beijing	Sale of self-developed commercial housing	5,000.00	-	70.00
Inner Mongolia BBMG Property Investment Co., Ltd.	Inner Mongolia	Property development and operation etc.	20,000.00	-	100.00
Tangshan BBMG Julong Property Development Co., Ltd.	Hebei	Property development and operation etc.	5,000.00	-	80.00
Beijing BBMG Chengyuan Property Development Co., Ltd.	Beijing	Property development and sale of commodity housing etc.	45,944.06	-	100.00
Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd.	Beijing	Property rental and development etc.	6,129.76	-	100.00
Beijing BBMG Innovation and Technology Incubator Co., Ltd.	Beijing	Incubating property management and technology enterprise	170,000.00	100.00	-
BBMG Property Management Co., Ltd.	Beijing	Hotel management	9,900.00	100.00	-
Beijing BBMG Culture Technology Development Co., Ltd.	Beijing	Technology development, transfer, consulting, service	3,000.00	-	68.00
BBMG Commercial Management Co., Ltd.	Beijing	Business management	1,000.00	-	100.00
BBMG Property Management Co., Ltd.	Beijing	Property management	2,000.00	-	100.00
Beijing Jinhaiyan Property Management Co., Ltd.	Beijing	Property management	1,370.00	-	100.00
Beijing Keshi Hardware Co., Ltd.	Beijing	Manufacture of new products such as construction hardware	6,595.92	-	100.00
BBMG Fengshan Hot Spring Resort Co., Ltd.	Beijing	Accommodation and catering services, etc.	36,818.91	-	100.00
Beijing Jianji Assets Management Co., Ltd.	Beijing	Self-owned property rental, property management etc.	78,732.79	-	100.00
Beijing BBMG Xinggang Technology Development Co., Ltd.	Beijing	Manufacture and sales of aerated concrete panel	27,480.00	55.68	-

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment or investment <i>(continued)</i></b>					
Beijing Woodworking Factory Co., Ltd.	Beijing	Manufacture and sale of woodbased panels, etc.	5,455.63	100.00	–
BBMG Finance Co., Ltd.	Beijing	Operation of finance business and financing advisory business etc.	300,000.00	100.00	–
BBMG Finance Lease Co., Ltd.	Tianjin	Finance lease business	65,594.00	60.00	40.00
Beijing Tongda Refractory Engineering Technology Co., Ltd.	Beijing	Development and manufacture of various new refractory materials etc.	1,000.00	–	100.00
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	Henan	Manufacture and distribution of refractory materials	1,050.00	–	100.00
Yangquan BBMG Tongda Fire-resistant Materials Co., Ltd.	Yangquan	Manufacture and sale of refractory ceramic etc.	6,000.00	–	100.00
Cheng'an BBMG Taihang Concrete Co., Ltd.	Hebei	Manufacture and sale of commodity concrete	1,000.00	–	100.00
Daming BBMG Taihang Concrete Co., Ltd.	Hebei	Sales of concrete and mortar	1,000.00	–	90.00
Guantao BBMG Yuzhen Concrete Co., Ltd.	Hebei	Sales of prefabricated part	1,000.00	–	100.00
Jinyu Han Chao (Hangzhou) Real Estate Development Co., Ltd.	Hangzhou	Property development and operation, etc.	5,000.00	–	100.00
Beijing Yucheng Real Estate Co., Ltd.	Beijing	Property development and operation, etc.	1,000.00	–	100.00
Beijing Jianyuan Hotel Co., Ltd.	Beijing	Accommodation and catering services	1,000.53	–	100.00
BBMG Badaling Hot Spring Resort. Co., Ltd.	Beijing	Room rental	65,420.00	–	100.00
Beijing Chengyuan Real Estate Co., Ltd.	Beijing	Property development	10,000.00	–	100.00
Tangshan Jinyu Tiancai Pipe Technology Co., Ltd.	Tianjin	Manufacturing and sales of steel and iron pipes	50,000.00	–	100.00
Huanbohai (Tianjin) International Economic and Trade Co., Ltd.	Tianjin	Import or export of goods or technologies	5,000.00	–	100.00
Tianjin Jinyu Jinchun Real Estate Development Co., Ltd.	Tianjin	Property development and operation, etc.	50,000.00	–	100.00

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment or investment <i>(continued)</i></b>					
Beijing 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)	Beijing	Investment	800,000.00	-	20.00
Chengde BBMG Real Estate Development Co., Ltd.	Chengde	Property development and operation	5,000.00	-	100.00
Jiangsu Trust- Longyuan No.2 Assemble Fund Trust Plan	Beijing	Investment	2,500,000.00	20.00	-
Ningbo BBMG Jingsheng Real Estate Development Co., Ltd.	Zhejiang	Property development and operation, etc.	5,000.00	-	100.00
Fuzhou Fuhua Concrete Co., Ltd.	Fujian	Manufacture of Cement products, etc.	3,000.00	-	56.00
<b>Subsidiaries acquired in business combination not under common control</b>					
Beijing BBMG Qianjing Environmental Protection Technology Co., Ltd.	Beijing	Manufacture and sale of cement and cement products, etc.	10,000.00	67.00	-
Tianjin BBMG Concrete Co., Ltd.	Tianjin	Concrete project construction and manufacturing, etc.	39,590.51	-	100.00
Beijing BBMG Xingfa Science and Technology Co., Ltd.	Beijing	Manufacture of cement and clinker, etc.	31,500.00	95.70	-
BBMG Sports Culture Co., Ltd.	Beijing	Project operation of Sports	300.00	67.00	-
Beijing Doors and Windows Co., Ltd.	Beijing	Manufacture and process of plastics-steel doors and windows	100.00	100.00	-

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

## VII. INTERESTS IN OTHER ENTITIES *(continued)*

### 1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired in business combination</b>					
<b>not under common control <i>(continued)</i></b>					
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.	Hebei	Manufacture and sales of cement, clinker, relevant building materials and cement equipment	134,752.29	7.56	32.39
Jidong Sand Gravel Aggregate Co., Ltd.	Hebei	Aggregate	25,000.00	-	100.00
Hebei Jidong Development Group Mining Engineering Co., Ltd.	Hebei	Other construction and installation industry	2,000.00	-	85.00
Tangshan High Voltage Porcelain Insulator Works Co., Ltd.	Hebei	Manufacture and sales of high voltage porcelain insulator	5,000.00	-	100.00
Hebei Building Material Industry Design & Research Institution	Hebei	Building materials industry engineering design	11,550.60	-	100.00
Tangshan Qixin Cement Industry Museum	Hebei	Cultural relic collection and exhibition to promote national culture, etc.	6,724.00	-	100.00
Tangshan Qixin Jiye Property Services Co., Ltd.	Hebei	Property service, basic commodity retail, etc	100.00	-	100.00
Tangshan Jidong Equipment & Engineering Co., Ltd.	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	60,000.00	-	100.00
Jidong Rizhang Energy-Conserving Fan Manufacture Co., Ltd.	Hebei	State-owned enterprise (machinery manufacturing industry)	8,400.00	-	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	23,000.00	-	100.00
Tangshan Jixin Cement Transition Co., Ltd.	Hebei	Loading, offloading and handling	(USD)600.00	-	60.00
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	30,000.00	-	100.00

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired in business combination</b>					
<b>not under common control <i>(continued)</i></b>					
Tangshan Jidong Cement Nanhu Property Development Co., Ltd.	Hebei	Real estate	75,000.00	-	100.00
Jidong Development Logistics Co., Ltd.	Hebei	Storage and operation of general goods as well as coal trade	10,000.00	-	100.00
Tangshan Jidong Property Services Co., Ltd.	Hebei	Property service	300.00	-	100.00
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 Factory	Hebei	Knitting processing	915.98	-	100.00
BBMG Jidong Caofeidian Supply Chain Management Co., Ltd.	Hebei	Supply chain management services	2,000.00	-	90.00
Tangshan Jinyu Dunshi Real Estate Development Co., Ltd.	Hebei	Real estate development and operation and property management services, etc.	35,000.00	-	100.00
China-Africa Jidong Building Materials Investment Co., Ltd.	Hebei	Investment in building materials industry	34,830.00	-	60.00
Tianjin Building Materials (Holding) Co., Ltd.	Tianjin	Manufacture and sales of building and decorative materials	508,222.35	55.00	-
Tianjin Tiancai Haoye Trading Co., Ltd.	Tianjin	Building materials and commerce and logistics	5,001.00	-	100.00
Tianjin Jianyu Energy Development Co., Ltd.	Tianjin	Building materials and commerce and logistics	18,000.00	-	51.00
Tianjin Bodongmeite Import and Export Co., Ltd.	Tianjin	Building materials and commerce and logistics	3,200.00	-	100.00
Tianjin Tiancai Hengye Building Materials Co., Ltd.	Tianjin	Building materials and commerce and logistics	37,242.39	-	100.00
Huanbohai Jinan (Tianjin) Group Holding Co., Ltd.	Tianjin	Property investment management	19,634.40	-	51.66
Tianjin Xincal Property Development Co., Ltd.	Tianjin	Real estate	27,649.81	-	100.00
Tianjin Building Materials Scientific Study Co., Ltd.	Tianjin	Property investment management	16,129.64	-	100.00
Tianjin Tiancaiweiye Building Materials Co., Ltd.	Tianjin	Cement and ready-mixed concrete	26,275.03	-	100.00
Tianjin Tiancai Construction Investment Co., Ltd.	Tianjin	Property investment management	34,528.08	-	100.00
Tiancai Hongye (Tianjin) Building Materials Co., Ltd.	Tianjin	Property investment management	54,596.03	-	100.00

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

## VII. INTERESTS IN OTHER ENTITIES *(continued)*

### 1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired in business combination</b>					
<b>not under common control <i>(continued)</i></b>					
Tianjin Tiancai New Industry Assets Management Co., Ltd.	Tianjin	Property investment management	31,973.79	-	100.00
Tianjin Yuanyang Longda Glass Products Co., Ltd.	Tianjin	Property investment management	8,258.73	-	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
Shanghai BBMG Jingpu Real Estate Development Co., Ltd.	Shanghai	Real estate	5,000.00	-	100.00
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd.	Tongshan	Manufacturing and sale of concrete and concrete-based products, etc.	400,000.00	55.00	45.00
Beijing Jidong Haiqiang Concrete Co., Ltd.	Beijing	Ready-mix commodity concrete etc.	2,980.00	-	70.00
Beijing Zhongjian Hongfu Concrete Co., Ltd.	Beijing	Professional goods transportation (tank)	4,500.00	-	90.00
Beijing Chengwu Concrete Co., Ltd.	Beijing	Manufacturing of concrete and concrete-based products, etc.	2,000.00	-	66.00
Beijing Hanxin Concrete Co., Ltd.	Beijing	Production of concrete, etc.	4,510.00	-	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

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### VII. INTERESTS IN OTHER ENTITIES (continued)

#### 1. Interests in the subsidiaries (continued)

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired in business combination</b>					
<b>not under common control (continued)</b>					
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	Processing, production and sale of ready-mixed concrete	3,000.00	-	100.00
Tangshan Jidong Cement Xujian Concrete Co., Ltd.	Tangshan	Production of ready-mixed concrete	3,500.00	-	70.00
Tangshan Qianxi Jidong Concrete Co., Ltd.	Tangshan	Production of commodity concrete etc.	1,200.00	-	100.00
Tangshan Jidong Xingang Concrete Co., Ltd.	Tangshan	Manufacture and sales of commercial concrete, etc.	3,360.00	-	100.00
Chengde Jidong Hengsheng Concrete Co., Ltd.	Chengde	Construction equipment templates lease, etc.	2,000.00	-	100.00
Hohhot Jidong Cement Concrete Co., Ltd.	Hohhot	Special goods transportation (in tanks), etc.	3,000.00	-	100.00
Liaoning Ruifeng Concrete Co., Ltd.	Shenyang	Production of commodity concrete and additive for concrete, etc.	2,500.00	-	100.00
Shenyang Aohuaxing Concrete Co., Ltd.	Shenyang	Special goods transportation (tank, pump), etc.	3,100.00	-	100.00
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	Ready-mixed commodity concrete professional contracting level, etc.	2,100.00	-	100.00
Xinxingzhan (Chongqing) Building Materials Co., Ltd.	Chongqing	Manufacture and sale of commodity concrete	7,563.00	-	100.00
Jidong Cement (Chongqing) Concrete Co., Ltd.	Chongqing	Special goods transportation (in tank), etc.	3,000.00	-	100.00
Hunan Dunshi Concrete Co., Ltd.	Changsha	Manufacture and sale of concrete and ready-mixed mortar	6,000.00	-	95.00
Baoji Jidong Dunshi Concrete Co., Ltd.	Baoji	Ready-mixed concrete and pouring projects	4,000.00	-	100.00

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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## VII. INTERESTS IN OTHER ENTITIES *(continued)*

### 1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired in business combination</b>					
<b>not under common control <i>(continued)</i></b>					
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.	2,000.00	–	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
<b>Subsidiaries acquired in business combination</b>					
<b>under common control</b>					
Beijing Building Decoration and Design Engineering Co., Ltd.	Beijing	Design of projects' decoration and furniture decoration, etc.	8,500.00	–	100.00
Beijing BBMG Doudian Technology Corporate Management Co., Ltd.	Beijing	Manufacture of insulation and energysaving building materials, etc.	15,037.66	–	100.00
Beijing BBMG Property Development Group Co., Ltd.	Beijing	Property development and operation	600,000.00	100.00	–
Haikou Dacheng Property Investment Co., Ltd.	Haikou	Property development etc.	1,600.00	–	100.00
BBMG Dacheng Property Management Co., Ltd.	Beijing	Property management	500.00	–	100.00
BBMG Hongye Ecological Science and Technology Co., Ltd.	Beijing	Rental and property management, etc.	200.00	–	100.00
BBMG Hong Kong Limited	Hong Kong	Self-owned property rental	HK\$348,850	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	Development and manufacture of various new refractory materials etc.	28,517.14	100.00	–



## Notes to Unaudited Interim Financial Statements

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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 2021

	Percentage of minority shareholding	Profit or loss attributable to minority shareholders	Dividend payment to minority shareholders	Accumulated equity attributable to minority shareholders at the end of the period
Jidong Development Group Co., Ltd.	45%	921,315,364.61	663,271,428.23	18,152,115,187.22
Tianjin Building Materials (Holding) Co., Ltd.	45%	19,145,680.02	9,491,268.96	4,773,644,244.38

##### 2020

	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%	2,287,762,600.17	689,044,577.91	17,857,720,340.97
Tianjin Building Materials (Holding) Co., Ltd.	45%	(7,551,729.62)	9,351,634.48	4,760,558,844.81

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

The following table sets forth the major financial information of the above-mentioned subsidiaries. Relevant figures represent amounts before intragroup offsetting:

30 June 2021

	Jidong Development Group Co., Ltd.	Tianjin Building Materials (Holding) Co., Ltd.
Current assets	29,716,520,653.51	6,871,408,442.95
Non-current assets	<u>51,821,273,554.10</u>	<u>12,003,208,227.71</u>
Total assets	<u>81,537,794,207.61</u>	<u>18,874,616,670.66</u>
Current liabilities	31,823,850,939.98	6,003,307,703.41
Non-current liabilities	<u>15,698,972,791.22</u>	<u>3,325,252,596.38</u>
Total liabilities	<u>47,522,823,731.20</u>	<u>9,328,560,299.79</u>
Operating revenue	29,877,670,107.66	3,983,496,382.25
Net profit/(loss)	1,729,282,294.26	(5,690,542.60)
Total comprehensive income	1,705,209,960.42	(5,690,542.60)
Net cash flows from operating activities	2,336,871,671.87	(557,045,865.56)

## Notes to Unaudited Interim Financial Statements

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

31 December 2020

	Jidong Development Group Co., Ltd.	Tianjin Building Materials (Holding) Co., Ltd.
Current assets	27,371,904,743.43	6,378,139,658.90
Non-current assets	<u>52,133,779,285.77</u>	<u>12,275,622,976.37</u>
Total assets	<u>79,505,684,029.20</u>	<u>18,653,762,635.27</u>
Current liabilities	31,405,462,835.80	7,707,313,060.01
Non-current liabilities	<u>13,701,942,150.96</u>	<u>1,386,844,324.21</u>
Total liabilities	<u>45,107,404,986.76</u>	<u>9,094,157,384.22</u>
Operating revenue	59,224,452,944.68	6,865,690,580.20
Net profit/(loss)	4,704,047,284.97	(32,483,399.99)
Total comprehensive income	4,699,966,930.02	(32,483,399.99)
Net cash flows from operating activities	8,218,108,407.38	(3,151,294,848.14)

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 2. Transactions resulting in changes in equity attributable to shareholders in subsidiaries with no effect on right of control

- a. On 11 May 2021, the Company and Jidong Development Group Co., Ltd. (hereinafter referred to as "Jidong Development") converted their respective convertible bonds of Tangshan Jidong Cement Co., Ltd. (hereinafter referred to as "Jidong Cement"). Upon completion of the conversion, the direct shareholding of BBMG Group in Jidong Cement increased from the original 7% to 7.56%, and the direct shareholding of Jidong Development in Jidong Cement increased from the original 30% to 32.39%. Such transaction did not affect the control of the Jidong Cement by BBMG Group and Jidong Development. Such transaction resulted in an increase in the Group's minority equities by RMB95,722,893.84 and a decrease in capital reserve by RMB95,722,893.84.
- b. On 22 December 2020, BBMG Jidong Cement (Tangshan) Co., Ltd. (hereinafter referred to as the "Joint Venture") acquired 48% of equities in Siping BBMG Cement Co., Ltd. (hereinafter referred to as "Siping Cement") through Taobao Alibaba Auction Platform at a consideration of RMB80,000,000.00. Upon the completion of such transaction, Siping Cement became a wholly-owned subsidiary of the Joint Venture. Such transaction resulted in a decrease in the Group's minority equities by RMB74,615,839.56 and a decrease in capital reserve by RMB5,384,160.44.
- c. On 30 January 2021, BBMG Jidong Cement (Tangshan) Co., Ltd. (hereinafter referred to as the "Joint Venture") acquired 5% of equities in Bo'ai BBMG Cement Co., Ltd. (hereinafter referred to as "Bo'ai Cement") through Taobao Alibaba Auction Platform at a consideration of RMB14,504,706.00. Upon completion of such transaction, Bo'ai Cement became a wholly-owned subsidiary of the Joint Venture. Such transaction resulted in a decrease in the Group's minority equities by RMB16,626,176.99 and an increase in capital reserve by RMB2,121,470.99.

## Notes to Unaudited Interim Financial Statements

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 3. Interests in joint ventures and associates

	Place of registration/ principal business	Business nature	Legal entity	Registered capital (RMB'000)	Percentage of shareholding (%)	
					Direct	Indirect
<b>Joint ventures</b>						
STAR-USG Building Materials Co., Ltd.	Dachang County	Production of mineral wool acoustic board, etc.	Contractual joint venture	(USD) 54,520.00	50.00	–
BBMG TUS Technology Incubator Co., Ltd.	Beijing	Incubating technology business, enterprise management, etc.	Contractual joint venture	8,000.00	–	50.00
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Baoji	Manufacture and sales of cement and clinker, etc.	Contractual joint venture	489,875.00	–	48.11
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Xianyang	Manufacture and sales of cement and clinker, etc.	Contractual joint venture	458,960.00	–	50.00
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Tangshan	Manufacture and sales of slag fine powder and by-product	Contractual joint venture	200,000.00	–	50.00
Anshan Jidong Cement Co., Ltd.	Anshan	Manufacture and sales of cement and clinker, etc.	Contractual joint venture	300,000.00	–	50.00
Cross Point Trading 274 (Pty) Ltd (RF)	South Africa	Investment in building materials industry	Contractual joint venture	(ZAR) 300,000.00	–	56.10
BBMG Landao Commercial Operation Management Co., Ltd.	Beijing	Enterprise management service: educational counseling, etc.	Contractual joint venture	6,000.00	–	50.00
Hebei Xiong'an Zhitong Technology Co., Ltd.	Baoding	New material technology promotion service and concrete technology development, etc.	Contractual joint venture	20,000.00	–	51.00

## Notes to Unaudited Interim Financial Statements

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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
<b>Associates</b>					
Zehnder (China) Indoor Climate Co., Ltd.	Beijing	Production of radiators, etc.	(USD) 27,500.00	26.70	–
OCV Reinforcements (Beijing) Co., Ltd.	Beijing	Complete non-standard control of concrete and pumping	276,000.00	20.00	–
Beijing Sinobaide Technology Co., Ltd.	Beijing	Design and production of equipment	10,000.00	–	23.00
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	Chengde	Technology research and testing for comprehensive utilization of solid waste, etc.	46,000.00	–	34.78
Tangshan Conch Profiles Co., Ltd.	Tangshan	Manufacture and sales of architectural profiles	160,000.00	40.00	–
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	Beijing	Education technology promotion services, etc	10,000.00	–	30.00
Beijing Chenyu Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	2,000,000.00	–	49.00
Toto Machinery (Beijing) Company Limited	Beijing	Production of sanitary ceramics	(USD) 24,000.00	20.00	–
Beijing Toto Co., Ltd.	Beijing	Production of sanitary ceramics	(USD) 15,000.00	30.00	–
SINJI TRADING PTE LTD	Singapore	Wholesale and sales of metal and metallic mineral, etc.	(SGD) 800,000.00	–	40.00
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	Tangshan	Property development and operation, etc.	10,000.00	–	40.00
Jidong Cement Fufeng Transportation Co., Ltd.	Baoji	Automobile transportation, etc.	16,000.00	–	23.75
Jilin Changjitu Investment Co., Ltd.	Jilin	Service industry, etc.	500,000.00	–	30.00
Tianjin Gangbei Concrete Industry Co., Ltd.	Tianjin	Manufacture of cement, ready-mixed concrete and concrete products, etc	20,000.00	–	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
Tianjin Binhai Jiantai Investment Co., Ltd.	Tianjin	Investments in high-tech industry, etc.	156,250.00	–	48.00
Beijing Innovation Industry Investment Co., Ltd.	Note 1 Beijing	Investment management, asset management, etc.	2,000,000.00	10.00	–
Liaoning Yunding Cement Group Co., Ltd.	Note 2 Shenyang	Production and sales of cement clinker	32,990.00	–	3.47

## Notes to Unaudited Interim Financial Statements

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### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 3. Interests in joint ventures and associates *(continued)*

The Group adopts the equity method for interests in joint ventures and associates.

Note 1: The Group holds 10% equity interests in Beijing Innovation Industry Investment Co., Ltd., therefore, the Group has a significant influence on it. According to the Articles of Association, the Board of Directors of Beijing Innovation Industry Investment Co., Ltd. consists of 9 directors, of which 1 directors are nominated by BBMG Group, so it is concluded that the Group has a significant influence on it.

Note 2: The Group holds 3.47% equity interests in Liaoning Yunding Cement Group Co., Ltd., therefore, the Group has a significant influence on it. According to the Articles of Association, Tangshan Jidong Cement Co., Ltd., a subsidiary of the Group, may dispatch a director to Liaoning Yunding Cement Group Co., Ltd., who can participate in supervisor rotation and appointment. Meanwhile, Tangshan Jidong Cement Co., Ltd. may recommend a deputy general manager to Liaoning Yunding Cement Group Co., Ltd., whom will be hired by Liaoning Yunding Cement Group Co., Ltd. Therefore, it is concluded that the Group has a significant influence on it.

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 2021	2020
<b>Joint ventures</b>		
Total carrying amount of investments	<b>1,635,997,260.53</b>	1,797,155,830.90
Total amount calculated based on shareholding		
Net profit	<b>257,333,864.11</b>	431,214,556.49
Total comprehensive income	<b>257,333,864.11</b>	431,214,556.49
<b>Associates</b>		
Total carrying amount of investments	<b>2,206,152,359.23</b>	2,171,003,176.09
Total amount calculated based on shareholding		
Net profit/(loss)	<b>40,758,036.50</b>	(30,793,937.36)
Total comprehensive income	<b>40,758,036.50</b>	(30,793,937.36)

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

#### 1. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

30 June 2021

#### Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised costs	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	-	21,503,888,007.60	-	21,503,888,007.60
Financial assets held for trading	1,123,809,720.27	-	-	1,123,809,720.27
Bills receivable	-	869,391,910.10	-	869,391,910.10
Accounts receivable	-	8,936,185,497.60	-	8,936,185,497.60
Financing receivables	-	-	3,541,720,631.71	3,541,720,631.71
Other receivables	-	6,505,694,220.81	-	6,505,694,220.81
Debt investments	-	781,245,314.68	-	781,245,314.68
Long-term receivables	-	1,071,362,537.73	-	1,071,362,537.73
Investment in other equity instruments	-	-	552,958,467.13	552,958,467.13
	<u>1,123,809,720.27</u>	<u>39,667,767,488.52</u>	<u>4,094,679,098.84</u>	<u>44,886,256,307.63</u>



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 1. Financial instruments by category *(continued)*

##### *Financial liabilities*

	Financial liabilities at amortised costs
Short-term loans	27,255,747,252.70
Finance assets sold under agreements to repurchase	754,000,000.00
Bills payable	3,066,409,060.20
Accounts payable	16,431,452,986.72
Other payables	7,178,296,798.30
Non-current liabilities due within one year	15,071,233,215.18
Short-term financing bonds payable	3,000,000,000.00
Long-term borrowings	28,404,089,263.89
Bonds payable	29,905,847,726.15
Lease liabilities	414,761,977.05
Long-term payables	18,662,220.69
	<u>131,500,500,500.88</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 1. Financial instruments by category *(continued)*

31 December 2020

##### *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	–	28,643,885,532.33	–	28,643,885,532.33
Financial assets held for trading	1,117,646,125.53	–	–	1,117,646,125.53
Bills receivable	–	909,259,922.98	–	909,259,922.98
Accounts receivable	–	7,658,458,756.67	–	7,658,458,756.67
Financing receivables	–	–	5,588,223,348.91	5,588,223,348.91
Other receivables	–	6,080,602,255.25	–	6,080,602,255.25
Debt investments	–	782,487,853.43	–	782,487,853.43
Long-term receivables	–	1,078,930,249.19	–	1,078,930,249.19
Investment in other equity instruments	–	–	580,376,487.41	580,376,487.41
	<u>1,117,646,125.53</u>	<u>45,153,624,569.85</u>	<u>6,168,599,836.32</u>	<u>52,439,870,531.70</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 1. Financial instruments by category *(continued)*

##### *Financial liabilities*

	Financial liabilities at amortised costs
Short-term loans	30,823,388,385.20
Bills payable	1,779,326,807.47
Accounts payable	18,082,453,566.59
Other payables	7,141,060,053.62
Non-current liabilities due within one year	14,967,779,666.16
Short-term financing bonds payable	1,599,273,452.96
Long-term borrowings	37,777,329,363.48
Bonds payable	31,571,846,083.37
Lease liabilities	458,329,649.60
Long-term payables	19,162,220.69
	<u>144,219,949,249.14</u>

#### 2. Transfers of financial assets

##### *Financial assets transferred but not yet fully derecognised*

As at 30 June 2021, the Group endorsed undue bank acceptance bills and commercial acceptance bills with a carrying amount of RMB1,134,825,788.61 and RMB546,538,779.11 respectively (31 December 2020: RMB1,870,804,890.44 and RMB418,961,031.57) to its suppliers for settlement of accounts payable, and discounted bank acceptance bills with a carrying amount of RMB33,337,252.70 (31 December 2020: bank acceptance bills of RMB19,250,000.00) to the banks. The Group is of the opinion that the Group has retained substantially all their risks and rewards, including the default risk associated, the Group continues to recognise them in full and the settled accounts payable or short-term loans associated therewith. After the endorsement or discount, the Group no longer reserves the rights to use these financial assets, including the rights to sell, transfer or pledge to any other third parties. As at 30 June 2021, the carrying amount of accounts payable settled or short-term loans secured by the Group through these financial assets amounted to RMB1,681,364,567.72 and RMB33,337,252.70 respectively (31 December 2020: RMB2,289,765,922.01 and RMB19,250,000.00).

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 2. Transfers of financial assets *(continued)*

##### ***Transferred financial assets fully derecognised but with continuing involvement***

As at 30 June 2021, the carrying amount of undue bank acceptance bills endorsed to its suppliers for settlement of accounts payable or discounted to the banks by the Group was RMB6,459,625,040.87 (31 December 2020: RMB7,515,622,642.8, including the portion included in bills receivable and Financing receivables). As at 30 June 2021, the maturities ranged from 1 to 12 months. Pursuant to relevant provisions of the "Law of Negotiable Instruments", the holders of commercial instruments shall have the right of recourse against the Group ("Continuing Involvement") if the relevant acceptance bank defaults. As the Group is of the opinion that the Group has transferred substantially all their risks and rewards, the Group has derecognised them and the settled accounts payable associated therewith (carrying amounts). The maximum exposure to loss from the Continuing Involvement and repurchase and the undiscounted cash flows equal to their carrying amounts. The Group is of the opinion that the fair value of the Continuing Involvement is insignificant.

As at 30 June 2021, no gains or losses were recognised on their dates of transfer by the Group. No income or expenses were recognised for the current year or on an accumulative basis as a result of the Group's Continuing Involvement in derecognised financial assets. Endorsements were incurred basically evenly during the period.

#### 3. Financial Instruments Risks

The Group is exposed to various types of risks from financial instruments during its ordinary course of business, mainly including credit risk, liquidity risk and market risk with foreign exchange risk and interest rate risk inclusive. Financial instruments of the Group is mainly comprised of cash and bank balances, borrowings and bonds payables, bills receivable and accounts receivable and bills payable and accounts payable, etc. Risks related to these financial instruments and the Group's risk management policies adopted to reduce such risks are described as follows.

##### ***Credit risk***

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who request to trade on credit terms are subject to credit verification procedures. In addition, balances of accounts receivable are monitored on an ongoing basis to ensure that the Group's exposure to bad debt is not significant. For transactions that are not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control of the Group.

As the counterparties of cash and bank balances and bank acceptance bills receivable are banks with good reputations and higher credit ratings, these financial instruments have lower credit risk.

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

### 3. Financial Instruments Risks *(continued)*

#### *Credit risk (continued)*

The credit risk of the Group's other financial assets, which comprise other receivables, long-term receivables and other non-current financial assets, etc. arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note XI. Contingencies.

The maximum credit risk exposure of the Group on each balance sheet date is the total amount charged to customers less the amount after deducing impairment provision.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's accounts receivable are widely dispersed in different sectors and industries. The Group does not hold any collateral or other credit enhancements over the balances of accounts receivable.

#### *Criteria for judging significant increase in credit risk*

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

- (1) Quantitative criteria mainly comprises of the circumstance that at the reporting date, the increase in remaining lifetime probability of default is considered significant comparing with the one at initial recognition;
- (2) Qualitative criteria mainly comprises of the circumstances that significant adverse change in debtor's operation or financial status and being listed on the watch-list, etc.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### **Credit risk** *(continued)*

##### *Definition of credit-impaired asset*

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- (1) Significant financial difficulty of the issuer or the debtor;
- (2) Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- (3) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;
- (6) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### *Liquidity risk*

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and the projected cash flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of various financing means, such as bank borrowings, perpetual bonds, bonds payable and short-term financing bonds payable.

The liquidity of the Group is primarily dependent on adequate cash inflows from operations to meet its debt obligations as they fall due and external financing to meet its committed future capital expenditure. With respect to future capital commitment and other financing requirements, the Group's bank credit facilities granted by various domestic banks amounted to RMB126.856 billion as at 30 June 2021, of which approximately RMB62.812 billion remained unused.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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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 2021

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term loans	27,636,614,534.29	-	-	-	27,636,614,534.29
Finance assets sold under agreements to repurchase	754,000,000.00	-	-	-	754,000,000.00
Bills payable	3,066,409,060.20	-	-	-	3,066,409,060.20
Accounts payable	16,431,452,986.72	-	-	-	16,431,452,986.72
Other payables	7,178,296,798.30	-	-	-	7,178,296,798.30
Short-term financing bonds	3,052,559,166.67	-	-	-	3,052,559,166.67
Long-term loans	10,363,645,550.94	8,599,995,726.11	16,447,584,227.24	7,688,078,078.37	43,099,303,582.66
Bonds payable	4,946,899,790.00	4,080,533,790.00	26,116,740,000.00	7,555,950,000.00	42,700,123,580.00
Lease liabilities	138,091,438.17	152,769,527.49	195,471,841.74	191,435,371.75	677,768,179.15
Long-term payables	39,567,383.08	-	-	18,662,220.69	58,229,603.77
	<u>73,607,536,708.37</u>	<u>12,833,299,043.60</u>	<u>42,759,796,068.98</u>	<u>15,454,125,670.81</u>	<u>144,654,757,491.76</u>



## Notes to Unaudited Interim Financial Statements

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### *Liquidity risk (continued)*

31 December 2020

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term borrowings	31,386,755,506.19	–	–	–	31,386,755,506.19
Bills payable	1,779,326,807.47	–	–	–	1,779,326,807.47
Accounts payable	18,082,453,566.59	–	–	–	18,082,453,566.59
Other payables	7,141,060,053.62	–	–	–	7,141,060,053.62
Short-term financing					
bonds	1,630,334,426.23	–	–	–	1,630,334,426.23
Long-term loans	7,739,339,339.72	12,605,990,040.87	16,146,399,916.46	15,748,508,591.23	52,240,237,888.28
Bonds payable	7,386,198,465.00	5,855,840,000.00	25,648,380,000.00	9,296,550,000.00	48,186,968,465.00
Lease liabilities	128,636,546.31	156,218,989.99	174,769,308.06	277,772,746.82	737,397,591.18
Long-term payables	39,567,383.08	–	–	19,162,220.69	58,729,603.77
	<u>75,313,672,094.21</u>	<u>18,618,049,030.86</u>	<u>41,969,549,224.52</u>	<u>25,341,993,558.74</u>	<u>161,243,263,908.33</u>

##### **Market risk**

###### *Interest rate risk*

The Group's exposure to the changes in market interest rates is mainly related to the floating-rate long-term liabilities of the Group. The Group manages its interest cost by maintaining an appropriate mix of fixed- and floating-rate debts.

The table below demonstrates the sensitivity analysis of interest rate risk that reflects the impact on net profit or loss (through the impact on floating-rate borrowings) and net other comprehensive income after tax when a reasonably possible change in interest rates occurs, with all other variables held constant.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### **Market risk** *(continued)*

##### *Interest rate risk* *(continued)*

January to June 2021

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other net comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
RMB	100.00	(11,830,070.75)	–	(11,830,070.75)

January to June 2020

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other net comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
RMB	100.00	(41,021,081.09)	–	(41,021,081.09)

##### *Foreign exchange risk*

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to foreign currency risk mainly arises from certain financial assets and financial liabilities held by the Group that are principally denominated in USD, HKD and ZAR.

The table below demonstrates the sensitivity analysis of foreign exchange risk to a possible change in exchange rates of USD against RMB, with all other variables held constant, with respect to the impact on net profit or loss and net other comprehensive income after tax.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 3. Financial Instruments Risks *(continued)*

##### **Market risk** *(continued)*

*Foreign exchange risk (continued)*

January to June 2021

	Increase/ (decrease) in exchange rate%	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other net comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
USD appreciation against RMB	1.00	(3,224,379.90)	–	(3,224,379.90)

January to June 2020

	Increase/ (decrease) in exchange rate%	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other net comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
USD appreciation against RMB	1.00	3,682,609.57	–	3,682,609.57
HKD appreciation against RMB	1.00	9,087.87	2,211,904.91	2,220,992.78

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

#### 4. Capital management

The main objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximise shareholder value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. As at 30 June 2021 and 30 June 2020, 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 2021	31 December 2020
Total liabilities	<b>185,206,939,031.69</b>	196,896,196,534.25
Total assets	<b>278,663,432,333.18</b>	291,352,383,389.90
Debt ratio	<b>66.46%</b>	67.58%

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### IX. DISCLOSURE OF FAIR VALUE

#### 1. Assets and liabilities measured at fair value

##### *Hierarchies of fair value*

30 June 2021

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets held for trading	12,397,000.00	1,111,412,720.27	–	1,123,809,720.27
Financing receivables	–	3,541,720,631.71	–	3,541,720,631.71
Investment in other equity instruments	309,174,748.80	–	243,783,718.33	552,958,467.13
Investment properties	–	979,975,150.00	28,410,876,209.57	29,390,851,359.57
	<b>321,571,748.80</b>	<b>5,633,108,501.98</b>	<b>28,654,659,927.90</b>	<b>34,609,340,178.68</b>

31 December 2020

	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	11,334,400.00	1,106,311,725.53	–	1,117,646,125.53
Financing receivables	–	5,588,223,348.91	–	5,588,223,348.91
Investment in other equity instruments	336,295,340.80	–	244,081,146.61	580,376,487.41
Investment properties	–	943,927,250.00	28,381,891,596.64	29,325,818,846.64
	<b>347,629,740.80</b>	<b>7,638,462,324.44</b>	<b>28,625,972,743.25</b>	<b>36,612,064,808.49</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### IX. DISCLOSURE OF FAIR VALUE *(continued)*

#### 2. Assets and Liabilities disclosed at fair value

30 June 2021

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Debt investments	–	–	781,245,314.68	781,245,314.68
Long-term receivables	–	–	1,071,362,537.73	1,071,362,537.73
Long-term loans	–	–	28,404,089,263.89	28,404,089,263.89
Bonds payable	–	–	29,905,847,726.15	29,905,847,726.15
Lease liabilities	–	–	414,761,977.05	414,761,977.05
Long-term payables	–	–	18,662,220.69	18,662,220.69
	–	–	60,595,969,040.19	60,595,969,040.19

31 December 2020

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Debt investments	–	–	782,487,853.43	782,487,853.43
Long-term receivables	–	–	1,078,930,249.19	1,078,930,249.19
Long-term loans	–	–	37,777,329,363.48	37,777,329,363.48
Bonds payable	–	–	31,571,846,083.37	31,571,846,083.37
Lease liabilities	–	–	458,329,649.60	458,329,649.60
Long-term payables	–	–	19,162,220.69	19,162,220.69
	–	–	71,688,085,419.76	71,688,085,419.76

# Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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 and accounts payable, other payables and non-current liabilities due within one year, approximate their carrying amounts due to the short residual term of these instruments.

The Group's finance team is led by the manager of the finance and capital department, and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial officer and the Audit Committee. As at each balance sheet date, the finance team analyses changes in the values of financial instruments and determines the main inputs applicable to the valuation, and the valuation must be reviewed and approved by the chief financial officer. For the purpose of preparing interim and annual financial statements, the finance team meets the Audit Committee twice a year to discuss the valuation process and results.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, instead of the amount under forced sale or under liquidation. The following methods and assumptions are used to estimate the fair value:

The fair values of long-term receivables, long-term borrowings, bonds payable, lease liabilities and long-term payables are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 30 June 2021, the Group's exposure to non-performance risk associated with the long-term receivables, long-term borrowings, bonds payable, lease liabilities and long-term payables is assessed as insignificant.

The fair values of listed equity instruments are determined on the basis of market prices. The fair values of 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 2021

RMB

### IX. DISCLOSURE OF FAIR VALUE *(continued)*

#### 3. Valuation of fair value *(continued)*

##### *The fair value of investment properties measured through fair value model*

Following is a comparison between carrying values and fair values of various categories of financial instruments of the Group other than the financial instruments with a minor difference between carrying value and fair value:

The following table sets forth the changes in Level 2 and Level 3 fair value of the investment properties of the Group as at 30 June 2021:

	Commercial properties Level 2	Commercial properties Level 3
Value as at 31 December 2020	943,927,250.00	28,381,891,596.64
Transfer from inventory	–	7,169,656.40
Removed from investment properties	–	(175,857,598.22)
Changes in fair value	<u>36,047,900.00</u>	<u>197,672,554.75</u>
Value as at 30 June 2021	<u>979,975,150.00</u>	<u>28,410,876,209.57</u>

Details of removed from investment properties are set out in Note V. 15.

For the six months ended 30 June 2021, there was no change between different fair value levels of investment properties of the Group.

The following sets forth the valuation method and key inputs used for the valuation of fair value of the investment properties for six months ended 30 June 2021:

Valuation method	Significant unobservable inputs	Range of variation
Income approach	Unit rental (RMB/sq.m./day)	0.53-16.90
	Return on investment within the lease term	2%-7.5%
	Return on investment outside the lease term	2.5%-8%

For Level 3 fair value measurement under income approach, term and reversion approach in particular, the rental income derived from the existing tenancies with due allowance for the reversionary potential of the property is capitalised at the capitalisation rate. The estimated net leased income is capitalized over the remaining term of lease of the investment property at an appropriate market yield expected by investors for the type of properties to calculate the fair value of investment properties.



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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 2021

	Opening balance	Transfer into level 3	Transfer out of level 3	Total profit or loss for the current period		Purchase	Sale	Closing balance
				Included in profit or loss	Included in other comprehensive income			
Equity instrument investment	244,081,146.61	-	-	-	(297,428.28)	-	-	243,783,718.33
Investment properties	28,381,891,596.64	7,169,656.40	(175,857,598.22)	197,672,554.75	-	-	-	28,410,876,209.57
	<u>28,625,972,743.25</u>	<u>7,169,656.40</u>	<u>(175,857,598.22)</u>	<u>197,672,554.75</u>	<u>(297,428.28)</u>	<u>-</u>	<u>-</u>	<u>28,654,659,927.90</u>

31 December 2020

	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	35,988,928.15	-	-	-	442,074.87	215,283,117.42	(7,632,973.83)	244,081,146.61
Investment properties	26,596,109,404.53	16,447,976.23	(7,000,000.00)	801,773,295.55	-	991,321,039.92	(16,760,119.59)	28,381,891,596.64
	<u>26,632,098,332.68</u>	<u>16,447,976.23</u>	<u>(7,000,000.00)</u>	<u>801,773,295.55</u>	<u>442,074.87</u>	<u>1,206,604,157.34</u>	<u>(24,393,093.42)</u>	<u>28,625,972,743.25</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

#### 1. Parent company

Parent company name	Place of registration	Business nature	Registered capital RMB'000	Over the Company	
				Proportion of shareholding (%)	Proportion of votes (%)
BSCOMC	Beijing	Investment and investment management, assets management, as well as the organization of the restructuring or merger of assets of enterprises	35,000,000.00	44.93	44.93

#### 2. Subsidiaries

For details on the subsidiaries, please refer to Note VII. 1. Interests in the subsidiaries.

#### 3. Joint ventures and associates

For details on the joint ventures and associates, please refer to Note VII.3.

#### 4. Other related parties

	Relationship with related parties
Tangshan Hangdao Marine Heavy Industry Co., Ltd.	Associates
Beijing XinYuan Concrete Co., Ltd.	Associates
Fuxin Jidong Xianghe Concrete Co., Ltd.	Associates
Tianjin Shengxiang Plastic Business Management Co., Ltd.	Associates
Xianyang Jidong High-New Concrete Co., Ltd.	Associates
Zhangjiakou Xingpai Youshiji Building Materials Co., Ltd.	Associates
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Joint venture
Mamba Cement Company (Pty) Ltd (RF)	Subsidiary of a joint venture
Tianjin Binhai New Area Daxin Investment Co., Ltd.	Subsidiary of an associate

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. Major transactions between the Group and related parties

##### (1) Transactions concerning goods and services with related parties

*Purchase of goods and receipt of services from related parties*

	Type of goods or services	January to June 2021	January to June 2020
<b>Transactions with joint ventures and associates</b>			
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Receipt of services	<b>6,000,000.00</b>	2,339,449.54
Tangshan Conch Profiles Co., Ltd.	Purchase of raw materials	<b>5,670,170.19</b>	4,925,131.98
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Purchase of raw materials	<b>1,380,977.91</b>	1,362,387.81
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Purchase of raw materials	<b>1,261,282.75</b>	62,614.80
Jidong Cement Fufeng Transportation Co., Ltd.	Purchase of commodities	<b>1,245,129.60</b>	630,081.29
Zehnder (China) Indoor Climate Co., Ltd.	Purchase of raw materials	<b>1,077,763.96</b>	–
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Receipt of services	<b>960,537.27</b>	1,214,087.57
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	Receipt of services	<b>872,550.28</b>	3,076,716.07
Zhangjiakou Xingpai Youshiji Building Materials Co., Ltd.	Purchase of raw materials	<b>35,840.71</b>	–
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Purchase of raw materials	–	4,146,198.07
Beijing Sinobaide Technology Co., Ltd.	Receipt of services	–	786,447.00
Jilin Cement (Group) Co., Ltd.	Purchase of raw materials	–	83,433.19
		<b>18,504,252.67</b>	<b>18,626,547.32</b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. Major transactions between the Group and related parties *(continued)*

##### (1) Transactions concerning goods and services with related parties *(continued)*

*Sale of goods and rendering of services to related parties*

	Type of goods or services	January to June 2021	January to June 2020
<b>Transactions with joint ventures and associates</b>			
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Sale of goods/rendering of services	<b>176,357,503.21</b>	106,421,629.47
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Sale of goods	<b>170,981,577.28</b>	123,343,756.41
Anshan Jidong Cement Co., Ltd.	Sale of goods/rendering of services	<b>46,529,594.66</b>	28,219,761.56
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Sale of goods/rendering of services	<b>3,722,695.92</b>	669,995.74
Mamba Cement Company (Pty) Ltd (RF)	Sale of goods/rendering of services	<b>3,555,828.98</b>	7,924,957.91
Beijing Gaoqiang Concrete Co., Ltd.	Sale of goods/rendering of services	<b>2,092,754.00</b>	–
Jidong Cement Fufeng Transportation Co., Ltd.	Sale of goods/rendering of services	<b>745,665.13</b>	–
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Sale of goods/rendering of services	<b>434,244.51</b>	26,548.67
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Sale of goods/rendering of services	<b>27,062.74</b>	–
STAR-USG Building Materials Co., Ltd.	Sale of goods/rendering of services	<b>24,274.34</b>	–
OCV Reinforcements (Beijing) Co., Ltd.	Sale of goods/rendering of services	<b>22,351.32</b>	–
		<b>404,493,552.09</b>	266,606,649.76

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 2021

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 2021 Rental income	January to June 2020 Rental income
STAR-USG Building Materials Co., Ltd.	Building	<b>4,542,127.36</b>	5,091,473.19

*As lessee*

Name of the lessor	Category of leased assets	January to June 2021 Leasing expenses	January to June 2020 Leasing expenses
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Building	<b>506,895.57</b>	387,817.11
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Building	<b>142,857.14</b>	200,000.00
Jidong Cement Fufeng Transportation Co., Ltd.	Building	<b>15,929.24</b>	37,168.12
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Building	<b>15,044.26</b>	19,115.04
		<b>680,726.21</b>	644,100.27

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 2021

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 2021

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
Jidong Cement	Anshan Jidong Cement	20,000,000.00	25 November 2020	25 November 2021	No
Jidong Cement	Anshan Jidong Cement	<u>32,000,000.00</u>	31 December 2020	30 July 2021	No
		<u>52,000,000.00</u>			

January to June 2020

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	12 November 2019	11 November 2020	No
Jidong Cement	Anshan Jidong Cement	18,000,000.00	17 December 2019	16 December 2020	No
Jidong Cement	Anshan Jidong Cement	<u>14,000,000.00</u>	18 December 2019	17 December 2020	No
		<u>52,000,000.00</u>			

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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 2021

	Amount of lending/ borrowing	Commencement date	Maturity date
BSCOMC	40,000,000.00	29 July 2020	28 July 2021
BSCOMC	20,550,000.00	20 December 2020	20 October 2021
BSCOMC	12,000,000.00	28 December 2020	28 December 2021
BSCOMC	<u>130,500,000.00</u>	29 December 2020	29 December 2021
	<u>203,050,000.00</u>		

January to June 2020

	Amount of lending/ borrowing	Commencement date	Maturity date
BSCOMC	40,000,000.00	30 July 2019	29 July 2020
BSCOMC	8,300,000.00	22 November 2019	22 November 2020
BSCOMC	40,000,000.00	22 November 2019	29 July 2020
BSCOMC	51,300,000.00	22 November 2019	21 November 2020
BSCOMC	20,550,000.00	12 October 2019	12 October 2020
BSCOMC	12,000,000.00	27 December 2019	27 December 2020
BSCOMC	<u>110,000,000.00</u>	28 June 2020	27 June 2021
	<u>282,150,000.00</u>		

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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 2021, the outstanding lending to Beijing Chenyu Real Estate Development Co., Ltd. amounted to RMB2,107,285,824.61 without bearing interest (2020: RMB2,745,690,887.15, at an interest rate of 6.5% per annum).

As at 30 June 2021, there was no new lending to Cross Point Trading 274 (Pty) Ltd (RF), and the outstanding lending amounted to RMB232,154,651.84, and the interest rate was 7% per annum (2020: RMB222,613,029.16 at an annual interest rate of 9%-10.5%).

As at 30 June 2021, there was no new lending to Mamba Cement Company (Pty) Ltd (RF), and the outstanding lending amounted to RMB103,238,182.05, and the interest rate was 7% per annum (2020: RMB99,541,884.87 at an annual interest rate of 9%-10.5%).

As at 30 June 2021, the Group's outstanding lending to STAR-USG Building Materials Co., Ltd. was RMB44,345,492.00 at an annual interest rate of 4.35% (2020: RMB49,461,972.00 at an annual interest rate of 4.35%).

###### *Interest income from lending*

	January to June 2021	January to June 2020
Cross Point Trading 274 (Pty) Ltd (RF)	9,541,622.68	8,284,548.26
Mamba Cement Company (Pty) Ltd (RF)	3,696,297.18	3,685,150.36
STAR-USG Building Materials Co., Ltd.	1,022,008.01	1,585,617.44
Beijing Chenyu Real Estate Development Co., Ltd.	—	91,196,034.42
	<b>14,259,927.87</b>	<b>104,751,350.48</b>

###### *Interest expenses from borrowing*

	January to June 2021	January to June 2020
BSCOMC	<b>3,463,286.33</b>	2,509,254.00



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables from related parties

##### (1) *Financing receivables*

	30 June 2021	31 December 2020
Due from associates		
Jidong Cement Fufeng Transportation Co., Ltd.	<b>500,000.00</b>	–
Due from joint ventures		
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<b>3,100,000.00</b>	495,939.00
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	<b>200,000.00</b>	–
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	<b>180,000.00</b>	–
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	<b>170,000.00</b>	795,939.00
Anshan Jidong Cement Co., Ltd.	–	300,000.00
	<b>3,650,000.00</b>	1,591,878.00
	<b>4,150,000.00</b>	1,591,878.00

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables from related parties *(continued)*

##### (2) Accounts receivable

	30 June 2021	31 December 2020
Due from associates		
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	<b>18,448,059.16</b>	20,470,206.44
Tianjin Gangbei Concrete Industry Co., Ltd.	<b>10,606,551.29</b>	10,606,551.29
Jidong Cement Fufeng Transportation Co., Ltd.	<b>39,447.40</b>	435,660.94
Beijing Gaoqiang Concrete Co., Ltd.	–	2,193,762.85
Beijing Xinyuan Concrete Co., Ltd.	–	359,590.47
Xianyang Jidong High-New Concrete Co., Ltd.	–	10,000.00
OCV Reinforcements (Beijing) Co., Ltd.	–	2,180.00
	<b>29,094,057.85</b>	34,077,951.99
Due from joint ventures		
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<b>15,531,987.78</b>	6,741,436.60
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	<b>6,544,271.40</b>	7,775,565.20
Anshan Jidong Cement Co., Ltd.	<b>3,242,097.14</b>	423,065.56
Mamba Cement Company (Pty) Ltd (RF)	<b>3,186,360.50</b>	4,374,318.67
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	<b>2,689,365.22</b>	1,929,746.27
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	–	14,050.94
STAR-USG Building Materials Co., Ltd.	–	3,780.00
	<b>31,194,082.04</b>	21,261,963.24
	<b>60,288,139.89</b>	55,339,915.23

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables from related parties *(continued)*

##### (3) Prepayments

	30 June 2021	31 December 2020
Prepayments to associates		
Zehnder (China) Indoor Climate Co., Ltd.	<b>3,858,901.68</b>	747,941.26
Prepayments to joint ventures		
Anshan Jidong Cement Co., Ltd.	<b>1,572,374.40</b>	2,060.00
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<b>308,756.26</b>	66,859.14
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	<b>148,596.50</b>	106,871.50
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	<b>77,667.96</b>	1,376,480.77
	<b>2,107,395.12</b>	1,552,271.41
	<b>5,966,296.80</b>	2,300,212.67

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables from related parties *(continued)*

##### (4) Other receivables

	30 June 2021	31 December 2020
Due from associates		
Beijing Chenyu Real Estate Development Co., Ltd.	<b>2,107,285,824.61</b>	2,483,873,584.16
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	<b>442,341,592.00</b>	442,813,797.00
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	<b>10,587,358.40</b>	10,353,000.00
Tangshan Conch Profiles Co., Ltd.	<b>257,439.84</b>	–
Beijing Xinyuan Concrete Co., Ltd.	<b>84,156.74</b>	96,015.25
Zehnder (China) Indoor Climate Co., Ltd.	–	9,500.00
	<b><u>2,560,556,371.59</u></b>	<b><u>2,937,145,896.41</u></b>
Due from joint ventures		
STAR-USG Building Materials Co., Ltd.	<b>44,345,492.00</b>	49,538,070.68
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<b>4,092,388.96</b>	–
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	<b>3,600,324.20</b>	3,595,324.20
Anshan Jidong Cement Co., Ltd.	<b>36,000.00</b>	20,000.00
BBMG Landao Commercial Operation Management Co., Ltd.	–	1,162,500.00
	<b><u>52,074,205.16</u></b>	<b><u>54,315,894.88</u></b>
	<b><u>2,612,630,576.75</u></b>	<b><u>2,991,461,791.29</u></b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables from related parties *(continued)*

##### (5) Long-term receivables

	30 June 2021	31 December 2020
Due from joint ventures		
Cross Point Trading 274 (Pty) Ltd (RF)	<b>232,154,651.84</b>	222,613,029.16
Mamba Cement Company (Pty) Ltd (RF)	<b>103,238,182.05</b>	99,541,884.87
	<b>335,392,833.89</b>	322,154,914.03

##### (6) Accounts payable

	30 June 2021	31 December 2020
Due to associates		
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	<b>25,798,736.39</b>	417,628.95
Zehnder (China) Indoor Climate Co., Ltd.	<b>10,502,605.44</b>	738,214.70
Tangshan Conch Profiles Co., Ltd.	<b>4,004,286.80</b>	–
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	<b>3,727,413.78</b>	–
Jidong Cement Fufeng Transportation Co., Ltd.	<b>257,365.66</b>	201,872.61
Beijing Xinyuan Concrete Co., Ltd.	<b>96,015.25</b>	96,015.25
Beijing Sinobaide Technology Co., Ltd.	–	3,352,685.07
Beijing Chenyu Real Estate Development Co., Ltd.	–	307,067.88
	<b>44,386,423.32</b>	5,113,484.46
Due to joint ventures		
Anshan Jidong Cement Co., Ltd.	<b>1,139,027.94</b>	1,139,027.94
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	<b>245,180.37</b>	70,000.00
STAR-USG Building Materials Co., Ltd.	–	91,854.22
Sinoma (Henan) Environmental Protection Co., Ltd.	–	50,000.00
Sinoma International Engineering Co. Ltd.	–	3,641.09
	<b>1,384,208.31</b>	1,354,523.25
	<b>45,770,631.63</b>	6,468,007.71

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables from related parties *(continued)*

##### (7) Contract liabilities

	30 June 2021	31 December 2020
Associates		
Beijing Gaoqiang Concrete Co., Ltd.	<b>101,008.85</b>	10,306,697.56
OCV Reinforcements (Beijing) Co., Ltd.	–	5,400.00
	<b>101,008.85</b>	10,312,097.56
Joint ventures		
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	<b>9,901,513.61</b>	1,594,221.27
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<b>3,769,086.72</b>	3,693,767.69
Anshan Jidong Cement Co., Ltd.	<b>2,654,017.70</b>	1,062,429.52
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	<b>82,200.00</b>	–
Jidong Cement Fufeng Transportation Co., Ltd.	–	3,000.00
	<b>16,406,818.03</b>	6,353,418.48
	<b>16,507,826.88</b>	16,665,516.04

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables from related parties *(continued)*

##### (8) Other payables

	30 June 2021	31 December 2020
Due to associates		
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	15,430,000.00	28,530,000.00
Tianjin Gangbei Concrete Industry Co., Ltd.	1,400,000.00	–
Tianjin Shengxiang Plastic Business Management Co., Ltd.	1,386,323.95	1,286,323.95
Jidong Cement Fufeng Transportation Co., Ltd.	50,000,000	–
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	20,000.00	–
OCV Reinforcements (Beijing) Co., Ltd.	–	164,200.00
Beijing Sinobaide Technology Co., Ltd.	–	8,342.79
	<b>18,286,323.95</b>	29,988,866.74
Due to joint ventures		
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	3,500,000.00	93,788.58
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	30,000.00	46,730.98
	<b>3,530,000.00</b>	140,519.56
	<b>21,816,323.95</b>	30,129,386.30

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. Balances of receivables from related parties *(continued)*

##### (9) Short-term loans

	30 June 2021	31 December 2020
BSCOMC	<b>203,050,000.00</b>	203,050,000.00

As at 30 June 2021, except for the balances of short-term loans and the balances of due from STAR-USG Building Materials Co., Ltd. in other receivables, and the balances of due from Cross Point Trading 274 (Pty) Ltd (RF) and Mamba Cement Company (Pty) Ltd (RF) in long-term receivables, other amounts due from and due to related parties are interest free, unsecured and have no fixed terms of repayment.

#### 7. Remuneration for key management personnel

	January to June 2021	January to June 2020
Remuneration for key management personnel	<b>3,363,989.16</b>	1,921,303.68



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### XI. CONTINGENCIES

		30 June 2021	31 December 2020
Provision of guarantee on housing mortgage to third parties	Note 1	<b>9,644,676,907.56</b>	9,895,528,540.97
Provision of guarantee on loans and others to third parties	Note 2	<b>910,000,000.00</b>	935,000,000.00
		<b>10,554,676,907.56</b>	10,830,528,540.97

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 on the borrowings of RMB910,000,000.00 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.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### XII. COMMITMENTS

	30 June 2021	31 December 2020
Asset acquisition or construction contracts entered into but not completed	<b>308,414,181.29</b>	1,086,398,279.13
Property development contracts entered into and being executed or will be executed	<b><u>7,435,415,292.26</u></b>	<u>7,261,767,509.25</u>
	<b><u>7,743,829,473.55</u></b>	<u>8,348,165,788.38</u>

### XIII. OTHER SIGNIFICANT MATTERS

#### 1. Lease

##### (1) As lessor

###### *Operating leases*

According to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable leases are as follows:

	30 June 2021	31 December 2020
Within 1 year (inclusive of 1 year)	<b>399,880,397.33</b>	159,326,261.64
1 to 2 years (inclusive of 2 years)	<b>343,246,868.61</b>	388,278,819.78
2 to 3 years (inclusive of 3 years)	<b>297,334,903.83</b>	307,437,327.48
3 to 4 years (inclusive of 4 years)	<b>265,022,051.25</b>	296,331,704.37
4 to 5 years (inclusive of 5 years)	<b>247,651,485.46</b>	277,881,791.53
Over 5 years	<b><u>964,445,578.84</u></b>	<u>1,084,129,944.18</u>
	<b><u>2,517,581,285.32</u></b>	<u>2,513,385,848.98</u>

Please refer to Note V. 15 and 16 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 2021

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### XIII. OTHER SIGNIFICANT MATTERS *(continued)*

#### 1. Lease *(continued)*

##### (2) As lessee

	January to June 2021	2020
Interest expense of leasing liabilities	<b>13,404,652.22</b>	12,690,838.66
Expenses relating to short-term leases accounted for current profit or loss under the simplified approach	<b>162,042,961.98</b>	32,652,218.05
Lease expenses relating to low value asset accounted for current profit or loss under the simplified approach (other than short- term leases)	<b>194,092.34</b>	1,511,844.97
Total cash outflow for leases	<b><u>246,640,328.29</u></b>	<u>97,421,836.21</u>

##### *Renewal option and termination option*

In January to June 2021, the Group recognized decrease in lease liabilities of RMB17,618,174.35 (2020: decrease of RMB25,588,882.82), which was due to changes in lease term resulting from changes in the evaluation results or actual exercise of the renewal option or termination option.

##### *Leases committed but not commenced*

The projected future lease payments for the leases committed but not commenced of the Group are as follows:

	30 June 2021	31 December 2020
Within 1 year (inclusive of 1 year)	<b>137,912,302.65</b>	130,167,274.77
1 to 2 years (inclusive of 2 years)	<b>150,870,916.37</b>	153,200,158.13
2 to 3 years (inclusive of 3 years)	<b>86,438,382.35</b>	91,187,070.13
Over 3 years	<b><u>296,941,296.31</u></b>	<u>353,582,929.27</u>
	<b><u>672,162,897.68</u></b>	<u>728,137,432.30</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### XIII. OTHER SIGNIFICANT MATTERS *(continued)*

#### 2. Segment reporting

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments as follows:

- (1) the cement segment engages in the manufacture and sale of cement and concrete;
- (2) the building materials and commerce and logistics segment engages in the manufacture and sale of building materials and furniture and commerce and logistics;
- (3) the property development segment engages in property development and sales;
- (4) the property investment and management segment invests in properties for their potential rental income and/or for capital appreciation, and provides management and security services to residential and commercial properties.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results are evaluated based on the segment profits reported. It represents the indicator after adjustments have been made to total profit, and other than the exclusion of overheads attributable to the headquarters, the indicator is consistent with the Group's total profit.

Segment assets and segment liabilities exclude unallocated assets and liabilities of the headquarters as these assets and liabilities are under the unified management of the Group.

Pricing for transfer between operating segments is agreed upon by both parties of transactions with reference to the fair price quoted from transactions with third parties.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### XIII. OTHER SIGNIFICANT MATTERS (continued)

#### 2. Segment reporting (continued)

For the six months ended 30 June 2021

	Cement Segment	Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Assets/ Liabilities/Expenses of the Headquarters	Adjustment and Set-off	Total
Revenue from external transactions	19,039,615,219.90	18,604,597,631.53	18,150,315,642.16	1,919,128,382.68	-	-	57,713,656,876.27
Revenue from inter-segment transactions	474,030,854.23	721,753,524.96	4,415,831.16	312,881,572.99	-	(1,513,081,783.34)	-
	<u>19,513,646,074.13</u>	<u>19,326,351,156.49</u>	<u>18,154,731,473.32</u>	<u>2,232,009,955.67</u>	<u>-</u>	<u>(1,513,081,783.34)</u>	<u>57,713,656,876.27</u>
Gains on investment in joint ventures and associates	226,210,759.29	39,228,916.76	7,996,596.93	24,655,627.63	-	-	298,091,900.61
Asset impairment losses	51,859,998.71	(784,388.41)	-	(60,002.35)	-	-	51,015,607.95
Credit impairment losses	58,797,598.67	64,464,205.09	(16,231,258.73)	21,112,393.46	-	-	128,142,938.49
Depreciation and amortisation costs	1,888,505,487.15	166,450,949.24	35,446,346.90	199,668,761.95	41,046,317.46	-	2,331,117,862.70
Total profits	2,365,933,230.10	85,722,234.11	1,588,918,079.07	1,091,595,243.53	(752,004,451.38)	34,561,193.03	4,414,725,528.46
Income tax expense	498,299,525.59	37,400,151.11	489,814,176.87	364,357,729.87	(188,001,112.85)	(6,655,674.40)	1,195,214,796.19
Total assets	78,001,129,310.65	15,460,288,779.55	131,706,988,017.88	63,099,227,656.21	1,629,703,411.61	(11,233,904,842.72)	278,663,432,333.18
Total liabilities	38,894,316,658.80	9,892,120,881.23	113,356,999,297.79	12,540,435,762.84	22,368,675,976.11	(11,845,609,545.08)	185,206,939,031.69
Long-term equity investment in joint ventures and associates	1,990,926,011.00	95,576,351.60	959,882,728.13	795,764,529.03	-	-	3,842,149,619.76
Increase in other current assets, excluding long-term equity investment	2,409,139,184.77	286,170,886.16	436,684,619.64	277,603,921.89	-	-	3,409,598,612.46

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### XIII. OTHER SIGNIFICANT MATTERS (continued)

#### 2. Segment reporting (continued)

For the six months ended 30 June 2020

	Cement Segment	Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Assets/ Liabilities/Expenses of the Headquarters	Adjustment and Set-off	Total
Revenue from external transactions	16,635,723,516.79	13,305,763,284.22	9,452,236,815.21	1,534,374,518.42	-	-	40,928,098,134.64
Revenue from inter-segment transactions	622,312,269.03	658,044,073.75	2,046,246.48	467,947,694.37	-	(1,750,350,283.63)	-
	<u>17,258,035,785.82</u>	<u>13,963,807,357.97</u>	<u>9,454,283,061.69</u>	<u>2,002,322,212.79</u>	<u>-</u>	<u>(1,750,350,283.63)</u>	<u>40,928,098,134.64</u>
Gains on investment in joint ventures and associates	167,224,863.93	12,303,163.01	(10,073,054.40)	(10,962,096.46)	-	-	158,492,876.08
Asset impairment losses	9,213,331.78	1,497,098.71	-	-	-	-	10,710,430.49
Credit impairment losses	114,431,597.07	29,832,298.55	1,834,461.97	12,788,910.80	-	(222,880.00)	158,664,388.39
Depreciation and amortisation costs	1,837,530,896.86	152,777,187.70	36,260,340.33	188,076,577.84	42,202,548.76	-	2,256,847,551.49
Total profits	2,014,413,206.09	(203,898,288.03)	1,490,816,097.15	788,536,657.29	(727,934,958.63)	3,287,807.88	3,365,220,521.75
Income tax expense	567,812,325.45	30,326,229.31	467,695,482.21	294,222,293.13	(181,983,739.66)	(446,034.36)	1,177,626,556.08
Total assets	79,346,877,052.07	14,216,184,293.76	140,692,493,609.06	85,009,655,133.15	3,476,279,819.98	(26,267,333,391.23)	296,474,156,516.79
Total liabilities	44,224,446,856.26	10,378,493,794.21	122,046,440,940.06	23,840,602,100.42	29,221,877,559.74	(26,237,012,249.35)	203,474,849,001.34
Long-term equity investment in joint ventures and associates	1,893,258,151.75	(57,076,587.18)	973,301,139.63	1,011,998,496.15	-	-	3,821,481,200.35
Increase in other non-current assets, excluding long-term equity investments	1,264,925,219.76	341,330,455.32	21,913,512.23	199,739,576.18	-	-	1,827,908,763.49

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### XIII. OTHER SIGNIFICANT MATTERS *(continued)*

#### 2. Segment reporting *(continued)*

##### **Other information**

*Information on products and labour services*

Operating revenue by product/service is set out in Note V. 51.

*Geographic information*

	January to June 2021	January to June 2020
Asia	<b>57,589,642,827.35</b>	40,876,016,801.69
Europe	<b>114,922,198.27</b>	42,539,817.23
Africa	<b>9,091,850.65</b>	9,541,515.72
	<b><u>57,713,656,876.27</u></b>	<u>40,928,098,134.64</u>

Revenues from external transactions are attributable to the geographic locations where the customers are located.

Major non-current assets of the Group are located in the PRC.

*Information about major customers*

For the six months ended 30 June 2020 and 2021, 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 2021

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### XIII. OTHER SIGNIFICANT MATTERS *(continued)*

#### 3. Remuneration for key management personnel

Directors' and supervisors' remuneration for the period, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, was as follows:

	January to June 2021	January to June 2020
Fees	300,000.00	300,000.00
Salaries, allowances and benefits in kind	1,230,120.00	656,570.00
Performance related bonuses	1,708,665.00	939,094.00
Pension scheme contributions	125,204.16	25,639.68
	<b>3,363,989.16</b>	<b>1,921,303.68</b>

#### (1) *Independent non-executive directors*

The fees paid to independent non-executive directors during the period are as follows:

	January to June 2021	January to June 2020
Mr. Wang Guangjin	75,000.00	75,000.00
Mr. Tian Lihui	75,000.00	75,000.00
Mr. Tang Jun	75,000.00	75,000.00
Mr. Ngai Wai Fung	75,000.00	75,000.00
	<b>300,000.00</b>	<b>300,000.00</b>



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### XIII. OTHER SIGNIFICANT MATTERS *(continued)*

#### 3. Remuneration for key management personnel *(continued)*

##### (2) *Executive directors, non-executive directors and supervisors*

January to June 2021

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
<b>Executive directors</b>				
Mr. Zeng Jin*	123,996.00	119,196.00	12,739.68	255,931.68
Mr. Jiang Yingwu*	155,764.00	119,196.00	12,739.68	287,699.68
Mr. Wu Dong	141,416.00	97,352.00	12,739.68	251,507.68
Mr. Zheng Baojin	141,416.00	97,352.00	12,739.68	251,507.68
	<u>562,592.00</u>	<u>433,096.00</u>	<u>50,958.72</u>	<u>1,046,646.72</u>
<b>Non-executive director</b>				
Mr. Wang Zhaojia	141,416.00	97,352.00	12,739.68	251,507.68
<b>Supervisors</b>				
Mr. Guo Yanming	141,416.00	97,352.00	12,739.68	251,507.68
Mr. Zhang Qicheng	107,180.00	288,760.00	12,739.68	408,679.68
Mr. Gao Jinliang	100,940.00	411,847.00	12,739.68	525,526.68
Mr. Zhang Guoliang	104,060.00	252,720.00	12,739.68	369,519.68
Ms. Jiang Yu	72,516.00	127,538.00	10,547.04	210,601.04
	<u>526,112.00</u>	<u>1,178,217.00</u>	<u>61,505.76</u>	<u>1,765,834.76</u>
	<u>1,230,120.00</u>	<u>1,708,665.00</u>	<u>125,204.16</u>	<u>3,063,989.16</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### XIII. OTHER SIGNIFICANT MATTERS *(continued)*

#### 3. Remuneration for key management personnel *(continued)*

##### (2) *Executive directors, non-executive directors and supervisors (continued)*

January to June 2020

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
<b>Executive directors</b>				
Mr. Jiang Deyi	116,196.00	116,196.00	3,770.40	236,162.40
Mr. Wu Dong	92,958.00	92,958.00	3,770.40	189,686.40
Mr. Zheng Baojin	92,958.00	92,958.00	3,770.40	189,686.40
	<u>302,112.00</u>	<u>302,112.00</u>	<u>11,311.20</u>	<u>615,535.20</u>
<b>Non-executive director</b>				
Mr. Guo Yanming	92,958.00	92,958.00	3,770.40	189,686.40
<b>Supervisors</b>				
Mr. Zhang Guoliang	96,300.00	227,440.00	3,770.40	327,510.40
Mr. Zhuang Zhenguo	96,400.00	207,472.00	3,770.40	307,642.40
Ms. Jiang Yu	68,800.00	109,112.00	3,017.28	180,929.28
	<u>261,500.00</u>	<u>544,024.00</u>	<u>10,558.08</u>	<u>816,082.08</u>
	<u>656,570.00</u>	<u>939,094.00</u>	<u>25,639.68</u>	<u>1,621,303.68</u>

\* Mr. Zeng Jin is the chairman of the Company and Mr. Jiang Yingwu is the general manager of the Company.

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

#### 1. Other receivables

	30 June 2021	31 December 2020
Interests receivable	<b>2,511,462,710.15</b>	2,687,490,689.78
Dividends receivable	<b>1,947,840,865.29</b>	1,248,253,769.39
Amounts due from subsidiaries	<b>65,302,158,119.63</b>	73,337,554,703.65
Due from associates and joint ventures	<b>2,151,631,316.61</b>	2,793,747,796.61
Other current account	<b>192,383,223.43</b>	269,764,660.61
	<b>72,105,476,235.11</b>	80,336,811,620.04
Less: Provision for bad debts of other receivables	<b>23,606,351.62</b>	23,606,351.62
	<b>72,081,869,883.49</b>	80,313,205,268.42

An aging analysis of other receivables is as follows:

	30 June 2021	31 December 2020
Within 1 year	<b>66,431,689,629.74</b>	46,325,631,819.47
1 to 2 years	<b>3,193,837,163.11</b>	16,762,143,905.02
2 to 3 years	<b>601,864,578.59</b>	6,834,121,246.02
3 to 4 years	<b>1,807,921,246.02</b>	10,281,906,065.97
4 to 5 years	–	8,176,295.36
Over 5 years	<b>70,163,617.65</b>	124,832,288.20
	<b>72,105,476,235.11</b>	80,336,811,620.04
Less: Provision for bad debts of other receivables	<b>23,606,351.62</b>	23,606,351.62
	<b>72,081,869,883.49</b>	80,313,205,268.42

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

#### 1. Other receivables (continued)

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

For the six months ended 30 June 2021:

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit-impaired financial assets (lifetime expected credit loss)	Total
Opening and closing balance	–	–	23,606,351.62	23,606,351.62

2020:

	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 2021

RMB

### XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

#### 1. Other receivables (continued)

As at 30 June 2021, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons for provision
First	45,461,972.00	9,113,985.00	20.05	Partly uncollectible

As at 31 December 2020, 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	49,461,972.00	9,113,985.00	20.05	Partly uncollectible

As at 30 June 2021, the top five of other receivables were as follows:

	Closing balance	Percentage of Proportion (%)	Nature	Aging
First	6,571,725,000.00	9.11	Amounts due from subsidiaries	Within 1 year
Second	5,896,370,800.00	8.18	Amounts due from subsidiaries	Within 1 year
Third	5,424,618,792.00	7.52	Amounts due from subsidiaries	Within 1 year
Fourth	4,716,151,500.00	6.54	Amounts due from subsidiaries	Within 1 year, 1 – 2 years
Fifth	4,375,000,000.00	6.07	Amounts due from subsidiaries	Within 1 year
	26,983,866,092.00	37.42		

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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### XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

#### 1. Other receivables (continued)

As at 31 December 2020, the top five of other receivables were as follows:

	Closing balance	Percentage of Proportion (%)	Nature	Aging
First	6,920,000,000.00	8.61	Amounts due from subsidiaries	Within 1 year
Second	6,574,190,800.00	8.18	Amounts due from subsidiaries	Within 1 year, 1-2 years
Third	5,342,364,186.00	6.65	Amounts due from subsidiaries	1-2 years
Fourth	4,375,000,000.00	5.45	Amounts due from subsidiaries	3-4 years
Fifth	3,858,000,000.00	4.80	Amounts due from subsidiaries	Within 1 year, 1-2 years
	<u>27,069,554,986.00</u>	<u>33.69</u>		

#### 2. Other current assets

	30 June 2021	31 December 2020
Entrusted loans	<b>788,650,000.00</b>	1,282,550,000.00
Others	<b>2,321,214.75</b>	2,321,214.75
	<b><u>790,971,214.75</u></b>	<u>1,284,871,214.75</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

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 dividend for the period
Beijing BBMG Qianjing Environmental Protection Technology Co., Ltd.	100,895,522.39	67,600,000.00	-	67,600,000.00	67.00	67.00	-
Beijing BBMG Mining Co., Ltd.	5,000,000.00	5,000,000.00	(5,000,000.00)	-	-	-	-
Beijing BBMG Xingfa Science and Technology Co., Ltd.	485,622,694.14	464,740,918.29	468,750,000.00	933,490,918.29	95.70	95.70	-
Beijing Woodworking Factory Co., Ltd.	54,556,261.17	54,556,261.16	287,445,693.34	342,001,954.50	100.00	100.00	-
Tongda Refractory Technology Co., Ltd.	578,930,584.65	537,421,261.73	-	537,421,261.73	100.00	100.00	21,000,000.00
BBMG New Building Materials Industrialization Group Co., Ltd.	3,428,029,200.49	3,603,387,992.18	1,464,471,200.61	5,067,859,192.79	100.00	100.00	-
Beijing BBMG Xinggang Technology Development Co., Ltd.	244,361,796.15	166,166,021.38	-	166,166,021.38	56.00	56.00	1,866,600.00
Beijing BBMG Coating Co., Ltd.	95,421,200.61	95,421,200.61	(95,421,200.61)	-	-	-	-
Beijing Building Materials Academy Co., Ltd.	194,167,784.68	194,167,784.68	-	194,167,784.68	100.00	100.00	-
BBMG GEM Real Estate Development Co., Ltd.	6,165,138,411.45	6,165,138,411.45	-	6,165,138,411.45	100.00	100.00	285,000,000.00
Krono (Beijing) Woods Co., Ltd.	958,152,311.13	287,445,693.34	(287,445,693.34)	-	-	-	-
BBMG Property Management Co., Ltd.	2,746,329,327.93	2,746,329,327.93	-	2,746,329,327.93	100.00	100.00	-
Beijing BBMG Property Development Group Co., Ltd.	6,608,721,838.38	6,608,721,838.38	-	6,608,721,838.38	100.00	100.00	69,000,000.00
Beijing Yanshui Asset Management Co., Ltd.	32,707,342.45	32,707,342.45	-	32,707,342.45	100.00	100.00	34,000,000.00
BBMG Hong Kong Limited	288,057,387.91	288,057,387.91	-	288,057,387.91	100.00	100.00	24,000,000.00
Beijing BBMG Innovation and Technology Incubator Co., Ltd.	1,000,000,048.47	1,700,000,048.47	-	1,700,000,048.47	100.00	100.00	-
BBMG Finance Co., Ltd.	3,000,000,000.00	3,000,000,000.00	-	3,000,000,000.00	100.00	100.00	245,000,000.00
BBMG Finance Lease Co., Ltd.	1,312,920,000.00	393,876,000.00	-	393,876,000.00	100.00	100.00	40,000,000.00
Jidong Development Group Co., Ltd.	9,500,000,000.00	5,225,000,000.00	-	5,225,000,000.00	55.00	55.00	-
Beijing Doors and Windows Co., Ltd.	430,370,700.00	430,370,700.00	-	430,370,700.00	100.00	100.00	-
BBMG Sports Culture Co., Ltd.	38,037,948.10	25,359,900.00	-	25,359,900.00	67.00	67.00	-
Tangshan Jidong Cement Co., Ltd.	4,643,678,285.96	1,091,264,397.21	172,128,269.71	1,263,392,666.92	7.56	7.56	53,417,911.00
Tianjin Building Materials (Holding) Co., Ltd.	9,305,775,220.38	5,118,176,371.21	-	5,118,176,371.21	55.00	55.00	-
BBMG Jidong Cement (Tangshan) Co., Ltd.	14,639,741,256.88	8,198,168,269.59	-	8,198,168,269.59	53.00	53.00	1,365,610,000.00
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd.	3,154,478,125.04	1,419,515,156.27	-	1,419,515,156.27	55.00	55.00	-
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan	2,500,000,000.00	500,000,000.00	-	500,000,000.00	20.00	75.00	11,103,040.87
Total under cost method	71,511,093,248.36	48,418,592,284.24	2,004,928,269.71	50,423,520,553.95			2,149,997,551.87

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

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

Equity method:

	Opening balance	Movements during the period					Closing balance	Impairment provision at the end of the period
		Increase investment	Decrease investment	Investment profit or loss under equity method	Other comprehensive income	Other changes in equity		
Joint ventures								
STAR-USG Building Materials Co., Ltd.	48,656,234.95	-	-	4,157,645.71	-	-	52,813,880.66	-
Associates								
Zehnder (China) Indoor Climate Co., Ltd.	106,890,558.41	-	-	9,844.57	-	-	106,900,402.98	-
OCV Reinforcements (Beijing) Co., Ltd.	72,124,607.97	-	-	13,475,964.17	-	(4,020,000.00)	81,580,572.14	-
Tangshan Conch Profiles Co., Ltd.	184,318,193.28	-	-	(2,519,908.46)	-	-	181,798,284.82	-
Toto Machinery (Beijing) Company Limited	149,915,671.53	-	-	6,300,270.02	-	-	156,215,941.55	-
Beijing Toto Co., Ltd.	144,989,762.92	-	-	446,333.31	-	-	145,436,096.23	60,000,000.00
Beijing Innovation Industry Investment Co., Ltd.	201,217,151.75	-	-	2,771,423.47	-	-	203,988,575.22	-
Subtotal for associates	859,455,945.86	-	-	20,483,927.08	-	(4,020,000.00)	875,919,872.94	60,000,000.00
Total under equity method	908,112,180.81	-	-	24,641,572.79	-	(4,020,000.00)	928,733,753.60	60,000,000.00



## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

#### 4. Investment properties

*Measured subsequently through fair value model:*

30 June 2021

	Buildings
Opening balance	12,453,723,312.06
Changes in fair value	<u>203,733,910.40</u>
Closing balance	<u>12,657,457,222.46</u>

31 December 2020

	Buildings
Opening balance	11,839,906,198.63
Changes in fair value	293,000,000.00
Absorption and merge of subsidiaries	<u>320,817,113.43</u>
Closing balance	<u>12,453,723,312.06</u>

All the above investment properties are located in the PRC, and leased out in form of operating leases.

As at 30 June 2021 and 31 December 2020, there was no investment property for which the procedures for obtaining title certificates were incomplete.

#### 5. Operating revenue and cost

	January to June 2021		January to June 2020	
	Revenue	Cost	Revenue	Cost
Rental income	473,170,007.67	34,947,957.25	431,011,590.16	38,616,807.65
Others	<u>2,218,777.18</u>	<u>550,223.51</u>	<u>2,635,161.27</u>	<u>85,289.82</u>
	<u>475,388,784.85</u>	<u>35,498,180.76</u>	<u>433,646,751.43</u>	<u>38,702,097.47</u>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

#### 6. Investment gains

	January to June 2021	January to June 2020
Gains from long-term equity investments under cost method	<b>2,149,997,551.87</b>	3,758,573,801.88
Gains from long-term equity investments under equity method	<b>24,641,572.79</b>	18,967,228.95
Investment loss from conversion of convertible bonds	<b>(25,268,830.29)</b>	–
Investment loss from disposal of subsidiaries	<b>(2,531,371.39)</b>	–
	<b><u>2,146,838,922.98</u></b>	<b><u>3,777,541,030.83</u></b>

#### 7. Notes to items of statement of cash flows

	January to June 2021	January to June 2020
Cash received from other operating activities		
Cash received from superior units	<b>36,294,630,969.87</b>	10,653,723,491.83
Cash received from internal borrowings among subsidiaries	<b>2,425,955,558.11</b>	17,196,821,701.04
Interest income	<b>77,658,735.45</b>	71,941,129.26
	<b><u>38,798,245,263.43</u></b>	<b><u>27,922,486,322.13</u></b>
Cash paid for other operating activities		
Cash paid to subordinate units	<b>23,493,894,606.00</b>	10,330,719,000.00
Current accounts of subsidiaries	<b>5,610,225,448.11</b>	18,809,047,849.35
Expenses of the headquarters	<b>321,785,357.35</b>	195,148,091.88
	<b><u>29,425,905,411.46</u></b>	<b><u>29,334,914,941.23</u></b>

## Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

#### 8. Supplemental information to statement of cash flows

##### (1) Reconciliation of net profit to cash flows from operating activities:

	January to June 2021	January to June 2020
Net profit	<b>1,852,605,529.01</b>	3,520,517,842.02
Add: Depreciation of fixed assets	<b>33,728,024.91</b>	34,838,855.65
Amortisation of intangible assets	<b>7,318,292.55</b>	7,363,693.11
Amortisation of long-term deferred expenses	<b>1,711,264.92</b>	544,310.72
Losses on retirement of fixed assets	–	48,424.00
Gains from changes in fair value	<b>(176,690,507.70)</b>	(108,463,394.70)
Finance costs	<b>2,079,888,588.26</b>	2,259,753,186.92
Investment gains	<b>(2,146,838,922.98)</b>	(3,777,541,030.83)
Increase in deferred tax liabilities	<b>50,933,477.60</b>	27,115,848.68
Decrease/(Increase) in operating receivables	<b>7,994,706,058.13</b>	(3,739,925,161.86)
Increase in operating payables	<b>704,606.55</b>	627,427,432.75
Net cash flows from operating activities	<b><u>9,698,066,411.25</u></b>	<b><u>(1,148,319,993.54)</u></b>

##### (2) Cash and cash equivalents

	30 June 2021	30 June 2020
Cash	<b>9,264,267,548.00</b>	21,204,225,870.60
Including: Bank deposits on demand	<b>9,264,267,548.00</b>	21,203,320,359.92
Other monetary fund on demand	–	905,510.68
	<b><u>9,264,267,548.00</u></b>	<b><u>21,204,225,870.60</u></b>

## Supplementary Information to Unaudited Interim Financial Statements

For the six months ended 30 June 2021

RMB

### I. SUPPLEMENTARY INFORMATION

#### 1. Breakdown of Non-recurring Profit and Loss Item

	January to June 2021
Net income from disposal of non-current assets	294,701,792.38
Investment gains from disposal of subsidiaries, associates and joint ventures	17,871,948.45
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)	86,430,220.92
Capital occupancy fee from non-financial enterprises recognized through profit or loss for the current period	4,221,772.74
Profit or loss from debt restructuring	1,372,511.47
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	1,062,600.00
Reversal of provisions for impairment of receivables that are individually tested for impairment	6,115,260.39
Profit and loss from fair value change of investment properties measured subsequently through fair value model	233,720,454.75
Other non-operating income and expenses other than the above items	59,746,221.17
	<hr/>
Total non-recurring profit and loss	705,242,782.27
Less: Impact of income tax	142,242,910.28
Less: Impact of minority interests	126,040,571.89
	<hr/>
	436,959,300.10

## Supplementary Information to Unaudited Interim Financial Statements (continued)

For the six months ended 30 June 2021

RMB

### I. SUPPLEMENTARY INFORMATION *(continued)*

#### 2. Return on Net Assets and Earnings per Share

January to June 2021

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Including other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	3.00	0.18	0.18
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	2.31	0.14	0.14
Excluding other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	3.18	0.14	0.14
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	2.25	0.10	0.10

## Supplementary Information to Unaudited Interim Financial Statements (continued)

For the six months ended 30 June 2021

RMB

### I. SUPPLEMENTARY INFORMATION *(continued)*

#### 2. Return on Net Assets and Earnings per Share *(continued)*

January to June 2020

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Including other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	2.45	0.14	0.14
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	1.84	0.11	0.11
Excluding other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	2.55	0.10	0.10
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	1.67	0.07	0.07

In calculating the weighted average return on net assets and earnings per share excluding other equity instruments, the Company has excluded declared and undeclared dividends of perpetual bonds.

**北京金隅集團股份有限公司**  
**BBMG CORPORATION\***

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