



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

*ANNUAL
REPORT*



BBMG

The image features the BBMG logo in a bold, dark red font, positioned in the upper left quadrant. The logo consists of the letters 'BBMG' with a stylized red diagonal slash through the 'M'. The background is a complex composition of overlapping, semi-transparent red geometric shapes, including triangles and parallelograms, creating a sense of depth and movement. The overall color palette is monochromatic, ranging from light pink to deep red.

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FINANCIAL HIGHLIGHTS

	2022	2021	Change	
Operating revenue (RMB'000)	102,822,162	123,634,448	-20,812,286	-16.8%
Gross profit margin from principal business (%)	14.7	15.8		Decreased by 1.1 percentage points
Net profit attributable to the shareholders of the parent company (RMB'000)	1,212,674	2,933,015	-1,720,431	-58.7%
Core net profit attributable to the shareholders of the parent company (excluding the net gains after tax on fair value on investment property) (after tax) (RMB'000)	753,352	2,443,927	-1,690,575	-69.2%
Basic earnings per share attributable to the shareholders of the parent company (before deducting other equity instrument indicators) (RMB)	0.11	0.27	-0.16	-59.3%
Basic earnings per share attributable to the shareholders of the parent company (after deducting other equity instrument indicators) (RMB)	0.03	0.20	-0.17	-85.0%
Final dividend per share (RMB)	0.067	0.104	-0.037	-35.6%
Cash and bank balances (RMB'000)	15,996,436	21,921,969	-5,925,533	-27.0%
Total assets (RMB'000)	281,520,054	286,356,810	-4,836,756	-1.7%
Total equity attributable to the shareholders of the parent company (RMB'000)	63,629,915	63,717,492	-87,577	-0.1%
Net profit margin (%) (net profit/ operating revenue)	1.69	4.22		Decreased by 2.53 percentage points
Return on total assets (%) (net profit attributable to the shareholders of the parent company/total assets)	0.43	1.02		Decreased by 0.59 percentage point
Debt ratio (%) (total liabilities/total assets)	66.3	66.6		Decreased by 0.3 percentage point

CORPORATE INFORMATION

Chinese name of the Company	北京金隅集團股份有限公司
English name of the Company	BBMG Corporation*
Headquarters	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
Registered office and principal place of business in the PRC	No. 36, North Third Ring East Road Dongcheng District, Beijing, the PRC
Principal place of business in Hong Kong	Room 405, Kai Wong Commercial Building, 222 Queen's Road Central, Hong Kong
Website of the Company	www.bbm.com.cn/listco
Legal representative	Jiang Yingwu
The Board of Directors	
<i>Executive Directors</i>	Jiang Yingwu (<i>Chairman</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 (<i>resigned on 3 April 2023</i>) Hong Yongmiao Tam Kin Fong

* For identification purpose only

CORPORATE INFORMATION

The Supervisory Board*Supervisors*

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

Committees*Audit Committee*

Li Xiaohui (*Chairman*) (*resigned on 3 April 2023*)
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 (*resigned on 3 April 2023*)
Tam Kin Fong

Strategic Committee

Jiang Yingwu (*appointed as the chairman*
on 9 February 2023)
Zheng Baojin
Yu Fei
Liu Taigang
Li Xiaohui (*resigned on 3 April 2023*)
Hong Yongmiao
Tam Kin Fong

Authorised Representatives

Jiang Yingwu
Lau Fai Lawrence

Board Secretary

Zhang Jianfeng

Company Secretary

Lau Fai Lawrence

CORPORATE INFORMATION

Listing Information*A Shares*

A share registrar

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

Place of listing

Shanghai Stock Exchange

Stock name

BBMG

Board lot

100 shares

Stock code

601992.SH

H Shares

H share registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
The Stock Exchange of Hong Kong Limited
(the "**Hong Kong Stock Exchange**")

Place of listing

Stock name

BBMG

Board lot

1,000 shares

Stock code

02009.HK

Principal Bankers

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

Independent Auditor

Ernst & Young Hua Ming LLP
Certified Public Accountants

Legal Advisers

Haiwen & Partners LLP
As to Hong Kong law

Guantao Law Firm
As to PRC law

CORPORATE PROFILE

BBMG Corporation

BBMG Corporation (hereinafter referred to as “**BBMG**” or the “**Company**”) was established in December 2005. Fully leveraging on its unique resources, the Company and its subsidiaries (the “**Group**”) are principally engaged in the manufacture of building materials supplemented by property development and property investment and management, forging an unique, one-stop, vertical industrial chain structure among major building materials manufacturers in the People’s Republic of China (“**PRC**”) or (“**China**”).

1. Modern green building materials segment

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

Modern green and environmentally-friendly building materials manufacturing business: With cement as its core product, the Company has formed a complete industrial chain of building materials that is compatible with upstream and downstream businesses, which covers concrete, wall body and insulation materials, prefabricated building system and parts and furniture and woods, as well as an interactive mechanism that includes products and services such as



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decoration, architectural design and main construction contract of installations, creating a coordinated development pattern for the whole industrial chain. Currently, the production capacity of clinker amounted to approximately 110 million tonnes; the production capacity of cement amounted to approximately 180 million tonnes; the production capacity of ready-mixed concrete amounted to approximately 54.0 million cubic meters while the production capacity of aggregates amounted to 62.0 million tonnes (including those in progress) and the production capacity of grinding aids and admixtures approximated 0.24 million tonnes, respectively. Its annual capacity for disposal of hazardous wastes and solid wastes was over 5.3 million tonnes (including construction waste). The Company insisted on promoting market expansion and strategic resources consolidation simultaneously and has had a total of 1,490 million tonnes of limestone reserve in Beijing-Tianjin-Hebei region. The Company's building materials products and construction and installation services were widely used in the construction of key hotspot projects, such as the Beijing's urban sub-center, Xiong'an New District, the Winter Olympic Stadium, Universal Studios Beijing and COVID-19 epidemic-combating hospitals, which fully demonstrated the strength of BBMG's modern building materials business in terms of brand, quality and industrial chain and enhanced systematic application and coordinated marketing of its products.

Equipment manufacturing and trading services business: The Company is capable to provide construction and service for the whole industrial chain services covering from process design, equipment design and manufacturing, building installation, production commissioning to spare parts supply, maintenance, and production and operation forming the cement production lines



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with a daily output of 2,000 tonnes to 12,000 tonnes. The products developed by the Company, such as high-efficiency vertical cement mill, co-disposal technology of hazardous wastes and solid wastes via cement kiln, high-efficiency energy-saving fans, permanent magnet direct drive motor and medium voltage and low voltage intelligent power distribution cabinet, have reached the advanced level in the industry. Under the premise of controllable risks, the Company will improve the supply chain network configuration and asset layout, and continue to improve and strengthen the international trade and building materials and commerce logistics business.

2. Property Development and Operation Segment

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

Property development business: The Company developed approximately 170 property projects with a total gross floor area over 30.0 million sq.m.. The overall strength with an area under construction reached over 8.0 million sq.m. during the year. At present, the Company has made its presence in 16 cities including Beijing, Shanghai, Tianjin, Chongqing, Hangzhou, Nanjing, Chengdu, Hefei, Qingdao, Tangshan, Haikou and Changzhou, developing a nationwide business presence “from Beijing to three major economic rims, namely Beijing-Tianjin-Hebei region, Yangtze River Delta and Chengdu-Chongqing region”.

Property operation business: At present, the Company holds investment properties of the area of approximately 2,179,000 sq.m. such as high-end office buildings, commercial and industrial parks, of which 1,215,000 sq.m. are high-end investment properties in core areas in Beijing, and manages properties inside and outside Beijing of the area of 17.55 million. Its professional capabilities, brand awareness, occupancy rate and revenue have led the industry in Beijing and even the PRC for years.

The H shares of BBMG were successfully listed on the Main Board of the Hong Kong Stock Exchange on 29 July 2009 and the Company was successfully listed on the domestic A share market of the Shanghai Stock Exchange on 1 March 2011. The dual listing in both markets has further enhanced a more solid and concrete foundation and continues to provide a broader platform for the future development of BBMG.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

Mr. Jiang Yingwu, born in October 1966, is the executive director, chairman of the Board and the secretary of the communist party committee of the Company. He served as the general manager and the deputy secretary of the communist party committee of the Company from December 2020 to February 2023, and has served as the executive director of the Company since 19 January 2021. He has served as the chairman of the Board of the Company since February 2023. Jiang Yingwu had been the vice general manager of the Company from October 2016 to December 2020 and a standing member of the party committee of the Company from June 2017 to December 2020. Jiang Yingwu, who holds the title of senior economist and senior engineer, graduated with a bachelor's degree in inorganic materials science and silicate engineering from Shandong College of Building Materials Industry (山東建材工業學院) in August 1989. Jiang Yingwu had been a section member and deputy section chief of the technology quality section of Beijing Yanshan Cement Plant (北京燕山水泥廠), cadre and vice manager of the technology department of the headquarters of Beijing City Building Material Group (北京市建材集團), vice manager of the technology department of BBMG Group Company Limited, the deputy secretary general and head of the general office of the Building Materials Industry Association (建材行業協會), and the head of the strategic development department, the manager of the policy research office and the head of the organization department of the party committee of the Company. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

Mr. Wu Dong, born in August 1968, is the executive director and deputy secretary of the communist party committee of the Company. He has been an executive director of the Company since 27 November 2015 and has been the deputy secretary of the communist party committee of the Company and the BBMG Assets Management Co., Ltd. ("**BBMG Assets**", formerly known as BBMG Group Company Limited) since July 2012. He was the assistant to the secretary of the communist party committee of BBMG Assets from June 2011 to July 2012. Before joining the Company, Wu Dong had served in various positions in different entities, including, among others, Beijing Coal Corporation and the Organization Department of Beijing Municipal Communist Party Committee. He obtained a Master of Public Administration degree from Guanghua School of Management, Peking University in August 2005. Wu Dong is a senior political engineer and an economist. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zheng Baojin, born in February 1966, is the executive director, a standing member of the party committee and deputy general manager of the Company. He has been appointed as an executive director of the Company since 15 August 2017 and acted as the secretary of the Board of the Company from 25 January 2016 to 24 August 2021. Zheng Baojin began working in July 1987 by joining Hebei Taihang Cement Co., Ltd., where he took up various positions until May 2011, including the director of the securities department, a director of the board, the deputy general manager and the secretary of the board. Zheng Baojin served as the director of the Board Office of the Company from October 2009 to January 2016. He had been the director of Jidong Cement between October 2016 and September 2017. Zheng Baojin graduated from the Tangshan Engineering Technology Institute in July 1987 with industry management engineering profession. He holds a college degree and is a senior economist. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

Mr. Wang Zhaojia, born in September 1963, has been appointed as a non-executive director of the Company since 21 August 2020 and has been the deputy general manager of the Company since June 2012. From September 1984 to October 2009, Wang Zhaojia served successively as vice president, executive vice president, deputy secretary to the party committee and president of Beijing Building Materials Research Institute (北京市建築材料科學研究院); deputy director and director of the technology center of Beijing Building Materials Group Co., Ltd. (北京建築材料集團有限責任公司); deputy general manager of Beijing CEM-FIL Glass Fiber Co., Ltd. (北京賽姆菲爾玻璃纖維有限公司); deputy general manager and president of Beijing Saint-Gobain Fiberglass Co., Ltd. (北京聖戈班維特克斯玻璃纖維有限公司); president of Owens Corning Compound Materials (Beijing) Co., Ltd. (歐文斯科寧(北京)複合材料有限公司); president of Beijing Namei Technology Development Co., Ltd. (北京市納美科技發展有限公司); deputy general engineer of BBMG Group Company Limited and director of the technology center of the Company. Wang Zhaojia served as the vice president of the Company from October 2009 to July 2012. Meanwhile, he has served as the secretary to the party committee and executive director of Beijing Building Materials Academy Co., Ltd. (北京建築材料科學研究總院有限公司) since August 2018. Wang Zhaojia graduated from Wuhan University majoring in political economy in 2011. He is a doctoral candidate and a professorate senior engineer. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Gu Tiemin, born in May 1968, has been a non-executive director of the Company since 12 May 2021. Gu Tiemin graduated from the Law Department of the College of Humanities and Law of Beijing Union University (北京聯合大學) in July 1991, majoring in law. In the same year, he worked for the Legal Office of Beijing Municipal Government (北京市政府法制辦公室). Gu Tiemin received his Master of Law degree from the Law School of Renmin University of China (中國人民大學) in January 2001 and is a senior economist and lawyer. Gu Tiemin is currently an expatriate full-time director of Beijing State-owned Capital Operation and Management Center (北京國有資本經營管理中心).

Gu Tiemin served as a section member, deputy chief section member, chief section member and deputy director of the Supervision and Guidance Division of the Legal Office of Beijing Municipal Government (北京市政府法制辦公室), researcher and deputy director of the Beijing Xuanwu District Government Legal Office (北京市宣武區政府法制辦) (director-general-level), deputy director (director-general-level) and director of the Regulations Division of the Beijing Municipal Commission of Foreign Trade and Economic Cooperation (北京市外經貿委法規處), director of the Legal and Fair Trade Division of the Beijing Municipal Commerce Bureau (北京市商務局法制與公平貿易處), director of the Circulation Order Division of the Beijing Municipal Commission of Commerce (北京市商務委員會流通秩序處), deputy Director of Beijing Technology Exchange and Training Center (Beijing International Technology Cooperation Center) (北京技術交流培訓中心(北京國際技術合作中心)) and deputy General Manager of Beijing Capital Agribusiness Group Co., Ltd. (北京首都農業集團有限公司). Gu Tiemin served as a deputy secretary and deputy director of the Party Committee of Beijing Technology Exchange and Training Center (Beijing International Technology Cooperation Center) (北京技術交流培訓中心(北京國際技術合作中心)) from August 2015 to June 2019. Gu Tiemin served as a secretary of the Party Committee and chairman of the Board of Directors of Beijing International Technology Cooperation Center Limited (北京國際技術合作中心有限公司) from June 2019 to March 2021 (retaining his status as a cadre under municipal Party committee). Gu Tiemin has served as an expatriate full-time director of Beijing State-owned Capital Operation and Management Center (北京國有資本經營管理中心) since March 2021 (retaining his status as a cadre under municipal Party committee). Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yu Fei, born in March 1977, has been an independent non-executive director of the Company since 12 May 2021. Yu Fei graduated from the Graduate School of the Chinese Academy of Social Sciences (中國社會科學院) in July 2004 with a doctorate degree in civil and commercial law. Yu Fei is currently a dean, professor and doctoral tutor of Civil, Commercial and Economic Law School of China University of Political Science and Law (中國政法大學) and a practising lawyer. Yu Fei took a temporary post in Zhongguancun Science and Technology Park Changping Park (deputy-director-general-level) and concurrently served as a council member of the China Law Society (中國法學會), vice president of Beijing Real Estate Law Research Association (北京市不動產法研究會), vice president of Beijing Debt Law Research Association (北京市債法學研究會), member of Tianjin Procuratorate Expert Advisory Committee (天津市檢察院專家諮詢委員會), expert advisor of Beijing Xicheng District Court (北京市西城區法院), etc. He is an Adjunct Professor at East China University of Political Science and Law (華東政法大學), Zhengzhou University (鄭州大學) and the Henan Branch of the National Prosecutors College of P.R.C (國家檢察官學院). Yu Fei was also elected to the “New Century Excellent Talent Support Plan of the Ministry of Education”, and awarded an award of “Beijing Youth May 4th Medal”. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

Mr. Liu Taigang, born in July 1966, has been an independent non-executive director of the Company since 12 May 2021. Liu Taigang graduated from the Law School of Renmin University of China (中國人民大學) in July 1996 with a doctor’s degree, majoring in administrative law. Liu Taigang is currently a professor and doctoral tutor of public administration in the School of Public Administration of Renmin University of China, and a director of the Teaching and Research Section of Public Organization and Human Resources. Liu Taigang was a legal advisor of the Office of Tong Chi Kin Kwan Tsui Hang Legislative Councillor (唐志堅關翠杏立法議員辦事處) (seconded from the Macau Branch of Xinhua News Agency (新華社)). Liu Taigang was also a member of the Beijing Party Committee of China National Democratic Construction Association (中國民主建國會), member of the Central Legal Committee of the China National Democratic Construction Association, member of the sixth and seventh session of the Chinese People’s Political Consultative Conference of Haidian District, Beijing and member of the 3rd batch of special inspectors of the State Ministry of Supervision (國家監察部). Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

Ms. Li Xiaohui, born in December 1967, has been an independent non-executive director of the Company since 12 May 2021 and resigned as an independent non-executive director of the Company on 3 April 2023. Li Xiaohui was awarded the degree of doctor of economy in National Economic Management by the Central University of Finance and Economics (中央財經大學) in July 2001. Li Xiaohui is currently a professor and doctoral tutor of accounting of the School of Accountancy of Central University of Finance and Economics (中央財經大學) and is a PRC Certified Public Accountant.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Li Xiaohui worked for Canshi Certified Public Accountants (滄獅會計師事務所), the State-owned Assets Administration Bureau of the Hebei Provincial Department of Finance (河北省財政廳) and the Professional Standards Department of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會). Li Xiaohui has been a professor at the School of Accountancy of Central University of Finance and Economics (中央財經大學) since September 2003 and served as vice dean and Secretary of the Party General Branch of the School of Accountancy. Li Xiaohui has been an independent non-executive director of Poly Culture Group Corporation Limited (保利文化集團股份有限公司) (listed on the Main Board of the Stock Exchange, stock code: 3636) since December 2010 and an independent non-executive director of Bank of Communications Co., Ltd. (listed on the Main Board of the Stock Exchange, stock code: 3328) since November 2020. Li Xiaohui served as an independent non-executive director of China U-Ton Future Space Industrial Group Holdings Ltd. (中國優通未來空間產業集團控股有限公司) (listed on the Main Board of the Stock Exchange, stock code: 6168) from May 2012 to July 2020. Li Xiaohui has served as an independent director of Fangda Special Steel Technology Co., Ltd. (方大特剛科技股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 600507) since May 2019 and an independent director of State Grid Information & Telecommunication Co., Ltd. (國網信息通信股份有限公司) since April 2020. Save as disclosed above, she does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and she does not hold any other position with the Company and other members of the Group.

Mr. Hong Yongmiao, born in February 1964, has been an independent non-executive director of the Company since 12 May 2021. Hong Yongmiao obtained a doctor's degrees in Economics of University of California, San Diego in June 1993. Hong Yongmiao is an academician of the Academy of Sciences for the Developing World (發展中國家科學院) and fellow of the Econometric Society (世界計量經濟學學會). He is a distinguished research fellow at the Institute of Mathematics and Systems of the Chinese Academy of Sciences (中國科學院), a distinguished professor at the School of Economics and Management of the University of Chinese Academy of Sciences and a distinguished research fellow and executive director of the prediction science research center of the Chinese Academy of Sciences. Hong Yongmiao was formerly a professor in the Department of Economics and Department of Statistics of Cornell University (康奈爾大學), and a professor and dean of the Wang Yanan Institute for Studies in Economics of Xiamen University (廈門大學). Hong Yongmiao has served as an Independent non-executive director of the China Everbright Bank Company Limited (中國光大銀行股份有限公司) (SEHK stock code: 6818) since September 2019. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Tam Kin Fong, born in April 1971, has been an independent non-executive director of the Company since 12 May 2021. Tam Kin Fong graduated from the City University of Hong Kong (香港城市大學) in July 1994 with a Bachelor of Arts (Hons) degree in accounting. After graduation, Tam Kin Fong worked at the auditing department of PricewaterhouseCoopers, and also served as a financial controller of a subsidiary of NWS Holdings Limited (新創建集團有限公司). Tam Kin Fong is currently a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Tam Kin Fong is currently a managing director of Dakin Capital Limited (德健融資有限公司), where he is responsible for the business of the licensed corporation carrying out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance. Before he joined Dakin Capital Limited, Tam Kin Fong held positions in various international and Hong Kong investment banks, including vice president of Daiwa Securities Co., Ltd. (大和證券有限公司), executive director and co-head of Hong Kong Merchants Securities Co., Ltd. (香港招商證券有限公司) and head of investment banking department of Ping An of China Securities (Hong Kong) Company Limited (中國平安證券(香港)有限公司). He has more than 25 years of experience in corporate finance and accounting. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

Supervisors

Mr. Yu Kaijun, born in April 1963, has been appointed as a supervisor of the Company since 27 November 2015. Yu Kaijun was the non-executive director of the Company from 7 August 2014 to 27 November 2015. Yu Kaijun graduated from the Hong Kong Polytechnic University with a major in accounting. Yu Kaijun holds a master degree in accounting and is a senior accountant. Yu Kaijun is currently the specialist of China National Building Material Company Limited (listed on the Main Board of the Stock Exchange, stock code: 03323) and a director of CNBM Investment Co., Ltd. Yu Kaijun has served as the secretary to the board and vice president of China National Building Material Company Limited (中國建材股份有限公司) in June 2018 and during the period from May 2018 to November 2021, respectively. Yu Kaijun has served as general counsel of China National Building Material Company Limited during the period from March to November 2021. Yu Kaijun served as the chief financial officer of China National Materials Company Limited from July 2010 to May 2018. Yu Kaijun worked at the Finance Bureau of Pingliang District of Gansu Province from July 1982 to November 1990. Yu Kaijun served as chief financial officer and deputy general manager of Shenzhen Languang Science & Technology Co., Ltd. (and its predecessor, Shenzhen Languang Electronic Industrial Corporation) from November 1990 to October 2001. Yu Kaijun served as chief financial officer of Sinoma International Engineering Co. Ltd. (listed on the Shanghai Stock Exchange, stock code: 600970) from December 2001 to January 2011. Yu Kaijun served as a supervisor of Ningxia Building Materials Group Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 600449) and Xinjiang Tianshan Cement Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 000877) from December 2011 to April 2015. Yu Kaijun has served as a non-executive director of China Conch Venture Holdings Limited (listed on the Main Board of the Stock Exchange, stock code: 00586) since 1 November 2021. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Qicheng, born in June 1966, has been appointed as a supervisor of the Supervisory Board of the Company since 20 August 2020. Zhang Qicheng has also served as the supervisor of the Company from 27 June 2017 to 16 October 2018. Zhang Qicheng has been the head of the audit department of the Company since November 2015. Zhang Qicheng has served as the deputy chief accountant and director of the finance department of Beijing Building Materials Group Corporation Real Estate Development Co., Ltd. (北京建築材料集團總公司房地產開發有限公司) from February 2001 to March 2002. He joined Beijing GEM Real Estate Development Co., Ltd. (北京嘉業房地產開發公司) in March 2002 and took up various positions until November 2015, including chief financial officer, chief accountant, secretary to the party committee, secretary to the disciplinary committee and chairman of the labor union. He has been severing as the chairman of the Supervisory Board of BBMG Jidong Cement (Tangshan) Co., Ltd. since May 2018, and the director of the Office of Inspection of the party committee of the Company since December 2019. Zhang Qicheng graduated from North China University of Technology majoring in economics and management in July 1987 and obtained a master's degree in management from Central China Normal University in June 2010. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

Mr. Gao Junhua, born in January 1974, has been appointed as a supervisor of the Supervisory Board of the Company since 12 May 2021. Gao Junhua holds a bachelor's degree in engineering and is an engineer. Gao Junhua graduated from Wuhan Industrial University (武漢工業大學) in July 1996, majoring in automation. Gao Junhua is currently a deputy secretary of the Disciplinary Committee of the Company. Gao Junhua joined Beijing General Factory of Building Materials Products (北京市建材製品總廠) in July 1996 and served successively as a technician, deputy director, branch party secretary, chief deputy director and workshop director of the keel workshop of Beijing General Factory of Building Material Products, a deputy office director, director, head of organization department, deputy secretary of the communist party committee, secretary to the discipline inspection committee and chairman of the labor union of Beijing Star Building Material Company (北京星牌建材公司), a secretary to the discipline inspection committee and chairman of the labor union of Beijing BBMG Energy-saving Insulation Company (北京金隅節能保溫公司). Gao Junhua served as a secretary to the discipline inspection committee and a chairman to the labor union of Beijing BBMG Energy-Saving Insulation (Jinhaiyan Glass Wool) Company Limited (北京金隅節能保溫(金海燕玻璃棉)有限公司) from May 2016 to August 2018; he served as a deputy director of the discipline inspection and supervision office and a director of the discipline inspection and supervision and investigation office of the Company from August 2018 to November 2020; Gao Junhua has served as a deputy secretary to the discipline inspection committee of the Company since November 2020. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang Guijiang, born in February 1980, has been appointed as a supervisor of the Supervisory Board of the Company since 12 May 2021. Wang Guijiang holds a bachelor's degree in law and is a political engineer. Wang Guijiang graduated from Hebei Institute of Building and Technology (河北建築科技學院) in June 2003, majoring in clerical and office automation. He served as an office secretary of Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司). Wang Guijiang graduated from Hebei University (河北大學) in June 2006, majoring in administrative management. Wang Guijiang is currently an office director and a director of the Party Committee Office of the Company. Wang Guijiang served successively as an office secretary of Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司), assistant to office director and deputy director of Handan branch of Hebei Taihang Cement Co., Ltd., office director, director of the Party Group Work Department, secretary of the Youth League Committee, manager assistant, director of the discipline inspection and supervision office, chairman of the labor union and deputy secretary of the communist party committee of Handan Shexian BBMG Cement Co., Ltd. (邯鄲涉縣金隅水泥有限公司). Wang Guijiang served as a deputy head of the organization division of the Party Committee of the Company from March 2016 to October 2020; and has served as an office director and director of the Party Committee Office of the Company since October 2020. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

Mr. Gao Jinliang, born in March 1977, has been appointed as a supervisor of the Company since 26 November 2020. Gao Jinliang has been the vice chairman of the labor union of the Company since October 2020 and has been the head of the Labour Union Affairs Department of the Company since December 2020. He worked in Beijing Woodworking Factory since August 2001. Gao Jinliang served successively as the business manager of sales department of decoration materials branch of Beijing Woodworking Factory and an officer of Youth League Committee, an officer of CPC Organization Department and the assistant minister of BBMG Group Company Limited. Gao Jinliang served as the vice chairman of the labor union of the Company from February 2008 to July 2018, the deputy party secretary of Tangshan Branch of BBMG Jidong Cement (Tangshan) Co., Ltd. from July 2018 to October 2020, and the secretary of the discipline inspection committee and chairman of the labor union of Tangshan Branch of BBMG Jidong Cement (Tangshan) Co., Ltd. from July 2018 to October 2019, and a supervisor of Jidong Cement Fengrun Co., Ltd. from December 2018 to October 2019. Gao Jinliang obtained a master's degree in business administration from University of Chinese Academy of Sciences in July 2010. Gao Jinliang is a senior political engineer. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Qiu Peng, born in November 1984, has been appointed as a supervisor of the Supervisory Board of the Company since 12 May 2021. Mr. Qiu Peng holds a master's degree in management and graduated from the Business School of Central University of Finance and Economics (中央財經大學) in July 2010, majoring in technology economics and management and worked for the Company. Mr. Qiu Peng is currently a head of the asset management department of the Company, supervisor of Tianjin Building Materials Group (Holdings) Co., Ltd. (天津市建築材料集團(控股)有限公司), chairman of the supervisory committee of BBMG Finance Co., Ltd. (北京金隅財務有限公司), supervisor of BBMG Finance Lease Co., Ltd. (金隅融資租賃有限公司), supervisor of Beijing BBMG Finance Lease Co., Ltd. (北京金隅融資租賃有限公司), the director of Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司) and Beijing Building Materials Testing Academy Co., Ltd. Mr. Qiu Peng served as an officer of the Board Office, deputy director of the Strategic Development Department, deputy director of the Operation and Information Management Department and deputy director of the Operation and Information Management Department of the Company. Save as disclosed above, he does not hold directorship in any other listed public companies in Hong Kong or overseas during the past three years and he does not hold any other position with the Company and other members of the Group.

Senior Management

Ms. Li Li, born in May 1968, has served as the deputy general manager of the Company since November 2019. Ms. Li Li holds a university degree and a master's degree in accounting. Ms. Li Li also graduated from Guanghua School of Management of Peking University majoring in executive master of business administration. She is a senior accountant. From 1990 to 1997, Ms. Li Li served successively as a technician, a staff member of the technology department, the chief of the finance unit of the sixth project department, and a staff member of the finance department of Hydropower Branch of Beijing Fifth Urban Construction Engineering Company (北京市第五城市建設工程公司水電分公司). From 1997 to 2011, she served successively as a staff member of the listed company preparatory committee of Beijing Urban Construction Group (北京城建集團上市公司籌備委員會), a member of the planning and finance department of Beijing Urban Construction Co., Ltd., and a staff member of the Planning and Finance Department, deputy manager of the Financial Department, manager of the Financial Department, deputy chief accountant and chief accountant of Beijing Urban Construction Investment Development Co., Ltd. (北京城建投資發展股份有限公司). Ms. Li Li served as the chief financial officer and deputy general manager of Beijing Urban Construction Group Co., Ltd. from 2011 to 2019.

Mr. Liu Wenyan, born in June 1967, has been a deputy general manager of the Company since 26 October 2012, has served as the secretary of the communist party committee and chairman of Jidong Development Group Co., Ltd. ("**Jidong Group**") from October 2016 to April 2020. Liu Wenyan served as executive director and chairman of Tangshan Jidong Equipment and Engineering Co., Ltd. (唐山冀東裝備工程股份有限公司) from April to August 2018, and has served as the secretary of the communist party committee, chairman and general manager of BBMG New Building Materials Industrialization Group Co., Ltd. (北京金隅新型建材產業化集團有限公司) from August 2018 to May 2020 (served

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

as general manager till March 2019). Liu Wenyan has extensive experience in the cement industry and served as a deputy manager of Beijing Liulihe Cement Co., Ltd., a wholly-owned subsidiary of the Company, from February 2004 to March 2007. He is mainly responsible for the overall business development, planning and management of the cement operations of the Company. He graduated from the Materials Faculty of the Beijing University of Technology majoring in materials engineering. He is a master degree graduate and an engineer.

Mr. Jiang Changlu, born in May 1965, has been a deputy general manager and standing member of the party committee of the Company since June 2017 and has served as the secretary of the communist party committee and chairman of Jidong Cement from October 2016 to January 2020. Jiang Changlu began working in August 1987, and graduated from the University of Science and Technology Beijing majoring in environmental science and engineering. He is a master of engineering and a senior economist. Jiang Changlu served as supervisor of the Technology Department, technician of Raw Material Workshop, operator of New Line Branch, deputy director of Production Safety Department, deputy manager of Transportation Company, director and branch secretary of Supply Department, deputy director and chief despatcher of Production Management Department, director of Supply Department and vice manager of Beijing Liulihe Cement Factory from August 1987 to November 2005; deputy director and director of the Cement Business Division of the Company, deputy manager of the Cement Branch, manager of BBMG Cement Trading Co., Ltd., vice general manager and chairman of Hebei Taihang Cement Co., Ltd. from November 2005 to May 2011; and director of the Cement Business Division of the Company and manager of BBMG Cement Trading Co., Ltd. from May 2011 to October 2015.

Mr. An Zhiqiang, born in November 1965, had served as assistant to the general manager of the Company from December 2015 to June 2016 and has served as the deputy general manager of the Company since May 2016. An Zhiqiang has served as the secretary of the communist party committee and the vice chairman of Tianjin Building Materials Group (Holding) Co., Ltd. (天津市建築材料集團(控股)有限公司) since June 2018 (served as chairman since March 2019). An Zhiqiang began working in July 1988, and graduated from Peking University, Guanghua School of Management majoring in business administration. He is a master of business administration and a senior economist. An Zhiqiang served as deputy director of the General Office, vice manager, standing vice manager, manager and secretary of the communist party committee of Beijing Building Material Machinery Factory (北京市建材機械製造廠), manager of Boshu Industry and Trade Company (博廈工貿公司), manager and deputy secretary of the communist party committee of Beijing Jianji Assets Management Co., Ltd. from January 1993 to February 2008; deputy general economist of BBMG Assets, manager and deputy secretary of the communist party committee of Beijing Jianji Assets Management Co., Ltd. from February 2008 to October 2015; and assistant to the general manager of the Company, manager and deputy secretary of the communist party committee of Beijing Jianji Assets Management Co., Ltd. from October 2015 to December 2015.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Dengfeng, born in September 1971, has served as the general counsel of the Company from June 2017 to February 2021. Zhang Dengfeng has been a supervisor of the Company between October 2012 and June 2017. Zhang Dengfeng served as officer and assistant to manager of the Human Resources Department of the Beijing Building Material Group (北京建材集團) from July 1994 to November 2002. Zhang Dengfeng joined BBMG Group Company Limited in November 2002 and served as deputy head of General Office and director of the research division. Zhang Dengfeng joined the Company as head of the Public Relations Department in March 2008 and has held the position of the head of the Company' General Office from June 2009 to October 2020. Zhang Dengfeng has served as the secretary of the party committee and assistant to general manager of the Company since October and December 2020 respectively, and has served as the head of the General Affairs Management Department at Headquarters of the Company since February 2021. Zhang Dengfeng graduated from the School of Public Administration of Renmin University of China with a master degree in management in July 2008. Zhang Dengfeng is a senior economist.

Mr. Kong Qinghui, born in January 1971, began working in July 1995 after graduating from Accounting Major of Chongqing University of Technology. He graduated from Chongqing University with a master degree in engineering and was an assistant accountant. From 1995 to October 2017, Kong Qinghui served as the general manager assistant and vice general manager of Baby-Joy Group in Yantai, vice general manager of Logistics Headquarters of Tangshan Jidong Cement Co., Ltd., vice general manager of marketing headquarters, vice general manager of Tangshan Jidong Cement Co., Ltd., in Sichuan-Chongqing Region, vice general manager and general manager in Shaanxi Region, vice chairman and general manager of Jidong Heidelberg (Jingyang) Cement Co., Ltd., vice chairman of Jidong Heidelberg (Fufeng) Cement Co., Ltd. From October 2017 to April 2018, Kong Qinghui acted as the vice general manager of Tangshan Jidong Cement Co., Ltd.; since May 2018, he has acted as the director of Tangshan Jidong Cement Co., Ltd. and from April 2018 to January 2020, he acted as the general manager of Tangshan Jidong Cement Co., Ltd. From July 2018 to October 2019, Kong Qinghui acted as the deputy secretary of the communist party committee of Tangshan Jidong Cement Co., Ltd. Since October 2019, he acted as the secretary of the communist party committee of Tangshan Jidong Cement Co., Ltd. Since January 2020, Kong Qinghui has acted as the general manager assistant of the Company and chairman of Tangshan Jidong Cement Co., Ltd.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Xu Chuanhui, born in August 1972, began working in August 1995 after graduating from major of management information systems at Tianjin University of Commerce and business administration of Tsinghua University. He obtained the degree of MBA and is an engineer. From August 1995 to August 2018, he acted as the cadre and manager assistant of Co-ordination Planning Department of Beijing Building Materials Group Corporation, deputy manager of BBMG Property Management Co., Ltd., general manager of Beijing Jinhuyuan Property Management Co., Ltd., deputy manager of Beijing Gaoling Real Estate Development Co., Ltd. (Tengda Plaza), manager of Global Trade Branch of BBMG Property Management Co., Ltd., head of Real Estate and Property Division of the Company, general Party branch secretary of BBMG Real Estate Management Co., Ltd., manager and executive director of BBMG Hong Kong Limited, manager and executive director of BBMG Hongye Eco-Island Technology Co., Ltd., chairman of BBMG Qidi Technology Incubator Co., Ltd., executive director of BBMG Business Management Co., Ltd., and executive director of Beijing Aerated Concrete Co., Ltd. Since August 2018, Xu Chuanhui has acted as Party Secretary and chairman of BBMG Investment Property Management Co., Ltd. From August 2018 to January 2020, he acted as director of Investment Property Management Department of BBMG Corporation. Xu Chuanhui has served as the general manager assistant of the Company since January 2020.

Mr. Cheng Hongliang, born in November 1969, began working in August 1993. He was a urban gas engineering major graduate from Wuhan Urban Construction Institute and a business administration major graduate from University of Science & Technology Beijing, with an M.B.A. degree. He is an engineer. From August 1983 to May 2011, Cheng Hongliang was an office clerk of Beijing Building Materials Group Real Estate Development Co., Ltd., deputy director and director of Municipal Pipe Network Department of Beijing Building Materials Group Real Estate Development Co., Ltd., director of Chief Engineer Office and general manager assistant of BBMG GEM Real Estate Development Co., Ltd., deputy head of Business Division 2 of BBMG Group Company Limited, deputy head of Real Estate Development Department of the Company, deputy manager of Beijing Dacheng Real Estate Development Co., Ltd. and manager of Asset Operation Department, executive vice general manager of Beijing Dacheng Real Estate Development Co., Ltd.; from May 2011 to December 2012 to September 2017, Cheng Hongliang was the manager of Beijing Dacheng Real Estate Development Co., Ltd. From December 2012 to September 2017, Cheng Hongliang was the executive director and manager of Beijing Dacheng Real Estate Development Co., Ltd. From December 2016 to September 2017, Cheng Hongliang was the head of Asset Operation and Management Department of BBMG Group Company Limited and head of Asset Management Department of the Company. From September 2017 to March 2020, Cheng Hongliang was the deputy Party secretary, director and general manager of BBMG Real Estate Development Group Co., Ltd.; from August 2018 to March 2020, he was the head of Real Estate Development and Management Department of the Company. Cheng Hongliang has been a general manager assistant of the Company since March 2020 and has served as the party secretary and the chairman of BBMG Real Estate Development Group Co., Ltd. and the party secretary and the executive director of BBMG GEM Real Estate Development Co., Ltd. since September 2021.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Ming, born in February 1981, graduated from Beijing Institute of Aeronautical Materials with major in materials and obtained a master's degree and a doctorate in engineering. He is a senior engineer. Zhang Ming successively served as assistant engineer, engineer, and assistant of Beijing Institute of Aeronautical Materials, the deputy director of the market development department, the director of the market development department, the deputy director of the non-aviation civil product management department, the deputy director of the non-aviation product development, the director of the non-aviation products development, branch party secretary, the director of the honeycomb and core materials department of AVIC Composite Co., Ltd.* (中航複合材料有限責任公司). Zhang Ming served as the director of the environmental protection management department of the Company since September 2022, and served as the assistant to the general manager of the Company since October 2022.

Mr. Liu Yu, born in July 1986, was majored in law (civil, commercial and economic law) of China University of Political Science and Law. Liu Yu graduated from Central University of Finance and Economics with majoring in law and obtained a bachelor's degree and a master degree in law. He is a lawyer and economist. Liu Yu has successively served as the officer of BBMG Group Company Limited, the officer and the assistant to the director of legal affairs department and the assistant to the director and deputy director of the Board Office of the Company. Liu Yu has successively served as the secretary to the board, general counsel and deputy general manager of Tangshan Jidong Cement Co., Ltd. during the period from December 2016 to January 2021 and the deputy director of cement business management department of the Company during the period from August 2018 to October 2019. Liu Yu has served as general counsel and the director of legal compliance department of the Company and the director of Tangshan Jidong Cement Co., Ltd. and Tianjin Building Materials Group (Holding) Co., Ltd. since March 2021.

Mr. Zhang Jianfeng, born in August 1975, is currently the director of the Board Office of the Company and has served as the secretary of the Board of the Company since 24 August 2021. Zhang Jianfeng graduated from Wuhan Industry University (武漢工業大學) majoring in English in June 1998, and worked in Beijing Building Materials Group Co., Ltd. (北京建材集團有限責任公司) in August 1998. Zhang Jianfeng is currently the secretary of the Board and the director of the Board Office of the Company and is also the director of Tangshan Jidong Equipment and Engineering Co., Ltd. (唐山冀東裝備工程股份有限公司), a subsidiary of the Company. Zhang Jianfeng has served as a supervisor of China National Building Material Company Limited (listed on the Main Board of the Stock Exchange, stock code: 3323) since May 2022. Zhang Jianfeng successively acted as officer and assistant to the director of the Foreign Economy Division of Beijing Building Materials Group Co., Ltd. (北京建材集團有限責任公司), deputy director of the External Cooperation Department of BBMG Group Company Limited and deputy head of the Public Relations Department, deputy head of General Office and the deputy director of the Board Office of the Company.

CHAIRMAN'S STATEMENT



Jiang Yingu
Chairman

Dear Shareholders,

On behalf of the board of directors, I am pleased to present to you the annual results of the Company for the twelve months ended 31 December 2022 (the “**Reporting Period**”) and report on the operating results of the Company during the said period for your review.

Review

Results Performance

The year of 2022 is a highly unusual year. Adhering to the general requirements of “preventing and controlling the epidemic while stabilizing the economy and keeping development”, the Company implemented the strategic concept of “four developments”, efficiently coordinated the prevention and control of the COVID-19 pandemic, production and operation, strove to overcome the adverse effects and severe challenges brought by COVID-19 pandemic and economic downturn, and achieved hard-won operating results.

During the Reporting Period, the Company recorded an operating revenue of RMB102,822.2 million, representing a year-on-year decrease of approximately 16.8%; net profit attributable to the shareholders of the parent company amounted to approximately RMB1,212.7 million, representing a year-on-year decrease of approximately 58.7%; basic earnings per share attributable to the shareholders of the parent company (before deducting other equity instrument indicators) amounted to RMB0.11, representing a year-on-year decrease of approximately 59.3%.

Business Performance

Modern green building materials segment remained stable operation In terms of the cement business, externally, the Company played a leading role in the regional market and strove to build a sound industry ecology; internally, the Company focused on green transformation and technological innovation to enhance industrial value and strengthen fine management, and made important contributions to keeping the Company’s economic development stable. In terms of the modern building materials business, the Company focused in depth on the core business, optimized and adjusted the management and control mode of prefabricated industry, strengthened systematic

CHAIRMAN'S STATEMENT

reduction and control of costs, and sped up the process of making technology breakthroughs, so as to provide new driving forces for the enterprise development. In terms of the high-end equipment manufacturing business, the Company comprehensively promoted the strategic centralized and direct procurement, strengthened the quality and cost control of the whole chain, improved the service at home and explored the market abroad, so as to further improve the market competitiveness of products. In terms of the commerce logistics business, the Company adhered to the combination of stability and prevention, accurately combined research with judgment, continued to optimize the business layout, enriched the supporting service functions, and stabilized the channel construction.

Property development and operation segment improved quality while ensuring stability In terms of the real estate development business, the Company improved operational efficiency, ramped up sales efforts, sped up the recovery of funds, and carefully selected best land in land auction to ensure safe operation. In terms of the property development business, the Company overcame the impact of the COVID-19 pandemic, made classified policies and precise efforts, controlled the price and quantity of office buildings, continuously improved the brand influence of commercial and vacation business, and steadily improved the operating quality of the full-business service system.

In 2022, the Company continued to deepen the strategic layout of its main businesses, strengthened the coordinated development of industries, and promoted the extension of the industrial chain, with an increase in mine reserves and land reserves as well as improvement in aggregate production capacity and disposal capacity of hazardous solid wastes. The Company improved the scientific and technological innovation system, promoted the transfer of scientific and technological achievements, and accelerated the digital-intelligent transformation. Three subsidiaries won the national Specialized and Sophisticated "Little Giant" Enterprise awards, and 23 provincial and ministerial science and technology awards and 739 authorized patents were newly added. The Company continued to improve the modern enterprise system, constantly strengthened legal compliance and internal control and management and was selected as a typical case of State-owned Assets Supervision and Administration Commission of the State Council, and played a leading role in the domestic building materials industry in terms of environment, society and governance.

Prospect

At present, the uncertainty of the external environment is increasing. Global inflation remains high, and the growth momentum of world economy and trade has weakened. The fundamentals that will sustain stable growth of domestic economy needs to be consolidated. Real estate risks have not been fundamentally resolved, and uncertain and unstable factors in economic performance cannot be ignored. However, Chinese economy has strong resilience, great potential and is full of vitality that the fundamentals of China's long-term economic improvement remain unchanged. With the continued implementation of the proactive fiscal policies and prudent monetary policies, the economic performance is forecasted to improve and recover.

CHAIRMAN'S STATEMENT

In 2023, the Company will insist on the “One High, Double Win, Three Coordination”, firmly adhere to the primary task of high-quality development, strive to outperform the peers and the companies at the same level in the same industry, better coordinate the reasonable growth in quantity and effective improvement of quality, and vigorously boost confidence in development; better coordinate the development of new materials industry, the development of “carbon neutrality and peak carbon emission” and transformation of digital intelligence, and strive to build a modern industrial system with BBMG characteristics; better coordinate market reform and material risk control, and create with effort the world's outstanding enterprise.

Modern green building materials segment The Company will stabilize growth. In terms of the cement business, the Company will make accurate judgments regarding the market trend, seize the “window of opportunity”, adopt powerful measures to raise the quantity, price and profit, and create more values and profits. In terms of the modern building materials business, the Company will accelerate the scale development of furniture, rock wool, mortar and other industries, and strive to become a leading enterprise in each segment; actively plan the strategies in emerging industries and promote the research and development and industrialization of new material products. In terms of high-end equipment manufacturing business, the Company will rely on scientific and technological innovation, emphasize the characteristics of specialization and refinement. For the commerce logistics business, the Company will promote digital transformation and enhance the value-added ability of supply chain services.

Property development and operation segment The Company will enhance the benefits. In terms of the real estate development business, the Company will grasp the opportunities as the market gradually returns to normal after the industry bottomed out, forge product strength, brand strength and marketing capability under the new situation, increase the sales of existing products, effectively respond to market competition, and stabilize profits and scale. In terms of the property management business, the Company will strengthen the operation ability, improve the service quality, innovate the operation strategy and improve the operation efficiency.

Jiang Yingwu

Chairman & executive Director

Beijing, the PRC

29 March 2023

MANAGEMENT DISCUSSION & ANALYSIS



BBMG 金隅



MANAGEMENT DISCUSSION & ANALYSIS

PARTICULARS OF THE INDUSTRIES IN WHICH THE COMPANY OPERATED AND PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD**(I) Industries of the Company****1. Cement industry:**

In 2022, China increased its macro-control efforts to cope with the impact of unexpected factors, maintaining economic growth, and China moderately carried out infrastructure investments in advance, which strongly supported the rebound of infrastructure investment, but the real estate investment declined deeply. According to the Statistical Communique on the 2022 National Economic and Social Development issued by the National Bureau of Statistics of China, in 2022, the national fixed assets investment (excluding farmers) was RMB57,955.6 billion, representing a year-on-year increase of 4.9%, of which the infrastructure investment increased by 9.4% and the real estate development investment decreased by 10%. From the perspective of cement supply and demand, in 2022, faced with the fact that the real estate market continued to bottom out and the downward pressure on the economy continued to increase, the demand for cement contracted rapidly. According to the data of the National Bureau of Statistics of China, the national cement output in 2022 was 2.13 billion tons, representing a year-on-year decrease of 10.5%, and the cement output was the lowest since 2012, representing the maximum decline since 1969. With the effective prevention and control of the COVID-19 pandemic and the implementation of the spirit of the 20th National Congress of the Communist Party of China and the Central Economic Work Conference, a new round of economic revitalization is expected to start, and the infrastructure investment is expected to increase rapidly as compared with the previous year.

2. Property development industry:

In 2022, due to the downturn of real estate market in many places, the suspension of the construction of several forward delivery housing projects and other unfavorable factors, aggravated by weakening of the driving force for medium and long-term housing demand, the real estate industry faced greater challenges. Although the regulatory policies and the credit environment have been continuously optimized since the beginning of the year, the policy effect was not obvious, and the deep adjustment situation of the real estate market has not changed.

MANAGEMENT DISCUSSION & ANALYSIS

According to the data of the National Bureau of Statistics, in 2022, the investment in real estate development in China was RMB13,289.5 billion, representing a decrease of 10% over last year. Among them, the investment in residential properties was RMB10,064.6 billion, representing a decrease of 9.5% over last year. Investment in residential properties accounted for 75.7% of aggregate investment in real estate development, representing an increase of 0.4 percentage point over last year. The construction sites for corporate use of real estate developers were 9,049.99 million sq.m., representing a decrease of 7.2% over last year, among which, 6,396.96 million sq.m. were area of construction sites for residential properties, representing a decrease of 7.3% over last year. The area of newly commenced construction of real estates was 1,205.87 million sq.m., representing a decrease of 39.4% over last year. Among them, the area of newly commenced construction of residential properties was 881.35 million sq.m., representing a decrease of 39.8% over last year. The area of completed real estate was 862.22 million sq.m., representing a decrease of 15.0% over last year. Of this, the area of completed residential properties was 625.39 million sq.m., representing a decrease of 14.3% over last year. In 2022, land area acquired by real estate developers was 100.52 million sq.m., representing a decrease of 53.4% over last year. The transaction price of land was RMB916.6 billion, representing a decrease of 48.4% over last year. The area of sold commodity housing was 1,358.37 million sq.m., representing a decrease of 24.3% over last year. Specifically, the area of sold residential properties decreased by 26.8% over last year, the area of sold office decreased by 3.3% over last year and the area of sold of properties for commercial operation decreased by 8.9% over last year. The sales of commodity housing amounted to RMB13,330.8 billion, representing a decrease of 26.7% over last year. Of this, the sales of residential properties decreased by 28.3% over last year, and the sales of office and properties for commercial operation decreased by 3.7% and 16.1% over last year, respectively. As at the end of 2022, the area of commodity housing for sales was 563.66 million sq.m., representing an increase of 10.5% compared with the end of last year.

MANAGEMENT DISCUSSION & ANALYSIS

(II) Business of the Company during the Reporting Period**1. Modern Green Building Materials Segment**

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

Modern green and environmentally-friendly building materials manufacturing business: With cement as its core product, the Company has formed a complete industrial chain of building materials that is compatible with upstream and downstream businesses, which covers concrete, wall body and insulation materials, prefabricated building system and parts and furniture and woods, as well as an interactive mechanism that includes products and services such as decoration, architectural design and main construction contract of installations, creating a coordinated development pattern for the whole industrial chain. Currently, the production capacity of clinker amounted to approximately 110 million tonnes; the production capacity of cement amounted to approximately 180 million tonnes; the production capacity of ready-mixed concrete amounted to approximately 54.0 million cubic meters while the production capacity of aggregates amounted to 62.0 million tonnes and the production capacity of grinding aids and admixtures approximated 0.24 million tonnes, respectively. Its annual capacity for disposal of hazardous wastes and solid wastes was over 5.3 million tonnes (including construction waste). The Company insisted on promoting market expansion and strategic resources consolidation simultaneously and has had a total of 1,490 million tonnes of limestone reserve in Beijing-Tianjin-Hebei region. The Company's building materials products and construction and installation services were widely used in the construction of key hotspot projects, such as the Beijing's urban sub-center, Xiong'an New District, the Winter Olympic Stadium, Universal Studios Beijing and COVID-19 epidemic-combating hospitals, which fully demonstrated the strength of BBMG's modern building materials business in terms of brand, quality and industrial chain and enhanced systematic application and coordinated marketing of its products.

MANAGEMENT DISCUSSION & ANALYSIS

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

2. ***Property Development and Operation Segment***

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

Property development business: The Company developed approximately 170 property projects with a total gross floor area over 30.0 million sq.m.. The overall strength with an area under construction reached over 8.0 million sq.m. during the year. At present, the Company has made its presence in 16 cities including Beijing, Shanghai, Tianjin, Chongqing, Hangzhou, Nanjing, Chengdu, Hefei, Qingdao, Tangshan, Haikou and Changzhou, developing a nationwide business presence “from Beijing to three major economic rims, namely Beijing-Tianjin-Hebei region, Yangtze River Delta and Chengdu-Chongqing region”.

Property operation business: At present, the Company holds investment properties of the area of approximately 2,179,000 sq.m. such as high-end office buildings, commercial and industrial parks, of which 1,215,000 sq.m. are high-end investment properties in core areas in Beijing, and manages properties inside and outside Beijing of the area of 17.55 million sq.m.. Its professional capabilities, brand awareness, occupancy rate and revenue have led the industry in Beijing and even the PRC for years.

MANAGEMENT DISCUSSION & ANALYSIS

Summary of Financial Information

	2022	2021	Change
	RMB'000	<i>RMB'000</i>	
Operating revenue	102,822,162	123,634,448	-16.8%
Operating revenue from principal business	102,218,692	122,624,107	-16.6%
Gross profit from principal business	14,976,804	19,360,712	22.6%
Gross profit margin from principal business	14.7%	15.8%	a decrease of 1.1 percentage points
Net profit attributable to the shareholders of the parent company	1,212,673	2,933,015	-58.7%
Basic earnings per share attributable to the shareholders of the parent company (before deducting other equity instrument indicators)	RMB0.11	RMB0.27	-59.3%
Cash and bank balances	15,996,436	21,921,969	-27.0%
Current assets	156,824,356	169,958,731	-7.7%
Current liabilities	118,844,662	119,733,796	-0.7%
Net current assets	37,979,694	50,224,935	-24.4%
Non-current assets	124,695,698	116,398,079	7.1%
Non-current liabilities	67,779,454	71,089,208	-4.7%
Total assets	281,520,054	286,356,810	-1.7%
Equity attributable to the shareholders of the parent company	63,629,915	63,717,492	-0.1%
Debt ratio (total liabilities to total assets) (%)	66.3	66.6	a decrease of 0.3 percentage point

MANAGEMENT DISCUSSION & ANALYSIS

Summary of Business Information

	2022	2021	Change
1. Modern green building materials segment			
Aggregate sales volume of cement and clinker (in million tonnes)	86.9	99.7	-12.8%
Sales volume of ready-mixed concrete (in million cubic metres)	11.9	15.3	-22.2%
Stone wool boards (in thousand tonnes)	94.8	103.9	-8.8%
2. Property development and operation segment			
Booked gross-floor area ("GFA") (in thousand sq.m.)	1,244.16	1,833.63	-32.1%
Contracted sales GFA (in thousand sq.m.)	916.3	1,478.4	38.0%
GFA of investment properties (in thousand sq.m.)	1,658.0	1,746.8	-5.1%

The year of 2022 was an eventful year. All employees of the Group promoted the culture of performing actual deeds, implemented the strategy concept of "Four Developments", efficiently coordinated the risk prevention and control as well as production and operation, and made every effort to overcome the negative influence and severe challenges resulting from the fluctuation of market and economic downturn, thereby achieving a hard-earned business performance.

During the Reporting Period, the Company recorded operating revenue of approximately RMB102,822.2 million, of which operating revenue from its principal business amounted to approximately RMB102,218.7 million, representing a year-on-year decrease of approximately 16.6%; total profit amounted to approximately RMB3,325.0 million, representing a year-on-year decrease of approximately 57.8%; net profit amounted to approximately RMB1,739.9 million, representing a year-on-year decrease of approximately 66.6%; and net profit attributable to the shareholders of the parent company amounted to approximately RMB1,212.7 million, representing a year-on-year decrease of approximately 58.7%.

MANAGEMENT DISCUSSION & ANALYSIS

1. Modern Green Building Materials Segment

For the cement business, the Company internally strengthened the integration of production and marketing and regional linkage, and externally exerted the leading role of leading enterprises externally, and strove to build good industry ecology. The Company focused on green transformation, scientific and technological innovation, enhanced the industrial value, deepened the work of “cultivating excellence”, strengthened the fine management, overcame many difficulties, tried every means to stabilize operation and tapped internal potential, and made important contributions to stabilizing the Company’s main economic business.

For the concrete business, the Company focused on control and reduction of receivables, settlement of overdue account receivables, and made efforts on cost control and management, and constantly improved the management skills.

For the modern building materials business, the Company deeply focused on the core business, optimized and adjusted the management and control mode of assembled industries, strengthened systematic cost reduction, and accelerated scientific and technological research, providing new driving force for the Company’s development.

For the high-end equipment manufacturing business, the Company comprehensively promoted the strategic centralized procurement and direct procurement, strengthened the quality and cost control of the whole chain, strengthened the service internally and expanded the market externally, and further improved the market competitiveness of products.

For the commerce logistics business, the Company adhered to the combination of business stability and defence, analysed and decided accurately interconnectively and continued to optimize the business layout, enriched the supporting service functions, and stabilized the channel construction.

During the Reporting Period, the modern green building materials segment recorded operating revenue from its principal business of approximately RMB78,274.1 million, representing a year-on-year decrease of approximately 4.3%; and such segment recorded gross profits from principal business of approximately RMB10,046.2 million, representing a year-on-year decrease of approximately 22.6%. During the Reporting Period, sales volume of cement and clinker was approximately 86.9 million tonnes (exclusive of joint ventures and associates of the Company), representing a year-on-year decrease of approximately 12.8%, among which sales volume of cement amounted to approximately 78.0 million tonnes and sales volume of clinker amounted to approximately 8.9 million tonnes; the aggregated gross profit margin for cement and clinker was approximately 19.95%, representing a year-on-year decrease of approximately 2.84

MANAGEMENT DISCUSSION & ANALYSIS

percentage points. The sales volume of concrete business amounted to approximately 11.9 million cubic meters, representing a year-on-year decrease of approximately 22.2%; the gross profit margin of concrete was approximately 8.0%, representing a year-on-year decrease of approximately 2.6 percentage points.

2. Property Development and Operation Segment

For the real estate development business, the Company firmly adhered to the principle of “ensuring delivery, grasping sales and removing inventory”, shortening the opening cycle of new projects, and significantly increasing the sale of non-residential inventory products. The Shanghai Yangpu Project, the Hangzhou Pengbu Project etc. were sold out once launched for sale. The planned plot ratio area of new land reserve throughout the year was about 243,000 square meters.

Land Reserve Acquired by the Group in 2022

No.	Name of projects (parcel of land)	Location	Use of land	Land area of the project (m ²)	Planned plot ratio area (m ²)	Land price (RMB million)	Method of acquisition	Date of acquisition (yy-mm)	Percentage of ownership
1	R2 class 2 residential land, land parcel 1303-685, 694 of a primary land development project at Chaoyang Port Phase 1, Shibalidian, Chaoyang District, Beijing	Shibalidian, Chaoyang District, Beijing	Class 2 residential land	34,502	86,256	3,880.0	Listing	2022.05	49%
2	R2 class 2 residential land, land parcel 29-321 of Shantytown renovation in Naixi Village, Cuigezhuang Town, Chaoyang District, Beijing	Naixi Village, Cuigezhuang Town, Chaoyang District, Beijing	Class 2 residential land	31,921	70,864	3,231.5	Listing	2022.11	100%
3	R2 Class 2 residential land and A33 land for education, land parcel HD00-0403-0004, 0005, Yongfeng Industrial Base, Xibeiwang Town, Haidian District	Xibeiwang Town, Haidian District, Beijing	Class 2 residential land, land for education	55,860	86,350	4,500.0	Holding equity interest	2022.06	34%
Total				122,283	243,470	11,611.5			

MANAGEMENT DISCUSSION & ANALYSIS

The Table of Land Reserve of the Group as at 31 December 2022

No.	Project Name	Geographical Location	Land Reserve Area (thousand sq.m.)	Percentage of the Group's Interest
		Total	7,105.5	
	Commodity housing	92.4%	6,564.6	
1	Chongqing-Xinduhui	Chayuan, Nan'an District, Chongqing	1,703.3	100.00%
2	Tianjin-Jinzhong	Jinzhong Road, Dongli District, Tianjin	388.5	100.00%
3	Qingdao-Jimo	Chuangzhi New District, Jimo District, Qingdao	350.3	100.00%
4	Tangshan-Metallic mine	To the west of Gangyao Road and the east of planned road, Tangshan	323.0	100.00%
5	Tianjin-Beichen Plant 2 and 3	Intersection of Wenqing Road and Chaoyang Road, Beichen District, Tianjin	287.7	100.00%
6	Chongqing – Nanshanjun	Nanshan, Nan'an District, Chongqing	245.8	100.00%
7	Beijing-Guigu ONE	Pingfang Village, Beiqijia Town, Changping District, Beijing	239.3	34.98%
8	Tianjin -Airport	Airport Economic Zone, Tianjin	228.1	100.00%
9	Tianjin-Beichen Plot No.013	Xinfeng Road, Beichen District, Tianjin	164.5	100.00%
10	Hefei-Shushan	Fanwa Road, Shushan District, Hefei	135.9	50.99%
11	Nanjing-Changzhou Zhonglou	Yueji Road, Zhonglou District, Changzhou	135.0	100.00%
12	Beijing-Jinchenfu	Beiqijia Town, Changping District, Beijing	128.3	49.03%
13	Nanjing-Plot G88	Moling Street, Jiangning District, Nanjing	120.9	49.05%
14	Chongqing-Times Metro	Chayuan, Nan'an District, Chongqing	120.3	100.00%
15	Chengde-Jinyufu	Yingshou Yingzi Mine Area, Chengde	116.2	100.00%
16	Beijing-Shangchengjun	Beiqijia Town, Changping District, Beijing	106.9	91.02%
17	Tangshan-Qixin C01	Xinhuadong Road, Lubei District, Tangshan	92.5	100.00%
18	Chengdu-Jincheng Xifu	High-tech District, Chengdu	91.8	100.00%
19	Tangshan-Qixin C02	South side of Beixin Road, Tangshan	91.7	100.00%
20	Beijing-Naixi plot	Laiguangying North Road, Chaoyang District, Beijing	90.3	100.00%

MANAGEMENT DISCUSSION & ANALYSIS

The Table of Land Reserve of the Group as at 31 December 2022 (continued)

No.	Project Name	Geographical Location	Land Reserve Area (thousand sq.m.)	Percentage of the Group's Interest
21	Tianjin-Yuecheng	Zhangguizhuang, Dongli District, Tianjin	89.0	100.00%
22	Chengdu- Shangchengjun	Dafeng Street Community, Xindu District, Chengdu	72.9	100.00%
23	Nanjing- Zijindieyuan	Jiangpu Street, Pukou District, Nanjing	71.4	100.00%
24	Beijing-Yunzhu Phase 2	Chaoyang Port, Shibalidian, Chaoyang District, Beijing	69.5	49.06%
25	Hefei-S1802	Tongling Road, Baohe District, Hefei	66.2	100.00%
26	Beijing-Yunzhu Phase 1	Chaoyang Port, Shibalidian, Chaoyang District, Beijing	65.7	59.97%
27	Chengdu-Dachengjun	Xihanggang Street, Shuangliu County, Chengdu	63.0	100.00%
28	Ningbo-Eastern New Town Project	Core area in Eastern New Town, Ningbo	62.1	100.00%
29	Tangshan-Caofeidian New City	Caofeidian New City, Thangshan	60.9	100.00%
30	Shanghai-Dachengmingting	Juyuan New District, Jiading District, Shanghai	60.2	100.00%
31	Chengdu-Shangxifu	Pidu District, Chengdu	56.5	100.00%
32	Hefei - Dachengjun	Baohe District, Hefei	51.4	100.00%
33	Chengdu-Longxihui	Xihanggang Street, Shuangliu County, Chengdu	50.7	100.00%
34	Haikou -Yanguangjun	Street 17, Changbin, West Coast, Haikou	45.1	100.00%
35	Shanghai-Yangpu project	Jiangpu Community of Yangpu District, Shanghai	42.7	100.00%
36	Beijing-Huideli	Xibeiwang Town, Haidian District, Beijing	41.4	34.06%
37	Nanjing-Plot G79 at Qixia District	Qixia District, Nanjing	40.7	34.15%
38	Qingdao-Hefu	Shibei District, Qingdao	35.7	100.00%
39	Others	-	358.2	-

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The Table of Land Reserve of the Group as at 31 December 2022
(continued)

No.	Project Name	Geographical Location	Land Reserve Area (thousand sq.m.)	Percentage of the Group's Interest
	Policy-related Housing	7.6%	540.9	
1	Beijing – Linoleum factory	Heyi Street, Fengtai District, Beijing	289.8	100.00%
2	Beijing-Jinlinjiayuan	Yancun Town, Fangshan District, Beijing	164.7	100.00%
3	Beijing-Jin'gang Jiayuan	Tianzhu Town, Shunyi District, Beijing	46.2	95.02%
4	Beijing – Fengqi Home	Anningzhuang, Qinghe, Haidian District, Beijing	36.4	100.00%
5	Beijing – Shanglin Home	East of Jiancaichengzhong Road, Xisanqi, Haidian District	3.8	100.00%

For the property development business, the Company overcame the impact of the market, controlled the price while guaranteeing the quantity of office buildings, and kept the overall occupancy rate of major projects above 90%. The brand influence of commercial and hotel for vacations was continuously improved, and the quality of operation was steadily improved.

MANAGEMENT DISCUSSION & ANALYSIS

During the Reporting Period, the property development and operation segment recorded the revenue from its principal business of approximately RMB25,848.7 million, representing a year-on-year decrease of approximately 40.5%, and the gross profit from its principal business was approximately RMB5,625.6 million, representing a year-on-year decrease of approximately 21.7%. The booked GFA was approximately 1,244,200 sq.m., representing a year-on-year decrease of approximately 32.1%, among which booked GFA of commodity housing amounted to approximately 1,199,400 sq.m., representing a year-on-year decrease of approximately 30.7%; booked GFA of policy-oriented housing was approximately 44,700 sq.m., representing a year-on-year decrease of approximately 56.9%. The aggregated contracted sales area of the Company was approximately 916,300 sq.m., representing a year-on-year decrease of approximately 38.0%, among which aggregated contracted sales amount of commodity housing amounted to 913,500 sq.m., representing a year-on-year decrease of approximately 37.3%, and the aggregated contracted sales amount of policy-oriented housing amounted to 2,800 sq.m., representing a year-on-year decrease of approximately 86.8%. As at the end of the Reporting Period, the Company had a land reserve totaling 6,609,400 sq.m.

The Company held approximately 2,179,000 sq.m. of investment properties such as high-end office buildings, commercial and industrial parks, with a consolidated average rental rate of 80% and a consolidated average rental unit price of approximately RMB5.8/sq.m./day. The high-end investment properties held in core areas in Beijing totaled 1,215,000 sq.m., with a consolidated average rental rate of approximately 80.56% and a consolidated average rental unit price of approximately RMB7.24/sq.m./day.

For details on the estimated completion time of the next phase set out in the breakdown of costs of property development in the inventories of the Company as at 31 December 2022, please refer to Note V. 8 to the financial statements on page 211.

MANAGEMENT DISCUSSION & ANALYSIS

RENTAL OPERATIONS OF THE MAJOR INVESTMENT PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2022

Property Name	Location	Use	Gross area (thousand sq.m.)	Fair value (RMB million)	Rental unit price (RMB/sq.m./day)	Average occupancy rate (Note 1)	Unit fair value (RMB/sq.m.)	Expiration of the land use right (Year)	
Phase 1 of Global Trade Center	North Third Ring Road, Beijing	No. 36, North Third Ring East Road, Dongcheng District, Beijing	Commercial	108.0	3,761.5	11.8	89%	34,829	2054
Phase 2 of Global Trade Center	North Third Ring Road, Beijing	No. 36, North Third Ring East Road, Dongcheng District, Beijing	Commercial	141.0	4,184.2	9.9	96%	29,676	2058
Phase 3 of Global Trade Center	North Third Ring Road, Beijing	No. 36, North Third Ring East Road, Dongcheng District, Beijing	Commercial	57.0	1,394.0	9.5	75%	24,456	2058
Tengda Plaza	West Second Ring Road, Beijing	No. 169, Xizhimenwai Street, Haidian District, Beijing	Commercial	68.0	1,975.0	10.1	91%	29,044	2045
Jin Yu Building	West Second Ring Road, Beijing	No. 129, Xuanwumen West Street, Xicheng District, Beijing	Commercial	41.0	1,406.0	12.3	91%	34,293	2058
Building Materials Trading Tower, Jianda Building	East Second Ring Road, Beijing	No. 14, Dongtucheng Road, Chaoyang District, Beijing	Commercial	59.0	1,146.8	6.4	72%	19,437	Note 2, 3
Huan Bohai Golden Shore Shopping Mall	Hexi District, Tianjin	No. 473, Jiefang South Road, Hexi District, Tianjin	Commercial	302.0	2,430.0	1.5	95%	8,046	2060
Pangu Plaza Building 5	North Fourth Ring Road, Beijing	No. 27 Courtyard, North Fourth Ring Middle Road, Chaoyang District, Beijing	Commercial	137.0	6,032.0	11.9	21%	44,029	Note 2
Phase 1 of Hi-tech Industrial Park	South Sixth Ring Road, Beijing	No. 3 Courtyard, Qingxiang North Road, Daxing District, Beijing	Commercial	122.0	1,056.0	2.3	100%	8,656	2058
Phase 2 of Hi-tech Industrial Park	South Sixth Ring Road, Beijing	No. 3 Courtyard, Qingxiang North Road, Daxing District, Beijing	Commercial	101.0	755.1	2.4	31%	7,674	2058
Phase 1 of Intelligent Manufacturing Plant	North Fifth Ring Road, Beijing	No. 27, Jiancaicheng Middle Road, Haidian District, Beijing	Commercial	75.0	663.1	5.9	99%	8,841	2046
Phase 2 of Intelligent Manufacturing Plant	North Fifth Ring Road, Beijing	No. 27, Jiancaicheng Middle Road, Haidian District, Beijing	Commercial	45.0	345.1	6.4	95%	7,669	2046
Subtotal				1,256.0	25,168.9				
Other properties	Beijing and Tianjing Municipality			922.6	13,537.1				
Total				2,178.6	38,705.9	5.8	79%	16,656	

MANAGEMENT DISCUSSION & ANALYSIS

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

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

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

ANALYSIS OF BUSINESS, ASSETS, LIABILITIES AND CASH FLOWS FOR THE REPORTING PERIOD

1. Principal business operations

Unit: RMB million

	Revenue from principal business	Cost of sales from principal business	Gross profit margin from principal business (%)	Increase or decrease in revenue from principal business compared with last year (%)	Increase or decrease in cost of sales from principal business compared with last year (%)	Increase or decrease in gross profit margin from principal business compared with last year
Modern green building materials segment	78,274.1	68,227.9	12.8	-4.3	-0.8	Decrease of 3.0 percentage points
Property development and operation segment	25,848.7	20,223.1	21.8	-40.5	-44.3	Increase of 5.2 percentage points
Eliminations	<u>(1,904.1)</u>	<u>(1,209.1)</u>	-	-	-	-
Total	<u>102,218.7</u>	<u>87,241.9</u>	14.7	-16.6	-15.5	Decrease of 1.1 percentage points

MANAGEMENT DISCUSSION & ANALYSIS

2. Investment properties measured at fair value

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 has engaged a valuer with relevant qualifications to make valuation on the fair value of the investment properties of the Group using the income approach 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 decreased by approximately RMB37.0 million year-on-year to approximately RMB612.4 million, accounting for 18.4% of the profits before tax. The change was mainly due to a year-on-year decrease in the appreciation of investment properties.

MANAGEMENT DISCUSSION & ANALYSIS

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

- (1) Selling expenses were approximately RMB2,370.0 million, representing a year-on-year decrease of approximately RMB289.1 million or 10.9%. Such decrease was mainly due to a decrease in collection of payment for property sales resulting in a decrease in agency intermediary fee.
- (2) Administrative expenses were approximately RMB6,958.2 million, representing a year-on-year increase of approximately RMB116.0 million or 1.7%. Such increase was mainly due to the year-on-year increase in employee remunerations and losses due to suspended production.
- (3) Finance costs were approximately RMB2,687.9 million, representing a year-on-year increase of approximately RMB316.3 million or 13.3%. Such increase was mainly due to the year-on-year decrease in the capitalised interest of property projects.
- (4) Gains on disposal of assets were approximately RMB1,306.7 million, representing a year-on-year increase of RMB1,232.8 million or 1,668.9%. Such increase was mainly due to the year-on-year increase in compensation received by the Company for disposal of assets.
- (5) Non-operating revenue was approximately RMB373.4 million, representing a year-on-year decrease of RMB729.9 million or 66.2%. Such decrease was mainly due to the year-on-year decrease in compensation of the Company.

MANAGEMENT DISCUSSION & ANALYSIS

4. Analysis of assets and liabilities

Unit: RMB

Items	Amount at the end of the Reporting Period	Percentage of	Amount at the end of last period	Percentage of	Change (%)	Explanation
		amount at the end of the Reporting Period over total assets (%)		amount at the end of last period over total assets (%)		
Bills receivable	422,263,122.28	0.15	705,691,610.82	0.25	-40.16	1
Accounts receivable	7,618,174,146.44	2.71	7,523,927,513.40	2.63	1.25	-
Receivables financing	1,496,573,941.98	0.53	2,514,575,159.07	0.88	-40.48	2
Prepayments	1,705,162,281.88	0.61	1,745,572,087.55	0.61	-2.31	-
Other receivables	7,357,457,848.35	2.61	9,432,966,788.14	3.29	-22.00	-
Inventories	111,184,131,016.91	39.49	116,928,823,487.74	40.83	-4.91	-
Contract assets	222,802,259.67	0.08	60,328,702.31	0.02	269.31	3
Non-current assets due within one year	269,845,114.30	0.10	127,377,276.90	0.04	111.85	4
Debt investments	1,155,764,072.96	0.41	490,902,028.26	0.17	135.44	5
Long-term receivables	2,851,242,784.44	1.01	1,004,712,317.80	0.35	183.79	6
Long-term equity investments	7,736,678,183.35	2.75	6,484,148,919.55	2.26	19.32	-
Investment properties	38,705,919,637.25	13.75	36,092,290,068.79	12.60	7.24	-
Construction in progress	3,604,955,673.02	1.28	1,901,031,174.31	0.66	89.63	7
Right-of-use assets	953,854,888.87	0.34	710,751,128.78	0.25	34.20	8
Other non-current assets	1,004,096,765.50	0.36	631,549,281.90	0.22	58.99	9
Short-term loans	25,482,825,771.43	9.05	25,140,608,000.00	8.78	1.36	-
Bills payable	3,633,062,025.07	1.29	3,217,498,008.45	1.12	12.92	-
Accounts payable	19,027,359,975.08	6.76	19,796,622,282.33	6.91	-3.89	-
Receipts in advance	315,238,031.96	0.11	328,325,876.17	0.11	-3.99	-
Contract liabilities	30,357,771,576.04	10.78	26,822,950,419.07	9.37	13.18	-
Short-term financing bonds payable	5,000,000,000.00	1.78	7,500,000,000.00	2.62	-33.33	10
Long-term loans	32,637,155,002.48	11.59	29,001,712,449.80	10.13	12.54	-
Bonds payable	26,493,958,938.44	9.41	33,499,674,504.50	11.70	-20.91	-
Lease liabilities	481,532,950.83	0.17	395,211,550.60	0.14	21.84	-
Long-term payables	299,650,814.94	0.11	345,169,768.56	0.12	-13.19	-
Accrued liabilities	478,333,744.87	0.17	503,461,378.37	0.18	-4.99	-
Other non-current liabilities	310,124.31	0.00	4,750,000.01	0.00	-93.47	11
Specific reserve	62,794,408.27	0.02	45,874,273.14	0.02	36.88	12

MANAGEMENT DISCUSSION & ANALYSIS

Explanation:

1. Bills receivable: A decrease of approximately 40.16% from the beginning of the Reporting Period, mainly due to the collection of bills as a result of the strengthened efforts on the management of bills of the Company.
2. Receivables financing: A decrease of approximately 40.48% from the beginning of the Reporting Period, mainly due to the collection of bills as a result of the strengthened efforts on the management of bills of the Company.
3. Contract assets: An increase of approximately 269.31% from the beginning of the Reporting Period, mainly due to the increase in the construction projects completed but not yet recognized.
4. Non-current assets due within one year: An increase of approximately 111.85% from the beginning of the Reporting Period, mainly due to the increase in finance lease payment due within one year.
5. Debt investments: An increase of approximately 135.44% from the beginning of the Reporting Period, mainly due to the increase in financial bonds and trust products.
6. Long-term receivables: An increase of approximately 183.79% from the beginning of the Reporting Period, mainly due to the fact that the Company cooperated with other property developers to develop certain property projects and the shareholders provided shareholder loans in proportion to their respective shareholdings.
7. Construction in progress: An increase of approximately 89.63% from the beginning of the Reporting Period, mainly due to continued investment in projects in progress of the Company.
8. Right-of-use assets: An increase of approximately 34.20% from the beginning of the Reporting Period, mainly due to the increase in leased assets of the Company.
9. Other non-current assets: An increase of approximately 58.99% from the beginning of the Reporting Period, mainly due to the increase in the prepayments for projects and equipment by the Company.
10. Short-term financing bonds: A decrease of approximately 33.33% from the beginning of the Reporting Period, mainly due to the repayment of short-term financing bonds by the Company.
11. Other non-current liabilities: A decrease of approximately 93.47% from the beginning of the Reporting Period, mainly due to the maturity of the advance payments on rents of the Company.
12. Specific reserve: An increase of approximately 36.88% from the beginning of the Reporting Period, mainly due to the increase in production safety fees appropriated by the Company.

MANAGEMENT DISCUSSION & ANALYSIS

5. Cash flows

During the Reporting Period, a net decrease of approximately RMB5,470.6 million in cash and cash equivalents was recognized in consolidated financial statements of the Company. Such decrease was the combined effect of: (i) the net cash inflows generated from operating activities of approximately RMB13,965.0 million, representing a year-on-year increase in net cash inflows of approximately RMB231.2 million, basically remaining flat; (ii) the net cash outflows generated from investment activities of approximately RMB6,732.5 million, representing a year-on-year increase in net cash outflows of approximately RMB329.3 million, basically remaining flat; (iii) the net cash outflows generated from financing activities of approximately RMB12,665.3 million, representing a year-on-year decrease in net cash outflows of approximately RMB1,545.0 million, which was mainly due to the fact that the Company made coordinated arrangements to repay loans during the Reporting Period; and (iv) the exchange realignment of approximately RMB37.8 million.

Core Competence Analysis

The Company is a leading building material enterprise of environmental protection, energy-saving and emission reduction and recycling development in Beijing-Tianjin-Hebei region, and contributes to the ecological civilization. During the Reporting Period, the Company demonstrated the responsibilities of state-owned enterprises in the capital of PRC by practicing the strategic concept of “four developments”, comprehensively promoting the implementation of the development planning under the 14th Five-Year Plan, serving the construction of “four centers” of Beijing, and improving the level of “four services” to facilitate the construction of a world-class harmonious and livable city. The Company adhered to the two core businesses of “manufacturing, trading and serving of green building materials, and real estate”, continued to strengthen and expand “large building materials” and “large real estate”, and fostered and developed the high-end equipment manufacturing industry and new commerce and trade service industry. Combining connotative development with outward expansion, the Company managed effective integration of internal and external resources centering on industrial chain coordination. The Company is built to be an eco-oriented enterprise, with strengthened stability of industrial chain and supply chain and promoted comprehensive and synergistic industrial development.

The core competitiveness of the Company is detailed as follows:

MANAGEMENT DISCUSSION & ANALYSIS

(I) *Competitive edge in coordinated development of industrial chain:*

The Company has the advantage of a fully vertically integrated industrial chain. Each industry continues to form its own industrial chain with core competitiveness and industrial resilience to adapt to the new stage and new consumer needs. The Company accelerated horizontal integration of similar businesses and vertical integration of upstream and downstream of the industrial chain, solidly and detailedly implemented the “chain length system” working mechanism by taking the cultivation of eco-oriented enterprises as the starting point, and enhanced the advantages and competitiveness of the industrial chain. The Company continuously strengthened the overall synergistic development capability and level of the industrial chain through the domestic sales, chain-type, intensive and group coordinated development, and comprehensively enhanced the synergistic competitive advantage of the industrial chain. The Company promoted outward expansion with the integration of external market resources, built a BBMG industrial ecology based on the core industrial chain, vigorously cultivated industrial development clusters, enhanced the resilience of industrial chain supply chain, and accelerated the construction of a modern industrial system with BBMG’s characteristics. BBMG was empowered with digital intelligence, took industrial internet as an effective means to promote industrial digitalization process and accelerate the transformation of manufacturing industry to service-oriented manufacturing. The Company formed the plan of the whole industrial chain of design, manufacturing, trade, construction, operation and maintenance, and service, manifesting the unique value advantage of the whole industrial chain and the advantage of all-round core competitiveness.

MANAGEMENT DISCUSSION & ANALYSIS

With cement, concrete and new materials as the core businesses for the “large building materials industry”, the Company built a whole industrial chain cluster of green building materials within the Group; deepened the coordinated development of the industry chain through promotion of cluster and park-based development; continuously built the leading position in the regional industry; integrated and developed the advantageous products of each industrial segment to maximize the value of resources. For cement business, the Company strengthened the strategic reserve of resources, optimized the plan of advanced production capacity, expanded green supply chain management and realized the transformation and upgrading of the industrial chain and value chain. For concrete business, the Company adhered to strengthen and expand in the Beijing-Tianjin-Hebei region, started and optimized business outside the Beijing-Tianjin-Hebei region, built a “smart, green, ecological and safe” benchmarking enterprise and cultivated the competitive edge in concrete business featured with BBMG characteristics. For modern green building materials business, the Company aimed to become the leading enterprise of assembly-type buildings in the Beijing-Tianjin-Hebei region and the leader in the integration solution of BBMG intelligent house system, adapting to the development of new construction industrialization and establishing the main industrial support for assembly-type buildings.

For the “large real estate industry” with real estate development and operation as the core businesses, the Company played the role of the industry leader and integrated resources in real estate development, and formed the business development and service capabilities in the whole chain of investment, development, operation and service. The Company enhanced the level of specialization of BBMG’s compound real estate with BBMG intelligent house 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. With the coordinated development of the large building materials business, the industry revitalized land resources to create high-quality products and services. The Company served urban renewal, built a large real estate model with the characteristics of “real estate + property + building materials”, and realized the organic integration of high-end property management, operation of science and technology innovation industrial parks and cultural and creative parks, investment in science and innovation investment, and human resource management.

MANAGEMENT DISCUSSION & ANALYSIS

Dependent on cement industry, high-end equipment manufacturing industry nurtured the leading comprehensive service provider and China's leading comprehensive service provider of intelligent equipment integration in the building materials industry. The trade service industry nurtured 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 cultivated emerging industries of the Group.

The property development industry drove the application of modern 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 modern green building materials and investment property and 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 modern green building materials manufacturing industry in the implementation of the "going out" strategy, the property development industry strengthened regional advantages, operated with efforts, expanded the development pipeline, strengthened land resource reserves in core cities, tapped into high-quality regional markets and optimized the core strategies. This allows exploration of new models and refined BBMG's solutions in the fields such as old community renovation and urban renewal.

Each main business mutually supported and promoted each other, and the scale, synergy, integration and complementary advantages with the industrial chain as the core continued to be enhanced, promoting the formation of BBMG's industrial ecology. Information sharing, complementary resources, and coordinated interaction between various business segments and upstream and downstream enterprises underline the advantages of integration, scale and coupling and create market competitive edge.

MANAGEMENT DISCUSSION & ANALYSIS

(II) *Competitive edge in science and technology innovation engine:*

The Company highlighted the core engine of innovation, strengthened the leading role of innovation, took science and technology innovation as an important strategic focus, achieved a perfect ending of the implementation of the Company's Three-Year Action Plan for Scientific and Technological Innovation (2021-2023) in all aspects, and consolidated the foundation of the driving system in the new era. Concentrating on the scientific and technological innovation complexes and ecological circles at all levels, the Company strengthened the collaborative integration of scientific and technological resources, the research and development of key common technologies and the transformation and implementation of scientific and technological achievements, and promoted open sharing and benign interaction of "government, industry, academia, research, finance, application and service". The Company deployed the innovation chain around the industrial chain and laid out the industrial chain around the innovation chain. Focusing on key matters such as "bottleneck" technology and industry wide technology, the Company vigorously developed strategic emerging industries, created cutting-edge BBMG characterised industries, and actively cultivated innovative businesses of the Group. The Company constructed a new innovation ecology, and built a new innovation model of "BBMG as the leader + small and medium-sized enterprises in concerted development", forming a situation of coordinated development of upstream and downstream, production, supply and marketing, and small, medium and large-scale enterprises. The Company promoted BBMG industrial investment and science and technology venture capital business, identified and cultivated "technologically advanced" small giants, invisible champions and unicorns enterprises, and promoted high-quality development of innovative enterprises with multi-layered capital market. Beijing Building Materials Testing Academy Co., Ltd., a subsidiary of the Company, successfully realized quotation on the National Equities Exchange and Quotations (Stock Code: 873910). For details, please refer to the section headed "Spin-off" in this Annual Report. Focusing on "four greens and one new", the Company promoted the overall upgrading of the industry with the research and development of new technologies, new products, new processes and new equipment and the transformation of the results, and constantly injected new vitality into the transformation and upgrading of the Company. Focusing on science and technology innovation and green low-carbon development, the Company cultivated the advantages in cutting-edge industries of energy conservation and environmental protection, intelligent equipment, new materials, R&D design and inspection and testing, and business incubation services, etc. and established the support of BBMG's modern industrial system.

MANAGEMENT DISCUSSION & ANALYSIS

The Company strengthened the establishment of rules, regulations and systems for science and technology management and consolidated the foundation of science and technology innovation system. The Company improved the incentive mechanism, promoted contractual management, created a good environment for scientific and technological innovation, and injected vitality and energy into innovation and development. The Company successfully obtained a number of second batch of major scientific and technological research projects in the national building materials industry. Beijing BBMG Tongda Fire-resistant Technology Co., Ltd. was successfully selected as the “Science and Technology Reform Demonstration Enterprise” issued by the State-owned Assets Supervision and Administration Commission of the State Council. The Company promoted the transformation of scientific and technological achievements, and a number of energy-saving and fuel substitution technologies were popularized and applied in cement enterprises. The high-efficiency and energy-saving vertical mill, energy-saving fan and other competitive products were recognized by the external market, and the new products such as special repair mortar, formaldehyde-free adhesive and furniture for elderly were put on the market.

(III) *Competitive edge in green and sustainable development:*

The Company insisted on being the pioneer and leader of “green, recycling and low-carbon” development and continued to consolidate the foundation of state-owned enterprise of green development to promote sustainable development. The Company considered the strengthening of environmental protection as an important means of the Company for transforming the development pattern, creating benefits, and fulfilling social responsibilities. The Company also strove to overcome the severe and complex economic situation and the profound impact of national industrial policy regulation, took solid steps to promote its work on environmental protection, and persistently promoted high-quality development of the Company with high standard management.

MANAGEMENT DISCUSSION & ANALYSIS

The Company practiced in depth the development concept that “Lucid waters and lush mountains are invaluable assets” and actively advocated energy conservation and emission reduction innovation and application of results. In 2022, the Company invested nearly RMB270 million to implement various large-scale energy-saving technological transformation projects. The Company actively promoted the construction of green mines, and all production mines above designated size in Beijing-Tianjin-Hebei region reached the standard of green mine construction. The Company implemented energy-saving and consumption-reducing technical transformation, and the comprehensive energy consumption per unit product of the clinker production line of the Company all exceeded to the energy efficiency benchmark level, and the number of production line above the benchmark increased by 12.3% year-on-year. The scale of collaborative disposal of cement kilns ranked in the forefront of the industry, and the business radiated to Beijing-Tianjin-Hebei, Shanxi, Shaanxi, Northeast China and other regions, constantly demonstrating the social value of “urban purifier and good helper of the government”. Through stable running and control, the Company’s pollutant emission level was significantly below the emission control requirements stipulated by the State, and the pollutant emission concentration of enterprises in key areas such as Beijing-Tianjin-Hebei and Fenwei Plain was significantly lower than the special emission limit set by the State.

MANAGEMENT DISCUSSION & ANALYSIS

The Company seized the strategic opportunity of peak carbon dioxide emissions and carbon neutrality, planned ahead to promote the work in relation to peak carbon dioxide emissions and carbon neutrality, and accelerated the implementation of the work in relation to peak carbon dioxide emissions and carbon neutrality plan. The Company planned a new path of transformation and carried out pilot construction, and the 100,000-ton carbon capture, storage and utilization demonstration project of Beijing BBMG Beishui Environmental Protection Technology Co., Ltd. was accelerated to be put into practice. The Company accelerated the innovation of zero-carbon technology application, promoted the zero-carbon building pilot in Xingfa Science Park and Pinggu Mortar Project, and explored the construction of zero-carbon park in Liuli Wenchuang Park. The Company increased the application of new energy. In 2022, the Company used more than 100 million kwh of green electricity, and a number of enterprises including Jilin BBMG Jidong Environmental Protection Technology Co., Ltd. and Tangshan Qixin Cement Co., Ltd. obtained new energy projects for the record. The Company promoted the green supply chain construction of “highway to railway” in Beijing, Tianjin and Hebei, and created the whole zero-emission green transportation mode of “highway to railway” trunk transportation + new energy heavy truck distribution. The Company developed alternative fuels and promoted the green development of products in the whole process and life cycle. The Company built a green industrial chain supply chain and led the green transformation of production and consumption patterns. The Company promoted green technology innovation and carried out green design. The Company created a green factory and a green park. The Company played a vanguard and exemplary role in the green Beijing “carbon neutrality and peak carbon emission” action. The Company built a “carbon neutrality and peak carbon emission” information management system, established and improved a “carbon neutrality and peak carbon emission” management system, carried out research on peak carbon emission road map and carbon neutrality countermeasures, and determined the overall thinking and advancing direction for the carbon neutral work in peak carbon emissions for the “14th Five-Year Plan” and even a longer period.

MANAGEMENT DISCUSSION & ANALYSIS

Promoting the green transformation of the Company, the Company has always vigorously promoted clean production as a new pollution prevention measure and environmental protection concept. Since the start of the clean production audit, the enterprises have completed multiple rounds of audits, inspections and acceptances. The Company accurately classified policies to promote performance upgrade and created a green benchmark. By implementing the clean production scheme, all subsidiaries of the Group have achieved the purpose of “energy saving, consumption reduction, pollution reduction and efficiency enhancement”, achieving the alignment of economic, social and environmental benefits of industrial production.

(IV) Competitive edge in industry-finance integration:

The industry-finance integration supports and promotes the development of various main businesses of the Company. The Company enhanced its comprehensive strategic cooperation with key financial institutions, continuously innovated financing methods, controlled and reduced the scale of the Company’s financing, expanded financing channels, reduced financing costs, ensured the Company’s credit adequacy and effectively controlled and reduced the cost of capital usage. The Company promoted the construction of a financial sharing center system to improve the efficiency of capital management. The finance company and financial leasing company played a professional role in improving the overall capital operation efficiency of the Company, broadening financing channels and preventing capital risks, thus realizing the organic integration of industrial capital and financial capital. The Company played the role of a platform for listed companies, improved the overall financing efficiency and continuously consolidated the financial foundation for the healthy and sustainable development of the Company. The Company steadily improved financing support capacity and made good overall control of the Group’s financing. The Company’s issuer credit rating remained AAA, the financing pipelines were smooth in supporting the development of the main business, and the capital structure were optimized. The finance company gave full play to the treasury management function of the Company, facilitated the match of the supply and demand of funds within the Company, strengthened the centralized management of funds, and effectively improved the efficiency of fund use, thus reducing the Company’s total capital operating costs.

MANAGEMENT DISCUSSION & ANALYSIS

(V) Competitive edge in corporate culture and branding:

The Company strengthens leading corporate culture and enhances the brand value of the Company. The core value of BBMG's corporate culture is based on the pragmatic working culture of "work with aspiration, competence, efficiency, success and prudence", the human spirits of "eight specials", the development philosophy of "integration, communion, mutual benefit and prosperity", and the corporate spirits of "three emphasis and one endeavor". We united our minds and efforts and forged ahead to carry forward culture and brand value. The Company carries forward the spirit of model workers, labor spirit, craftsmanship and entrepreneurship, and cultivates the culture of innovation. The Company will not forget its original intention and will forge ahead, work hard, face up to difficulties, seize the opportunities, create new layout, thereby opening a new pattern of the Group's high-quality development and striving towards the grand goal of building a international first-class industrial group and ranking among the world's top 500 companies.

The culture of BBMG is built based on experiences of numerous cadres and employees within the system. It aims to help employees realize their dreams, and is the driving force and cornerstone for BBMG's substantial development. "BBMG" Brand has been consecutively honored as a well-known trademark in Beijing. The Company ranked 64th in the list of 2022 (19th) "China's 500 Most Valuable Brands" with the value exceeding RMB100 billion for the first time. More than ten institutions, including the LongshunCheng Jingzuo Intangible Heritage Museum, won the National May 1st Labor Medal and were awarded the title of "National Worker Pioneer". BBMG Intelligent Manufacturing Workshop was listed as the "Best Practice Project of Urban Renewal" and in the first batch of high-quality science and technology parks in Beijing. Zhang Jinzhong from BBMG Tiantan Furniture Company won the honorary title of person of the year of "Model of State-owned Enterprises • Beijing Model". The superior brand awareness and prestige has created a sound cultural atmosphere and intelligence support for BBMG to achieve a new round of leap-forward development in full force.

MANAGEMENT DISCUSSION & ANALYSIS

DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT**(1) Industry Pattern and Trend**

At present, the international environment is turbulent and the domestic economic recovery is still under pressure. From the perspective of the international environment, the global trade situation is not optimistic and the world economy may face stagflation. From the perspective of the domestic economy, the triple pressures of demand contraction, supply shock and expected weakening are still relatively large. At the same time, however, China's economy is strong in resilience, great in potential and full of vitality, and its long-term positive fundamentals have not changed. In particular, the Central Economic Work Conference of the PRC emphasized the general principle of striving for progress while maintaining stability, and put forward new measures such as vigorously boosting market confidence, focusing on expanding domestic demand, and earnestly "working unswervingly both to consolidate and develop the public sector and to encourage, support and guide development of the non-public sector", which will play a decisive role in promoting macroeconomic stabilization and recovery this year. From the perspective of the development trend of the industry, the cement-based basic building materials industry was deeply dampened in 2022 under the pressure of supply, demand and cost, and it still takes some time to recover to a good situation. For the real estate industry, the government authorities will introduce more policies in 2023 to stabilize the demand side of real estate, support the rigid demand, and improve and guide recovery from market bottom. However, the Central Economic Work Conference of the PRC despite regards the work of stabilizing the real estate as the task of preventing and resolving major economic and financial risks, also indicates that the recovery may be slow.

The general situation of China's overall economic improvement remains unchanged. Facing the complex and changing external environment, there are still three opportunities in the building materials and real estate industries.

Firstly, opportunity to expand domestic demand. The Central Government of the PRC issued the Outline of the Strategic Plan for Expanding Domestic Demand (2022-2035), proposing to promote the healthy development of residential consumption, strengthen the expected guidance of the real estate market, focus on large cities with net population inflow, expand the supply of affordable rental housing, and promote household decoration consumption, which will better promote the expected improvement of the building materials and real estate industries and the bottoming out of demand.

MANAGEMENT DISCUSSION & ANALYSIS

Secondly, opportunity to speed up the construction of modern industrial system. For the building materials industry, new materials are an indispensable material foundation to support strategically emerging industries and major projects, and also a key link to implement industrial base reconstruction and industrial chain upgrade projects, as well as the outlet to realizing high-end, intelligent and green development and creating larger market size. The construction of modern industrial system is helpful for the leading building materials enterprises to integrate the market and create new tracks and advantages for development.

Thirdly, opportunity for the real estate industry to smoothly transit to a new development model. On the basis of emphasizing the orientation of “houses are for inhabitation and not for speculation”, the Central Economic Work Conference of the PRC first proposed to promote the smooth transition of the real estate industry to a new development model, and the real estate industry may recover steadily. At the same time, with the implementation of the Beijing Urban Renewal Ordinance, urban renewal will become a blue ocean for the real estate industry. In the coming period, China’s urbanization will continue to develop rapidly as driven by the urban renewal policy, creating enough demand space to support the stable development of the real estate industry.

(2) The Company’s Development Strategy

The year of 2023 is a crucial year connecting the preceding and the following years amid the implementation of the “14th Five-Year Plan”, and it is also the first year for the establishment of Chinese-style modernization. The beginning situation relates to the overall situation, and the beginning step determines the later course. Guided by the development of the capital in the new era, the Company integrates into the new pattern of linkage development of Beijing’s “five initiatives”, serves the construction of the capital’s “four centers”, adheres to the general principle of striving for progress while maintaining stability, always puts “steady growth” in a prominent position, deeply understands the challenges faced by the Company’s development, grasps the opportunity, turns crises into opportunities, implements the strategic concept of “four developments”, takes high-quality development as the primary task, and takes reform and innovation as the driving force to promote the Company’s development during the “14th Five-Year Plan” to achieve effective improvement in quality and reasonable growth in quantity, and accelerate the construction of a modern industrial system with BBMG’s characteristics.

Firstly, better coordinate the effective improvement of quality and the reasonable growth of quantity.

MANAGEMENT DISCUSSION & ANALYSIS

Progress is the biggest source of strength and confidence for the Company to cope with risk challenges. Grasping the dialectical relationship between “quantity” and “quality” should not only provide an important foundation for the improvement of quality through the growth of quantity, but also provide sustained impetus for the growth of quantity through the improvement of quality. The Company will adhere to demand orientation, strengthen systematic cost control, do a good job in strategic resource reserve, and enhance the momentum of sustainable development. The Company will intensively cultivate, specialize and refine the existing mature businesses, further strengthen its products, make excellent brands, and strive to improve its development efficiency and profitability. For a newly cultivated business, the Company will always maintain the initial intent of “supporting the development of the main business”, and should not aim too high and blindly following the trend.

Secondly, better coordinate development of the new materials industry, development of “carbon neutrality and peak carbon emission” and the digital intelligence transformation.

Guided by scientific and technological innovation, the Group will give full play to the role of the hybrid scientific and technological innovation complex, and shoot “three arrows at once” in the three areas of new materials, green and low-carbon products and digital and intelligent transformation, so as to create a new economic growth pivot and innovation engine for the Group. First, accelerate the development of new materials industry. The Company will strengthen the product concept, strengthen the opening-up cooperation, accelerate the industrialization and large-scale development of new technologies, and create products with core competitiveness. Second, accelerate the implementation of the goal of “carbon neutrality and peak carbon emission.” The Company will establish a sense of crisis, adhere to the idea of “playing a game of chess”, actively and steadily promote the transformation of green and low carbon, and gradually expand the scope of promotion on the basis of pilot exploration. Third, accelerate the transformation of digital intelligence. The Company will enhance the Group’s data governance and cross-industry collaborative integration application capabilities, focusing on building an industrial Internet platform in the field of large building materials with BBMG’s characteristics.

Thirdly, better coordinate market-oriented reform and major risk prevention and control.

MANAGEMENT DISCUSSION & ANALYSIS

The Company will continue to push forward the reform of state-owned enterprises in depth and properly handle and resolve major risks and hidden dangers. The Company will accelerate the reform of market-oriented operating mechanism, promote the reform of “labor, personnel and distribution” in a wider scope and at a deeper level, and establish and improve the multi-level and systematic positive incentive system of the Group. The Company will effectively prevent operation risks, resolutely reduce overdue accounts receivable and inventory obsolescence and inefficiency, reduce the scale of “accounts receivable and inventory”, and further optimize the asset-liability structure. The Company will vigorously promote the proper resolution of the historical problems to improve its quality and efficiency.

Development strategies of the Company’s core main businesses in 2023:

For the big building materials business, the Company shall win the counterattack of steady growth. The Company will focus on high-end, intelligent and green transformation, and grasp key strategic resources, infrastructure investment and “carbon neutrality and peak carbon emission” action to achieve industry leadership. The Company will optimize the strategies, adjust the structure and create new industrial advantages. The Company will focus on transformation, promote upgrades and accelerate the digital iteration of the industry. The Company will expand its path, improve its efficiency and lead the green and low-carbon development. For the cement business, the Company will focus on building a new development pattern of “one core, one body, two wings and multiple points”, steadily perform regional mergers and acquisitions, and promote production capacity replacement. The Company will seize the “window period”, take effective measures to enhance its core competitiveness, promote the rise of quantity, price and profit, resolutely curb the downward trend of efficiency and achieve stable growth as soon as possible. The Company will continue to strengthen the excellence cultivation system, refine management, and create high value and contribute profit. The Company will correct its shortcomings, strengthen its advantages and increase its mineral resources reserves. The Company will accelerate the expansion of the industrial chain to the upstream and the downstream, and achieve rapid growth in business development such as aggregate and environmental protection. For the concrete business, the Company will adhere to the problem orientation, grasp the contract performance rate, strictly control overdue accounts receivable, and improve the production capacity, market share and profitability in the Beijing-Tianjin-Hebei region. For the new material business, the Company will adhere to the positioning of “management + industrialization”, take systematic cost control as the starting point to optimise the inventory levels, strengthen the core and increase quantity based on scaled development, promote scale expansion and market integration in sub-sectors, and transform the Company into an industry “little giant” and an invisible champion enterprise.

MANAGEMENT DISCUSSION & ANALYSIS

For the big real estate industry, the Company shall win the benefit defense war. For the real estate development business, the Company will properly handle the “six relationships”, adhere to optimal and prudent investments, set up a “white list” of real estate investments, optimize the strategies, cultivate intensively, expand accurately, and optimize real estate investments. The Company will forge the product strength, brand strength and marketing strength under the new situation, expand the application of green building materials through cooperation, and make greater efforts to increase sales, so as to effectively cope with market competition. For the real estate operation business, the Company will continue to exert its efforts in strengthening the operation ability, improving the service quality and improving the income level, innovate the operation strategy and improve the operation efficiency. The Company will serve the “four centers”, revitalize its own land resources, and continue to build the BBMG brand of urban renewal.

(3) Business Plan

In 2023, BBMG Group will adhere to the general principle of making progress while maintaining stability, carry forward the culture of doing things, implement the strategic concept of “four developments”, take high-quality development as the primary task, take reform and innovation as the driving force, accelerate the construction of a modern industrial system with BBMG’s characteristics, and fully accomplish all the goals in 2023.

(4) Possible risks

(1) External environment risk

The external environment facing China’s current development is still grim, and the regionalization and collectivization in the global industrial chain and other fields are constantly strengthening. Maintaining China’s economic operation in a reasonable range still faces many challenges. From the international perspective, due to slow growth and high inflation, the risk of global economic recession will rise, some economies of the European Unions may enter into recession, and external demand will be significantly weakened as compared with 2022. From the domestic perspective, the triple pressures of demand contraction, supply shock and expected weakening are still relatively large. Due to the impact brought by the market, the confidence of economic entities is less than that expected. At the same time, the real estate risk has not been fundamentally resolved, and the uncertain and unstable factors in economic operation cannot be ignored. However, China’s economy is strong in resilience, great in potential and full of vitality, and its long-term positive fundamentals have not changed. With the continuous implementation of the proactive fiscal policy and prudent monetary policy, China’s economic operation is expected to improve and recover.

MANAGEMENT DISCUSSION & ANALYSIS

Response: Seize the opportunity to expand domestic demand. The Company will accelerate the implementation of the major projects under the “14th Five-Year Plan”, promote the healthy development of residential consumption and other favorable policies, seize the opportunity, and promote the steady growth of core main businesses by making full use of its industrial synergy advantage and with the help of the PRC government to strengthen inter-regional infrastructure connectivity. The Company will create new tracks and advantages in cultivating new patterns, actively expand new development momentum, and promote and accelerate changes in emerging strategic industries. The Company will strengthen industrial coordination, expand the circle of friends for strategic cooperation, promote the implementation of more cooperation intentions, and create a win-win industrial ecosystem. The Company will implement an innovation-driven strategy, strengthen scientific and technological innovation, accelerate the pace of large-scale industrialization of new technologies and new products, accelerate the transformation of digital intelligence, boost industrial iterative upgrading, and build a high-quality development engine. The Company will adhere to the bottom line thinking, enhance the sense of risk aversion, ensure the safety of the industrial chain and the supply chain, improve the internal control and early risk warning system, and prevent and resolve various risks and challenges.

(2) Policy risk

The real estate policy adheres to the orientation of “houses are for inhabitation and not for speculation” and proposes for the first time to promote the smooth transition of the real estate industry to a new development model. The PRC government authorities formulate different policies according to different cities, support rigid and improved housing demand and ensure the stable development of the real estate market. The problem of insufficient production capacity in the cement industry has not been fundamentally solved. The PRC government authorities have comprehensively implemented the supply-side structural reform, implemented the two industrial policies of peak shifting production and capacity replacement, and will continue to implement stricter policies of eliminating backward production capacity and carrying out environmental protection management and control in the future. The Implementation Plan for Peak Carbon Emission in the Building Materials Industry and the policies related to peak carbon emission and carbon neutrality in various provinces have been issued successively, which will continuously strengthen the constraints on the cement industry in terms of coal-fired power reduction, dual control of amount energy consumption and adjustment of transportation structure.

MANAGEMENT DISCUSSION & ANALYSIS

Response: We will strengthen the tracking, analysis and judgment of national macroeconomic policies and respond to the call of national policies. We will enhance risk awareness and crisis awareness, and accurately predict future development trends. For the real estate business, we will proactively adapt to and study the new situation and new mode of real estate, and change to a high-quality sustainable development mode with efficient operation and quality. We will actively plan for the urban renewal business of megacities, establish a “white list” system for investments, and acquire land safely and prudently. For cement enterprises, we will take supply-side structural reform as the main line, coordinate mergers and acquisitions, improve quality and efficiency, enhance regional market control, continue to strengthen cooperation within the industry, and jointly promote the healthy development of the cement industry; accelerate the transformation and upgrading of digital intelligence, plan ahead for peak carbon emission and carbon neutrality; adhere to the principle of “one enterprise, one policy”, make promotion after piloting; seize the needs of inter-regional infrastructure connectivity and major project construction, and further enhance the market share.

(3) Risk of capital operation

In 2023, the People’s Bank of China (“**PBOC**”) will adhere to the policy of maintaining stability while seeking progress, and adopt a prudent monetary policy flexibly and appropriately. Steady monetary policy is precise and powerful. The PBOC will give full play to the precise guiding role of monetary policies and tools, especially structural monetary policies and tools, will not carry out “flood irrigation”, maintain reasonable and sufficient liquidity, and stabilize financial support for the real economy. It will guide financial institutions to increase support for major fields and weakened segments such as the inclusive small and micro enterprises, technological innovation, and green development, stabilize the macroeconomic market and create a suitable monetary and financial environment for promoting high-quality economic development. However, China’s macro leverage ratio is still relatively high and the default risk of local debts and corporate debts is rising. Affected by the domestic economic circulation and external trade competitions, the manufacturing industry and the real estate industry will face greater capital and operation pressure.

MANAGEMENT DISCUSSION & ANALYSIS

Response: The Company will innovate financing methods and extensively expand financing channels to raise funds at low cost and ensure the safety and stability of the capital chain of the Company. The Company will continue to promote the “three reductions, one lowering and one promotion” campaign. The Company will focus on deleveraging, strengthen the dual control of “debt scale and asset-liability ratio”, ensure that the asset-liability ratio is controlled at a reasonable level, and continuously reduce the comprehensive financing costs. The Company will strengthen the de-stocking and clearing of accounts receivable, speed up the lease and sale of scattered assets and the disposal of inefficient assets, and improve the efficiency of asset operation. The Company will give full play to the advantages of the finance company and the financial leasing company, and optimize its debt structure to escort its overall capital operation.

(4) Market competition risk

The staggered production in the cement industry only solves the problem of output in the region and does not solve the problem of overcapacity fundamentally. Under the background of sharp decline in demand, the marginal utility of peak-shifting production to alleviate the pressure of market supply is obviously weakened, so the production capacity structure needs to be optimized urgently. The imbalance between supply and demand in some regions and the price war further intensified market competition, resulting in the fact that the overall profit of the whole industry has fallen by nearly 60%. At the same time, due to the imbalance of regional development, the gap persists in terms of demand and efficiency. For the real estate industry, under the superposition of multiple regulatory policies and the competition of enterprise development, many real estate enterprises have suffered from materially adverse events, and the risk of “guaranteeing the delivery of buildings” is highlighted. The growth rate of industry investment continued to fall, the scale peaked, the profit declined, the pressure of destocking continued to increase, the market concentration accelerated, and the trend of market differentiation became more prevalent.

MANAGEMENT DISCUSSION & ANALYSIS

Response: The cement business actively adapts to the market environment of the industry. The Company will seize the strategic opportunities arising from the industry digitization and green transformation, integrate the advantages of resources, scale and location, optimize the industrial strategies, expand the advanced production capacity, comprehensively improve the level of operation, and strengthen the profitability through marketing. It will promote the rise of quantity, price and profit, resolutely curb the downward trend of efficiency, strengthen the integration of production and marketing, regional linkage, and build market advantages. It will increase technological improvement, innovation, reduce production costs and enhance market competitiveness; give full play to the leading role of the industry's "leading enterprises", proactively strengthen industrial synergy with upstream and downstream enterprises, strengthen industry self-discipline, maintain a good industry ecology, strictly implement peak staggering, consolidate price levels, and correctly handle competition and cooperation to promote the overall high-quality development of the industry. For the real estate business, it will adhere to the profit orientation, strengthen operational capacity and improve the profitability in all directions. It will insist on "accelerating cash flows" to improve the capital turnover rate and improve the ability of "quick launch, quick sale and quick payment collection". It will steadily participate in the market land acquisition, revitalize the existing land resources, serve under the urban development strategy, create a model demonstration of urban renewal, enhance the core competitiveness of quality living space, and promote the smooth transition of the real estate business to a new development model.

MANAGEMENT DISCUSSION & ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group's total assets amounted to approximately RMB281,520.1 million, representing a decrease of approximately 1.7% from the beginning of the Reporting Period, of which liabilities amounted to approximately RMB186,624.1 million, minority interests amounted to approximately RMB31,266.0 million and total equity attributable to the shareholders of the parent company amounted to approximately RMB63,629.9 million. Total equity attributable to shareholders amounted to approximately RMB94,895.9 million, representing a decrease of approximately 0.7% from the beginning of the Reporting Period. As at 31 December 2022, the Group's net current assets were approximately RMB37,979.7 million, representing a decrease of approximately RMB12,245.2 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) as at 31 December 2022 was approximately 66.3%, representing a decrease of approximately 0.3 percentage point from the beginning of the Reporting Period.

As at 31 December 2022, the Group's cash and bank balances amounted to approximately RMB15,998.4 million, representing a decrease of approximately RMB5,925.5 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, short-term financing bonds, perpetual bonds, corporate bonds, medium-term notes, private bonds and banking facilities provided by its principal bankers in the PRC. As at 31 December 2022, the Group's interest-bearing bank borrowings amounted to approximately RMB66,898.1 million (as at 31 December 2021: approximately RMB63,656.6 million) and bore fixed interest rates. Of these borrowings, approximately RMB34,260.9 million interest-bearing bank borrowings were due for repayment within one year, representing a decrease of approximately RMB394.0 million from the beginning of the Reporting Period. Approximately RMB32,637.2 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB3,635.5 million from the beginning of the Reporting Period. The Group's interest-bearing bank borrowings were all denominated in RMB.

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

MANAGEMENT DISCUSSION & ANALYSIS

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

1. No profits shall be distributed to the shareholders;
2. Significant external investment, mergers and acquisitions, and other capital expenditure projects shall be postponed;
3. Salary and bonus of Directors and senior management shall be reduced or suspended;
4. The main responsible person in relation to the Company's bonds shall not be transferred.

As at the end of the Reporting Period, the Company has strictly complied with and fulfilled the above undertakings.

DISCLOSEABLE TRANSACTIONS DURING THE REPORTING PERIOD

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

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

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

CONNECTED TRANSACTION

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

PLEDGE OF ASSETS

As at 31 December 2022, certain of the Group's inventories, fixed assets, investment properties, land use rights and equity interest amounting to RMB39,070.7 million in aggregate (as at 31 December 2021: RMB34,974.7 million) were pledged to secure short-term and long-term loans of the Group, which accounted for approximately 13.9% of the total assets of the Group (as at 31 December 2021: 12.2%).

MANAGEMENT DISCUSSION & ANALYSIS

CONTINGENCIES

		As at 31 December 2022	Unit: RMB As at 31 December 2021
Provision of guarantee on housing mortgage to third parties	Note 1	6,289,946,154.12	9,453,598,185.99
Provision of guarantee on loans and others to third parties	Note 2	840,000,000.00	890,000,000.00
Provision of guarantee on loans and others to related parties	Note 3	817,630,801.70	52,000,000.00
		7,947,576,955.82	10,395,598,185.99

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. The guarantee will be released upon obtaining building ownership certificates and completion of formalities of mortgage by the home buyers. The management is of the opinion that in the event of default in payments, the net realizable value of the relevant properties is sufficient to cover the outstanding mortgage principals together with the accrued interests and penalties, and therefore no provision for the guarantees has been made in the financial statements.

Note 2: Jidong Group, a subsidiary of the Group, provided guarantees with joint obligations on the borrowings of RMB840,000,000.00 for Tangshan Culture & Tourism Investment Group Co., Ltd. (唐山市文化旅遊投資集團有限公司). The guarantee will expire on 21 May 2029.

Note 3: It represents the provision of secured guarantee for the bank loan projects of Nanjing Huayu Real Estate Development Co., Ltd. (南京鐔隅房地產開發有限公司), an associate of the Group, amounting to RMB726,787,500.00, and such guarantee will expire on 21 March 2025. Tangshan Jidong Cement Co., Ltd., a subsidiary of the Group, provided guarantees with joint obligations on two borrowings of RMB32,000,000.00 and RMB20,000,000.00 for Anshan Jidong Cement Co., Ltd., which will expire on 25 August 2023 and 29 November 2023, respectively. Beijing BBMG Property Development Group Co., Ltd., a subsidiary of the Group, provided unconditional and irrevocable guarantees with joint obligations on letter of cash guarantee issued by Beijing Branch of CHINA BOHAI BANK CO., LTD. (渤海銀行股份有限公司) for Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司) with guarantee amount of RMB38,843,301.70, which will expire on 10 October 2025.

MANAGEMENT DISCUSSION & ANALYSIS

COMMITMENTS

	As at 31 December 2022	Unit: RMB As at 31 December 2021
Contracted but not provided for:		
Capital commitments	699,644,218.25	268,713,794.64
Property development contracts	<u>7,100,337,988.90</u>	<u>9,126,628,410.92</u>
	<u>7,799,982,207.15</u>	<u>9,395,342,205.56</u>

The significant commitments made by the Group as at 31 December 2022 had been duly performed as previously undertaken.

ESTABLISHMENT AND IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM

The Company further strengthened the establishment of internal control management system and enhanced its capability to prevent and control major risks.

Firstly, the Company further sort out and strengthened the internal control concept of management institutionalization, system processing and process informationization, realized the separation of the internal control construction function and the internal control supervision and evaluation function, and linked the internal control establishment and operation with deployment, inspection and assessment together, with the legal and compliance departments taking the lead, the functional departments and the industrial sectors carrying out line-by-line establishment and targeted implementation respectively, and the audit department and the discipline inspection and supervision department performing the internal control inspection and discipline inspection and supervision responsibilities respectively. All subjects were organically unified and linked with each other to jointly promote the effective embedding of the internal control system into the business chains and management processes at all levels.

Secondly, the Company carried out the internal control risk diagnosis and further improved its rules and regulations in combination with the Company's three-year reform action plan for state-owned enterprises and the external laws, regulations and regulatory requirements. In 2022, the Company formulated 17 new systems, revised 31 systems and repealed 1 system. At the same time, the Company innovatively compiled the Group's internal control (compliance) management manual and evaluation manual, and systematically sorted out and standardized 27 internal control business modules and 73 processes. The Company completed the specialised governance work of "improving the establishment of enterprise internal control system and improving the prevention and control capability of major risks" with high quality.

MANAGEMENT DISCUSSION & ANALYSIS

Thirdly, the Company continued to optimize and improve the construction of 12 major application information systems, such as “three-important and one-big”, assets, finance and taxation, legal contracts and human resources, carried out annual activity of digital theme, issued the “14th Five-Year Plan” for the Group’s digital intelligent transformation, further consolidated the internal control foundation through digital establishment and digital intelligent transformation, implemented the whole process control of all employees in all aspects of daily management, pushed the enterprise management to a new level, and achieved the goals of cost reduction and risk prevention.

During the Reporting Period, the Group did not have any major defects in internal control.

SPIN-OFF

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

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

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

MANAGEMENT DISCUSSION & ANALYSIS

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

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

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

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No significant events after the balance sheet date were required to be disclosed.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group had 45,991 employees in total (as at 31 December 2021: 46,447 employees). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB7,267.4 million (for the year ended 31 December 2021: RMB7,015.0 million), representing an increase of approximately 3.6%.

The Group deepened the implementation of the "five matching" review mechanism for remuneration, the "annual comprehensive evaluation result" linking mechanism and the "online salary calculation, financial department keeping accounts" payment mechanism. When determining the total salary of a subsidiary, the Group ensures that the per capita income level of the subsidiary matches the "industry, region, position, performance, and corresponding system and mechanism" one by one, and conduct market salary surveys with a combination of cooperating with intermediaries and having the subsidiary collect salary data. Based on the economic benefits and the profit-making per capita of the subsidiary, the Group determines the rate of raise or decrease in the per capita salary to determine the total annual salary of the subsidiary. The Group also linked remuneration management to "annual comprehensive evaluation results". The Group has established the Administrative Measures for the Comprehensive Evaluation of Subsidiaries, putting each subsidiary's annual evaluation results into four grades – "Excellent, Good, Qualified, and Poor". Based on the evaluation results, the Group determines the total salary quota for the year, achieving the management goal of linking the evaluation results of subsidiaries to the total salary. All subsidiaries calculate salaries online through the human resources information system and send vouchers through the financial system to achieve online management of the entire process of salary payment. The Group standardizes the salary structure and salary mechanism through systems and supervise the income of employees at all levels and the use of total salary quota of the subsidiaries in real time, so as to avoid unreasonable increases in labor costs of subsidiaries and realize early warning and supervision.

MANAGEMENT DISCUSSION & ANALYSIS

The Company thoroughly implemented the relevant requirements for the three-year reform of state-owned enterprises, implemented the tenure system and contractual management for senior managers, signed responsibility statements/task statements for operating performance assessment with senior managers at the beginning of the Reporting Period, scientifically set related assessment indicators and clarified the assessment scoring rules according to the division of responsibilities of senior managers. At the end of the Reporting Period, the performance assessment working group of the Company assessed and evaluated the operating performance, work and management capabilities of senior managers, implemented salary cashing according to the assessment results, realized the closed-loop management of objectives, assessment and salary, and built an assessment and incentive mechanism based on job responsibilities and closely linked with operating performance.

TRAINING SCHEME

The Group has established a firm new development concept and implemented the strategy of strengthening the enterprise through talents, so as to promote the development and growth of the Group's talent team and improvement of the overall quality, and support the high-quality development of the Group. According to the principle of "unified planning, decentralized management and hierarchical responsibility", the Company consolidated the talent training system, deepened and improved the training programs and created the shared learning resources. During the Reporting Period, the number of training participation was 150,000 person times, including 28,000 person times of the Party's building talent training, 33,000 person times of operation management training, 39,000 person times of professional technology training and 50,000 person times of skilled craftsmen training. The annual training coverage rate reached 100%.

The Company organized the training of "Three Gold" talents, and conducted targeted training for nearly 750 "Three Gold" talents according to the principle of "make up for what we are short of". The training contents kept pace with times and had a high level of personal participation. The leaders of the Group were invited to teach the "Three Gold" talents, so as to promote the rapid development of the young talents of the Group and ensure that the participants feel, understand and really gain something.

The training project, i.e. "Digital Transformation of State-owned Enterprises Empowered by Industrial Internet", was included in the Beijing Advanced Seminar (the "Advance Seminar") and was funded by the Beijing Municipal Human Resources and Social Security Bureau. The Advanced Seminar carried out research and study focusing on, inter alia, the advanced concepts and cutting-edge technologies of intelligent manufacturing. About 80 high-tech talents from enterprises inside and outside Beijing participated in the training, which has important guiding significance for promoting the transformation and upgrading of the Group's intelligent manufacturing.

MANAGEMENT DISCUSSION & ANALYSIS

EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES (AS AT 31 DECEMBER 2022)

	Number of employees
Number of incumbent employees of the parent company	172
Number of incumbent employees of major subsidiaries	<u>45,819</u>
Total number of incumbent employees	<u>45,991</u>

Professional Structure

Category	Number of employees
Production staff	24,067
Sales staff	4,856
Technical staff	12,272
Financial staff	1,849
Administrative staff	2,169
Others	<u>778</u>
Total	<u>45,991</u>

Education Level

Category	Number of employees
Master's degree and above	1,314
Bachelor's degree	12,614
Junior college	10,593
Technical secondary school and below	<u>21,470</u>
Total	<u>45,991</u>

MANAGEMENT DISCUSSION & ANALYSIS

Gender

	Number of employees	Proportion
Male	34,807	(75.7%)
Female	11,184	(24.3%)
Total	45,991	

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 currency 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 major challenges for the Group nor had any significant effects on its operations or working capital during the Reporting Period. However, the management will continue to monitor foreign currency 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.

REPORT OF THE DIRECTORS

The Directors have the pleasure in presenting to the shareholders their report of the directors and the audited financial statements of the Group for the year ended 31 December 2022. The Company was established and registered as a joint stock company with limited liability in the PRC under the Company Law of the PRC on 22 December 2005 and registered on 4 November 2009 as a non-Hong Kong company in Hong Kong under Part 16 of the Hong Kong Companies Ordinance. The H shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 29 July 2009. The A shares of the Company were listed on the Shanghai Stock Exchange on 1 March 2011.

Principal Activities

The principal activities of the Company are investment holding and property investment. The Group is principally engaged in the manufacture and sale of cement and modern building materials, property development, property investment and provision of property management services. The activities of the Group's principal subsidiaries are shown on pages 324 to 335. An analysis of the performance of the operating segments of the Group for the year by business segments is set out in Note XIV. 2 to the financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2022 and the financial position of the Group as at that date are set out in the financial statements on pages 143 to 144 and 140 to 142 of this Annual Report.

No interim dividend had been paid during the Reporting Period. The Directors recommend the payment of a final dividend of RMB0.067 per share (totaling approximately RMB715,410,665.98) for the year ended 31 December 2022 to the shareholders on or before 10 July 2023 subject to the approval of the shareholders of the Company at the forthcoming 2022 annual general meeting as ("**2022 AGM**").

As far as the Company is aware, as at the date of this Annual Report, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the Reporting Period.

REPORT OF THE DIRECTORS

Business Review

Details of the Group's business review as specified in Schedule 5 Rules 1 and 2 of the Hong Kong Companies Ordinance (Chapter 622) during the Reporting Period, including (i) the review of the Group's business; (ii) a description of the principal risks and uncertainties facing the Group; (iii) particulars of important events affecting the Company that have occurred since the end of the Reporting Period; (iv) an indication of likely future development in the Group's business; (v) an analysis using financial key performance indicators; (vi) a discussion on the Group's environmental policies and performance and the Group's compliance with the relevant laws and regulations that have a significant impact on the Group; and (vii) an account of the Group's key relationships with its key stakeholders such as employees that have a significant impact on the Group and on which the Group's success depends are set out in the sections headed "Management Discussion & Analysis" on pages 26 to 73 and "Report of the Directors" on pages 74 to 87 of this Annual Report.

Property, Plant and Equipment and Investment Properties

Details of movements in the property, plant and equipment and investment properties of the Company and the Group during the Reporting Period are set out in Notes V. 18 and V. 17 to the financial statements, respectively. Further details of the Group's major investment properties are set out on page 40.

Five Years Financial Summary Information

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years is set out on page 388 of this Annual Report. This summary does not form part of the audited financial statements.

Bank Loans, Corporate Bonds and Notes

Details of the Company's and the Group's short-term loans, bills payable, long-term loans and short-term financing bonds and bonds payable as at 31 December 2022 are set out in Notes V. 26, 27, 36 and 37 to the financial statements, respectively. During the Reporting Period, interest capitalized amounted to approximately RMB2,214,405,401.35 in total, details of which were set out in Note V. 57 to the financial statements.

REPORT OF THE DIRECTORS

As approved by the document (Zhong Shi Xie Zhu [2021] No. MTN1) (中市協註[2021] MTN1號文件) from the National Association of Financial Market Institutional Investors, the Company publicly issued the first tranche of medium term notes of Tangshan Jidong Cement Co., Ltd. for 2022 in the national inter-bank bond market on 31 May 2022 (hereinafter referred to as “22 Jidong Cement MTN001”), totalling RMB1,000,000,000 with a term of 3 years and a coupon rate of 2.93%. Interest was accrued from 31 May 2022 and the maturity date will be 31 May 2025. The interest shall be paid on an annual basis and the principal amount will be repaid in a lump sum at maturity. The last instalment of interest shall be paid together with the principal amount. The Company issued the second tranche of medium term notes of Tangshan Jidong Cement Co., Ltd. for 2022 in the national inter-bank bond market on 26 August 2022 (hereinafter referred to as “22 Jidong Cement MTN002”), totalling RMB1,000,000,000 with a term of 3 years and a coupon rate of 2.84%. Interest was accrued from 26 August 2022 and the maturity date will be 26 August 2025. The interest shall be paid on an annual basis and the principal amount will be repaid in a lump sum at maturity. The last instalment of interest shall be paid together with the principal amount.

The proceeds of the corporate bonds and ultra-short term financing bonds were used for general working capital, including but not limited to the capital requirements for project investments and capital operations.

Permitted Indemnity Provision

Pursuant to the Articles of Association of the Company, all Directors, Supervisors, general manager and other senior management members shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, damages and expenses which he/she may sustain or incur from the execution and discharge of his or her duties or in relation thereto. The Company has arranged appropriate directors’ and officers’ liability insurance coverage for the Directors, Supervisors, general manager and other senior management members of the Company during the Reporting Period.

Environmental Protection Policies

During the Reporting Period, the Company strictly complied with the requirements of national environmental protection laws, regulations, standards and specifications, fulfilled the social responsibilities and commitments of a state-owned enterprise, and contributed to the construction of ecological civilization. We vigorously developed circular economy as well as low-carbon and environmentally-friendly businesses, and embarked on the path of green and sustainable development. The Company actively promoted the construction of environmental standardization, improved the environmental protection management system, enhanced environmental protection awareness, implemented environmental protection responsibilities, assessed and controlled environmental risks, and conducted strict evaluations. We carried out environmental treatment and improvement to ensure that environmental protection facilities and control measures were in place. All enterprises installed online monitoring facilities as required, and completely sealed off materials during transportation and storage. The Company paid environmental protection taxes in full and on time, conducted environmental monitoring and information disclosure as required, and strictly implemented the contingency plan for severely pollution-prone weather conditions. We timely adjusted emergency measures in accordance with the requirements of government departments; no major environmental pollution accidents occurred during the year.

REPORT OF THE DIRECTORS

Relationships with Customers, Suppliers and Employees

Currently, the Company's principal businesses cover two major business segments, namely modern green building materials segment and property development and operation segment, and its main products involve various offerings, including cement, ready-mixed concrete, furniture and woods, decorative and fitting materials, wall body and insulation materials, refractory materials, affordable housing, commodity housing and investment properties, with diversified customer composition. By adhering to the objective of "customer first", the Company actively arrange its overall sales channels while enhancing its after-sales service quality, so as to establish long-term stable cooperation relationships and promote good win-win relationships with customers, as well as strengthen its position in the industry and market image.

For a long time, the Company persists in the equal consultation, mutual benefit and win-win principle, and always establishes long-term strategic partnership with suppliers with good qualification, reputation and high-quality products and services.

The Company firmly fosters a people-oriented development philosophy. Based on development of harmonious labor relations and protection of employees' legal interests, the Company strives to promote building of a service, innovation, learning-oriented team to condense talented people and realize their value, providing talent assurance for the Company's long-term development.

Compliance with the Relevant Laws and Regulations which have a Significant Impact on the Group

During the Reporting Period, the Group had compliance policies and procedures in place to ensure compliance in all material respects with applicable laws, rules and regulations which have a significant impact on the Group, including the PRC Company Law, the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Rules for the General Meetings of Shareholders of Listed Companies (《上市公司股東大會規則》), and the Guidelines on Articles of Association of Listed Companies (《上市公司章程指引》). During the Reporting Period, the Group was committed to ensuring compliance with these laws and regulations through various measures, such as internal controls and risk management, approval procedures and training programs for directors, supervisors and senior management. During the Reporting Period, as far as the Board and management are aware, there was no material breach or non-compliance by the Group with the applicable laws, rules and regulations which have a significant impact on the Group.

REPORT OF THE DIRECTORS

Share Capital and Sufficiency of Public Float

Details of movements in the share capital of the Company during the Reporting Period are set out in Note V. 44 to the financial statements.

Up to the date of this Annual Report, based on publicly available information and to the knowledge of the Directors, the Company has been complying with the prescribed public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reserves

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in Notes V. 44, 45, 46, 47, 48, 49, 50 and 51 to the financial statements, the audited consolidated statement of changes in shareholders' equity and the audited statement of changes in shareholders' equity of the Company.

Distributable Reserves of the Company

As at 31 December 2022, an amount of approximately RMB15,515,527,520.34 standing to the credit of the Company's reserve account is available for distribution, of which approximately RMB715,410,665.98 has been proposed as a final dividend for the year.

REPORT OF THE DIRECTORS

Directors and Supervisors

The Directors and the Supervisors of the Company who held office during the Reporting Period and up to the date of this Annual Report were as follows:

Executive Directors:

Jiang Yingwu (*resigned from his position as the general manager on 9 February 2023 and appointed as the Chairman of the Board on 9 February 2023*)

Wu Dong

Zheng Baojin

Zeng Jin (*resigned on 27 April 2022, and served as the chairman of the Board prior to his resignation*)

Non-executive Directors:

Wang Zhaojia

Gu Tiemin

Independent non-executive Directors:

Yu Fei

Liu Taigang

Li Xiaohui (*resigned on 3 April 2023*)

Hong Yongmiao

Tam Kin Fong

Supervisors:

Yu Kaijun

Zhang Qicheng

Gao Junhua

Wang Guijiang

Gao Jinliang

Qiu Peng

Guo Yanming (*resigned on 31 March 2022, and served as the chairman of the Supervisory Board prior to his resignation*)

During the Reporting Period, the Board received a resignation letter from the chairman of the Board and an executive director of the Company, Mr. Zeng Jin, on 27 April 2022, tendering his resignation in respect of his duties as chairman of the Board, an executive director of the Company and chairman of the Strategic Committee of the Company due to his work re-designation, which took effect from 27 April 2022. Following his resignation, Mr. Zeng Jin has also ceased to be an authorised representative of the Company for the purpose of Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REPORT OF THE DIRECTORS

On the other hand, the Board received a resignation letter from the independent non-executive director of the Company, Ms. Li Xiaohui, on 3 April 2023. Ms. Li Xiaohui resigned as an independent non-executive director of the Company, the chairman of the Audit Committee, a member of the Remuneration and Nomination Committee and a member of the Strategic Committee due to her work re-designation. Following the resignation of Ms. Li Xiaohui as an independent non-executive director of the Company, there is a vacancy for the chairman of the Audit Committee as required under Rule 3.21 of the Listing Rules. To meet the relevant requirement under Rule 3.23 of the Listing Rules, the Board is in the process of identifying a suitable candidate and will endeavour to fill the vacancy as soon as practicable and within three months as required by the Listing Rules, i.e. by 3 July 2023. Further announcement(s) will be made in relation to such vacancy appointment as and when appropriate.

The Company has received an annual confirmation issued by each of the independent non-executive Directors as to his independence pursuant to Rule 3.13 of the Listing Rules. The Company confirms that all of the independent non-executive Directors of the Company are considered as independent persons.

Directors', Supervisors' and Senior Management's Biographies

Biographical details of the Directors, the Supervisors and the senior management of the Group are set out on pages 9 to 21 of this Annual Report.

Directors' and Supervisors' Service Contracts

None of the Directors or the Supervisors has entered into a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation, other than normal statutory compensation.

Controlling Shareholders' Interests in Contracts

Saved as disclosed in the section "Report of the Directors — Related Party Transactions" above, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries during the Reporting Period.

REPORT OF THE DIRECTORS

Directors' and Supervisors' Interests in Arrangements or Contracts

No Director or Supervisor, either directly or indirectly, has any interests in any arrangements or contracts of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

Directors' Interests in Businesses Competing with the Group

None of the Directors has interests in any business which directly or indirectly competes or may compete with the Group.

Employee Retirement Plan

Please refer to Notes III. 19 and V. 31 and 40 to the financial statements for details of the Group's employee retirement plan.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Reporting Period.

Directors' and Supervisors' Remunerations

Details of the remunerations of the Directors and the Supervisors of the Company are set out in Note XIV. 3 to the financial statements.

According to the relevant regulations in relation to the remuneration management of the Company and completion of the results of each year, the Company proposes and submits the annual remuneration of the executive Directors for the consideration and approval at the annual general meeting of that year.

The remuneration of the non-independent directors will be determined by the shareholders of the Company at the annual general meetings held by the Company based on the corporate policy on directors' remuneration as well as his workload and responsibilities. Currently, the non-executive directors and directors democratically elected by the staff of the Company will not receive any remuneration separately. The remuneration of the independent directors will be determined by the shareholders of the Company at the general meetings held for approving their appointment based on the corporate policy on directors' remuneration as well as his workload and responsibilities. At present, the independent directors will receive RMB150,000 per year (before tax).

The remuneration of supervisors will be determined in general meetings held for approving their appointment. Currently, the supervisors will not receive any separate remuneration.

Top Five Highest-Paid Employees

Details of the top five highest-paid employees of the Company during the Reporting Period are set out in Note XIV. 3 to the financial statements.

REPORT OF THE DIRECTORS

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

As at 31 December 2022, the interests or short positions of the Directors, supervisors or chief executive officer of the Company 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 will have 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 are taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register of interests required to be kept under section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Capacity	Number of A Shares held	Number of H Shares held	Percentage of the issued share capital of the Company
Wu Dong	Beneficial owner	60,000	–	0.00%
Wang Zhaojia	Beneficial owner	37,500	–	0.00%
Li Xiaohui (<i>Note 1</i>)	Beneficial owner	140,000	–	0.00%

Note:

1. Li Xiaohui was appointed as an independent non-executive director of the Company on 12 May 2021 and resigned on 3 April 2023.

All the shareholding interests listed in the above table are “long” position.

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 unpublished inside information of the Company in relation to the purchase and sale of the securities of the Company are also required to comply with the Model Code.

REPORT OF THE DIRECTORS

As at 31 December 2022, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Model Code during the Reporting Period. 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.

Pre-Emptive Rights

There is no provision regarding pre-emptive rights under the Articles of Association or in the laws of the PRC which would oblige the Company to offer new shares to its existing shareholders on a pro rata basis.

Charitable Donations

Charitable donations made by the Group during the Reporting Period amounted to RMB19,983,822.91 (for the year ended 31 December 2021: RMB16,734,082.30).

Taxation for Shareholders of H Shares

According to the Law on Enterprise Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008, the Company is required to withhold enterprise income tax at the rate of 10% before distributing any dividends to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company. Any H shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations shall be deemed as shares held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the enterprise income tax. The Company will not withhold enterprise income tax in respect of the dividends payable to any natural person shareholders whose names appear on the Company's H share register of members on the relevant record date for determining the eligibility for the dividends.

The Company will withhold payment of the enterprise income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments and strictly based on what has been registered on the Company's share register of members on the relevant record date for determining the eligibility for the dividends. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of withholding of enterprise income tax.

REPORT OF THE DIRECTORS

Profit Distribution for Investors of Northbound Trading

For investors (including enterprises and individuals) investing in the A shares of the Company (the “**A Shares**”) listed on the Shanghai Stock Exchange through The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**Northbound Trading**”), their dividends will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors of Northbound Trading who are tax residents of other countries and whose country of tax residency is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authorities, the paid amount in excess of the tax payable based on the tax rate under such tax treaty will be refunded to those enterprises and individuals by the competent tax authorities.

The record date and the date of distribution of cash dividends and other arrangements for the investors of Northbound Trading will be the same as those for the holders of A Shares.

Profit Distribution for Investors of Southbound Trading

For investors (including enterprises and individuals) investing in the H Shares listed on Hong Kong Stock Exchange through the Shanghai Stock Exchange (the “**Southbound Trading**”), in accordance with the Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading (港股通H股股票現金紅利派發協議) to be signed between the Company and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H Shares for Southbound Trading, will receive cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H Shares of Southbound Trading through its depository and clearing system.

REPORT OF THE DIRECTORS

The cash dividends for the investors of H Shares of Southbound Trading will be paid in RMB.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81), for dividends received by domestic individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the companies of such H Shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The companies of such H Shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax payable themselves.

The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H Shares.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Reporting Period, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company.

Transactions in Respect of the Group's Own Securities

During the Reporting Period, the Group had neither issued nor granted any convertible securities, options, warrants or other similar rights. As at 31 December 2022, the Group had no redeemable securities.

REPORT OF THE DIRECTORS

**SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS
IN SHARES AND UNDERLYING SHARES**

So far as was known to the Directors, as at 31 December 2022, shareholders of the Company who had interests or short positions in the shares and underlying shares of the Company which 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 were as follows:

Long positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of issued share capital	Percentage of total issued share capital
				(%)	(%)
A Shares	Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司) (Note 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

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

Save as disclosed above, as at 31 December 2022, so far as was known to the Directors, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

REPORT OF THE DIRECTORS

Major Customers and Suppliers

During the Reporting Period, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year and purchase from the Group's five largest suppliers accounted for less than 30% of the total purchase for the year.

Competition and Conflict of Interests

None of the Directors or the management shareholders as defined under the Listing Rules of the Company or their respective associates has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interests with the Group.

Connected Transactions and Continuing Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, the Group had no discloseable connected transaction or continuing connected transaction during the Reporting Period within the meaning of the Listing Rules which are required to be disclosed in the annual report of the Company.

Related Party Transactions

Details of the significant related party transactions entered into by the Group during the Reporting Period are set out in Note X to the financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under the Listing Rules.

Independent Auditor

The consolidated financial statements for the year ended 31 December 2022 of the Company have been audited by Ernst & Young Hua Ming LLP, who will retire and, being eligible, offer themselves for re-appointment. A resolution reappointing Ernst & Young Hua Ming LLP as the independent auditor of the Company will be proposed at the forthcoming 2022 annual general meeting.

On behalf of the Board

Jiang Yingwu

Chairman & executive Director

Beijing, the PRC

29 March 2023

REPORT OF THE SUPERVISORY BOARD

In 2022, the Supervisory Board exercised supervision over the Company's financial conditions, lawful operation and the performance by the Board and the management with an aim to protect the interests of both of Company and the shareholders of the Company in accordance with the Company Law, the Articles of Association and the Rules of Procedures of the Supervisory Board of the Company. All Supervisors exercised due diligence and care in discharging their duties and fulfill substantially all of the objectives of the Supervisory Board for 2022.

I. Meetings of the Supervisory Board in 2022

During the Reporting Period, the Supervisory Board held 4 meetings in total. Details are set out as follows:

(I) The fifth meeting of the sixth session of the Supervisory Board

The fifth meeting of the sixth session of the Supervisory Board was convened at Conference Room 5, Tower D, Global Trade Center, No. 36, North Third Ring East Road, Dongcheng District, Beijing on 24 March 2022 at 9:00 a.m. All seven eligible supervisors attended the meeting in person and the secretary to the Board of the Company also attended the meeting. The convening of the meeting complied with the Company Law and the Articles of Association of the Company. The meeting was chaired by Mr. Guo Yanming, the chairman of the Supervisory Board, at which the following resolutions were considered and approved:

1. The resolution regarding the annual report and its summary and the results announcement of the Company for 2021
2. The resolution regarding the work report of the Company's Supervisory Board for 2021
3. The resolution regarding the financial budget reports of the Company for 2021
4. The resolution regarding the profit distribution proposal of the Company for 2021
5. The resolution regarding the corporate social responsibility report and ESG report of the Company for 2021
6. The resolution regarding the provision of assets impairment of the Company

REPORT OF THE SUPERVISORY BOARD

(II) The sixth meeting of the sixth session of the Supervisory Board

The sixth meeting of the sixth session of the Supervisory Board was convened by way of telecommunication voting on 27 April 2022. The resolution regarding the first quarterly report of the Company for 2022 was considered and approved at the meeting.

(III) The seventh meeting of the sixth session of the Supervisory Board

The seventh meeting of the sixth session of the Supervisory Board was convened at Conference Room 5, Tower D, Global Trade Center, Beijing on 29 August 2022 at 13:30 p.m. All six eligible supervisors attended the meeting in person and the secretary to the Board of the Company also attended the meeting. The meeting was chaired by the supervisor Mr. Wang Guijiang, at which the resolution regarding interim report and its summary and the results announcement of the Company for 2022 was considered and approved.

(IV) The eighth meeting of the sixth session of the Supervisory Board

The eighth meeting of the sixth session of the Supervisory Board was convened at Conference Room 5, Tower D, Global Trade Center, Beijing on 28 October 2022 at 10:40 a.m. All six eligible supervisors attended the meeting in person and the secretary to the Board of the Company also attended the meeting. The meeting was chaired by the supervisor Mr. Zhang Qicheng, at which the third quarterly report of the Company for 2022 was considered and approved.

II. Attendance of Members of the Supervisory Board at General Meetings and their in-attendances at Board Meetings in 2022

During the Reporting Period, members of the Supervisory Board attended one general meeting of the Company, and were in attendance at 8 Board meetings of the Company, and reviewed the resolutions proposed during the meetings. The Supervisors exercised their supervision over the meetings' compliance, voting procedures, major decision-making processes of the Company and the performance of duties by the members of the Board and the senior management by attending relevant meetings.

REPORT OF THE SUPERVISORY BOARD

III. Opinion of the Supervisory Board on Certain Issues of the Company for the Year 2022

During the Reporting Period, the Supervisory Board exercised its supervision over the standardized operation, compliance with laws and regulations, major decision-making and the performance of duties by members of the Board and the senior management of the Company by convening meetings of the Supervisory Board, attending shareholders' general meetings, attending relevant meetings such as Board meetings and conducting specific independent inspections, and expressed independent opinions on the relevant issues.

(I) Opinion on standardized operation and performance of duties by the Directors and senior management

Pursuant to the laws and regulations of the jurisdiction(s) where the shares of the Company are listed, the Supervisory Board had duly overseen and examined the convening procedures and resolutions of the Board meetings of the Company, implementation by the Board of the resolutions of the shareholders' general meetings, the performance of duties by the senior management of the Company under relevant laws and the establishment and implementation of a mature internal management system of the Company in 2022. With respect to the business operations of the Company and the performance of duties by the Directors and the senior management, the Supervisory Board was not aware of any violation of laws, regulations, the Articles of Association of the Company and relevant protocols, rules of procedures, nor any power being abused or infringement of the interests of the shareholders of the Company and the legitimate rights of the employees.

(II) Opinion on financial position of the Company

During the Reporting Period, the Supervisory Board had duly supervised and inspected the financial system and financial position of the Company, and carefully considered the financial information of the Company as contained in financial and accounting reports for 2021, profit distribution plan for 2021, annual report for 2021 and the first quarterly report, interim report and third quarterly report for 2022, and is of the opinion that the Company's financial information gives a true, fair and complete view of its financial conditions and operating performance.

REPORT OF THE SUPERVISORY BOARD

(III) Opinion on regular reports of the Company

During the Reporting Period, the Supervisory Board exercised supervision over the preparation, review and disclosure procedures of the Company's regular reports disclosed in 2021, and is of the opinion that such procedures are in compliance with laws and regulations, regulatory requirements, the Articles of Association and the internal management system of the Company. The content and format of the regular reports are in line with all provisions of the regulatory authorities and the information contained therein gives a true, accurate and complete view of the operating condition of the Company during each of the Reporting Period. No violation of the regulations regarding confidentiality, information disclosure and other aspects by personnel involved in preparation, review and disclosure of the regular reports has been found.

(IV) Opinion on transactions including acquisition or disposal of assets, external investment and guarantees of the Company

With respect to transactions including acquisition or disposal of assets, external investment and guarantees of the Company during the Reporting Period, the Supervisory Board is not aware of any violation of laws and regulations, regulatory requirements, the Articles of Association of the Company and the internal management system of the Company or any other insider trading or any matters that are detrimental to the interests of the shareholders of the Company or may cause any loss to the Company's assets.

(V) Opinion on connected transactions of the Company

The Supervisory Board is of the opinion that the connected transactions were conducted by the Company during the Reporting Period in strict compliance with laws and regulations, regulatory requirements, the Articles of Association of the Company and other provisions, with approving procedures in compliance with laws and regulations, on a fair and reasonable basis and free of any behaviour in prejudice to the interests of the Company and its shareholders.

(VI) Opinion on corporate social responsibility report of the Company

During the Reporting Period, the Supervisory Board reviewed the Company's corporate social responsibility report for 2021, and is of the opinion that the report gives an objective and practical view of the performance of corporate social responsibilities of the Company during the year.

REPORT OF THE SUPERVISORY BOARD

IV. Work Plan of the Supervisory Board for 2023

In 2023, the Supervisory Board will continue to discharge its duties diligently in compliance with the relevant requirements under applicable laws and regulations including the Company Law, the Articles of Association and the Rules of Procedures of the Supervisory Board, thereby protecting the legitimate rights and interests of the Company and its shareholders as a whole.

(I) Duly discharging duties under the laws and regulations

In 2023, the Supervisory Board will exercise supervision over standardized operations and the performance of duties by the Directors and the senior management of the Company in strict compliance with the Company Law, the Articles of Association and relevant requirements. Firstly, it will procure the Company to further improve its corporate governance structure and governance practices according to the requirements of the modern enterprise systems. Secondly, it will continue to strengthen its supervisory functions by attending the general meetings and the Board meetings under the laws to keep informed of the Company's major decisions and the legitimacy of decision-making processes to better protect the rights and interests of the shareholders of the Company. Thirdly, it will implement the Rules of Procedures of the Supervisory Board and convene meetings of the Supervisory Board on a regular basis.

(II) Strengthening supervision and inspections to avoid operational risks

Firstly, it will focus on financial control to carry out supervision and inspections on the financial affairs of the Company in accordance with the law. Secondly, it will prioritize its supervision and inspections on the Company's significant events including major investment, asset disposal, merger and acquisition and connected transactions, so as to effectively avoid operational risks. Thirdly, it will follow up the establishment and implementation of the internal control system of the Company to ensure its effectiveness. Fourthly, it will maintain communications with the internal audit function and entrusted (accounting) auditing firms of the Company, taking full use of internal and external audit information to keep abreast of the updates.

REPORT OF THE SUPERVISORY BOARD

- (III) Enhancing communications with the Board and the management to facilitate rational and scientific decisions and management of the Company; enhancing communications with the staff to advance the Company's democratic management and harmonious development.**

- (IV) Uplifting professional capabilities through self-improvements to better perform the supervisory duties of the Supervisory Board.**

Zhang Qicheng

Supervisory Board

Beijing, the PRC

29 March 2023

INVESTOR RELATIONS REPORT

Overview

The Group strongly believes that effective and close communications with the shareholders of the Company is the key to maintaining good corporate governance and investor relations are an integral part of maintaining good corporate governance of a listed company. The Group has been actively maintaining contact with investors and keeping them abreast of the latest industry updates, corporate communications and business development in a timely manner, so as to establish a platform for fair, open, accurate and transparent information disclosure and facilitating two-way communication between investors and the Group. The Board secretary, and the director of the Board Office, Zhang Jianfeng is responsible for the investor relations of the Group with the full support from the Board and the senior management. During the Reporting Period, the Group actively participated in various investor relations activities and provided on-time information to investors through the company website. In addition, the Group has also demonstrated a high level of compliance with the Listing Rules and relevant requirements under the Hong Kong Stock Exchange during the Reporting Period.

Investor Relations Review

1. Meetings with Investors

Upon the publication of the results announcement, the Group endeavors to continue to actively convey a clear message to the sizable and major investment banks and investors about the Group's latest operational and financial performances and business prospect for the investors' deeper and clearer understanding of excellent opportunities and platform of the Group.

During the Reporting Period, the Group actively participated in teleconferences held by renowned investment and securities firms in the PRC and Hong Kong and actively organized one-on-one and group meetings with various fund managers and analysts. During the Reporting Period, the Group has arranged meetings of various forms with many analysts, fund managers and financial commentators and maintained close communications with institutional investors, providing them with up-to-date information about the Group. Constructive suggestions and feedbacks from the investors and analysts collected by the Company will be addressed carefully by the management.

During the Reporting Period, excluding the adverse impact brought by the COVID-19 epidemic, the Company has maintained positive interaction with the investors through many ways, such as arranging the earnings conference, online roadshow and reverse roadshow, participating in the investor online summit at home and abroad, and replying e-interactive questions in a timely manner and welcoming the investigation and survey from the analysts and the institution investors.

INVESTOR RELATIONS REPORT

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 Company 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. During the Reporting Period, sell side research reports have been issued by several prominent securities research institutions to cover the operation of the Company. The Group also believes that the shareholders' general meetings is an important channel for communication with its shareholders and investors and encourages an open dialogue between its shareholders and the directors and/or senior management of the Company.

3. Results Announcement

The Group had prepared detailed results reports and presentation materials upon finalization of interim and annual results of the Group. Investors' teleconferences 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 Two-Way 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 investors' teleconference for the quarterly, interim and annual results announcements to issuing regular press releases and arranging media interviews with the management of the Group, and thus increasing the Group's publicity and further strengthening its corporate image and position.

5. Timely Dissemination of Latest Corporate Updates

The Company's website is considered to be one of the quickest means to communicate with investors. The Group regularly updated the contents of the company's website (www.bbmj.com.cn/listco), disseminated the latest corporate updates, developments and disclosed 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 responded to different enquiries made by the shareholders of the Company, investors, analysts and media by means of email, facsimile and telephone; and published announcements, press releases and other latest updates on the development of the Group, so as to strengthen the effectiveness of information dissemination.

INVESTOR RELATIONS REPORT

Prospects

The foundation of investor relations is based on the seamless integration of advanced corporate communication strategies and the dedicated involvement by the senior management of the Group. In the coming year, the Group will continue to maintain highly transparent and effective corporate governance practices and is endeavored to maintain timely and accurate information dissemination and quality disclosure in order to strengthen the relationship with investors.

The Group also welcomes constructive recommendation and feedback from the investment community. With the invaluable support from the investors and the public, the Group is committed to providing the best investor relations service and continuously improving the quality and transparency of public disclosure so as to maximize the return to the shareholders of the Company.

Investor Information

1 Share Particulars

H Shares

Listing date	29 July 2009
Board lot	1,000 shares
Number of issued H shares	2,338,764,870 shares (as at 31 December 2021 and 24 March 2022)
Stock code	02009.HK

A Shares

Listing date	1 March 2011
Board lot	100 shares
Number of issued A shares	8,339,006,264 shares (as at 31 December 2021 and 24 March 2022)
Stock code	601992.SH

INVESTOR RELATIONS REPORT

2	Financial Calendar	
	2021 annual results announcement	published on 24 March 2022
	2022 first quarterly results announcement	published on 27 April 2022
	2022 interim results announcement	published on 29 August 2022
	2022 third quarterly results announcement	published on 28 October 2022
	2022 annual results announcement	published on 29 March 2023
	Closure of register of H shares members for attending the 2021 AGM	from 4 May 2022 to 10 May 2022
	2021 AGM	10 May 2022
	Closure of register of H shares members for attending the 2022 AGM	from 8 May 2023 to 11 May 2023
	2022 AGM	11 May 2023
	Financial year end	31 December
3	Dividends	
	2021 final dividend	RMB0.104 per share
	Closure of register of H shares members for 2021 final dividend	from 21 May 2022 to 26 May 2022
	2021 H shares final dividend payment date	8 July 2022
	Proposed 2022 final dividend	RMB0.067 per share
	Closure of register of H shares members for 2022 final dividend	from 20 May 2023 to 25 May 2023
	2022 H shares final dividend payment date	10 July 2023

For any queries, please contact:

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 Company website: www.bbmg.com.cn/listco

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2022.

1. **Commitment to Corporate Governance**

The Company is firmly committed to achieving and maintaining high overall standards of corporate governance and has always recognized the importance of accountability and communication with Shareholders through continuous effort in improving its corporate governance practices and processes. Through the establishment of a quality and effective Board, a comprehensive internal control system and a stable corporate structure, the Company strives to achieve completeness and transparency in its information disclosure, enhance stable operation and consolidate and increase Shareholders' value and profit.

During the Reporting Period, the Company had applied the laws and regulations of the places where it operates its business as well as the regulations and guidelines stipulated by regulatory authorities such as the China Securities Regulatory Commission, the Hong Kong Securities and Futures Commission, the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The Company had applied the principles and complied with all the code provisions of the corporate governance code (the "**CG Code**"), as amended from time to time, set out in Appendix 14 to the Listing Rules during the Reporting Period as its own code on corporate governance practices. During the Reporting Period, the Company had reviewed its corporate governance documents and is of the view that the Company had fully complied with the code provisions of the CG Code.

Looking forward, the Company will continue to review its corporate governance practices and enhance its internal controls and risk management procedures to ensure their consistent application and will continue to improve the practices having regard to the latest developments.

A full description of the Company's corporate governance will be set out in the Corporate Governance section in the Annual Report for the Reporting Period.

For details on the Group's performance, please refer to the section headed "Management Discussion & Analysis" in this Annual Report.

CORPORATE GOVERNANCE REPORT

2. The Board

Duties and Functions of the Board

The Board is responsible for leading and monitoring the Company's affairs. The Board oversees the strategic development of the Company and determines the objectives, strategies and policies of the Company. The Board also monitors and controls the operating and financial performance in pursuit of the strategic development of the Company. All Directors are liable to act in the best interests of the Company and collectively assume the responsibility for overseeing and monitoring the Company's affairs so as to ensure the success of the Company through achievement of the adopted business plans by the Board to enhance the value for the shareholders of the Company. The Board makes regular assessment on the management's business prospects and results as well as exercises other power and makes decisions objectively in the interests of the Company, including the approval and monitoring of key policy matters, overall strategies, business plans (inclusive of annual budgets), internal control and risk management systems, material transactions such as acquisitions, investments, divestments, disposal of assets (in particular those which may involve conflicts of interest), major and significant capital expenditures, appointment of Directors, recommendation to shareholders of the Company on final dividend and the declaration of any interim dividends and other significant financial and operational matters.

During the Reporting Period, the Board (i) developed and reviewed the Company's corporate governance policies and practices; (ii) reviewed and monitored the training and continuous professional development of the Directors and senior management; (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; and (iv) reviewed and monitored the compliance of the Model Code, and the Company's compliance with the Code and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

The Directors are responsible for the preparation of the accounts of each financial period with a view to giving a true and fair view of the financial position, results and cash flows of the Group for that period. Since October 2010, in compliance with the relevant rules and regulations for information disclosure, the Group has been releasing quarterly financial results. Starting in January 2012, the Group commenced the disclosure of preliminary annual major operational data and financial information to enable the public investors to have an advanced overview and assessment of the Group's business operations. Regular management reports on the financial position and prospects of each business unit of the Group are reviewed by the senior management to enable the Board to make an informed assessment of the performance of the Group.

According to the Working Guidelines for General Manager (總經理工作細則), all routine operations are delegated to the general manager of the Company. The day-to-day management, administration and operation of the Company are delegated to the management team under the supervision of the executive Directors. The delegated functions, power and work tasks are periodically reviewed to ensure that they remain appropriate. The Board will give clear directions to the management team as to their powers of management, and circumstances where the management team should report back. Approval has to be obtained from the Board prior to any decision being made or any commitments being entered into on behalf of the Company that are outside the scope of the operational authority delegated by the Board. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of Directors, remuneration policy and other major operational and financial matters.

CORPORATE GOVERNANCE REPORT

All Directors have full and timely access to appropriate business documents and all relevant information about the Group on a timely basis as well as the advice and services of the Board secretary and the company secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. When needed and upon making request to the Board, all Directors and Board committees may have recourse to external legal counsel and other independent professionals for advice at the Company's expense in carrying out their functions.

The management team has an obligation to supply to the Board and its committees adequate, complete and reliable information in a timely manner to enable them to make informed decisions. Each Director has separate and independent access to the management team.

Composition

As at the end of the Reporting Period, the Board comprised three executive Directors, two non-executive Directors and five independent non-executive Directors:

Executive Directors:

Jiang Yingwu	Member of the Strategic Committee (<i>appointed as the chairman on 9 February 2023</i>)
Wu Dong	Member of the Remuneration and Nomination Committee
Zheng Baojin	Member of the Strategic Committee

Non-executive Directors:

Wang Zhaojia	Member of the Audit Committee
Gu Tiemin	Member of the Audit Committee

Independent non-executive Directors:

Yu Fei	Members of the Audit Committee, Remuneration and Nomination Committee and Strategic Committee
Liu Taigang	Members of the Audit Committee, Remuneration and Nomination Committee and Strategic Committee
Li Xiaohui	Chairman of the Audit Committee and members of the Remuneration and Nomination Committee and Strategic Committee ^(Note 1)
Hong Yongmiao	Chairman of the Remuneration and Nomination Committee and members of the Audit Committee and Strategic Committee
Tam Kin Fong	Members of the Audit Committee, Remuneration and Nomination Committee and Strategic Committee

CORPORATE GOVERNANCE REPORT

Note:

1. Li Xiaohui was appointed as an independent non-executive director of the Company on 12 May 2021 and resigned on 3 April 2023.

The balance of power and authorities is ensured by the operation of the Board and the senior management, which comprise of experienced and high caliber individuals. As of the date of this Annual Report, the Board currently comprises of four executive Directors, two non-executive Directors and five independent non-executive Directors. It has a strong independence element in its composition. The Company is committed to promoting gender diversity of the Board members. While during the Reporting Period, the Company maintained gender diversity of the Board, which was comprised of nine male directors (accounting for 90%) and one female director (accounting for 10%); on 3 April 2023, due to the resignation of the female director of the Company, namely, Ms. Li Xiaohui, as at the printing date of this Annual Report, the Board is comprised of male directors only. While the Board is in the process of identifying a suitable candidate and will endeavour to fill the vacancy as soon as practicable and within three months as required by the Listing Rules, i.e. by 3 July 2023, the Board is mindful of the objectives for the factors as set out in the paragraph headed “2. The Board – Remuneration and Nomination Committee” below for assessing the candidacy of the Board members, and will ensure that any successors to the Board shall follow the gender diversity policy. The Board had targeted to achieve at least one female directors of the Company by the end of 2023. Similar considerations shall also be in place to assess the candidacy of the senior management team from time to time. The Group is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio within an approximately two year timeframe. The Company expects the above is achievable with suitable effort in promoting the gender diversity culture, which the Group has been advocating for so.

The Directors of the current sixth session of the Board were elected or re-elected by the shareholders of the Company (“**Shareholders**”) at the 2020 AGM or were elected democratically by the staff of the Company as the Directors according to the relevant requirements. The term of the sixth session of the Board commenced from the conclusion of the 2020 AGM and will be expiring on the date of the annual general meeting of the Company for the year of 2023.

The biographical details of each Director are disclosed on pages 9 to 14 of this Annual Report. All Directors shall report to the Board in respect of the number and nature of any office assumed by them in other companies or institutions and the term of office, as well as disclose to the Company names of such companies or institutions. If the Board considers a Director has a conflict of interest in any proposal under consideration, such Director shall declare his interests and abstain from voting and may, when necessary, apply for absence. The Board requires the

CORPORATE GOVERNANCE REPORT

Directors to confirm whether there is any connected transaction between the Directors or their respective associates and the Company or its subsidiaries during each Reporting Period. Any material transactions relating to connected persons, which have been confirmed, will be disclosed in accordance with the Listing Rules and in the notes to the financial statements of the annual report.

The independent non-executive Directors of the Company possess wide professional expertise and experience, and can fully perform their important functions of supervision and to protect and balance the interests of the Company and its Shareholders as a whole. The Board considers that the independent non-executive Directors are able to make independent judgment effectively and satisfy the guideline on assessing independence set out in Rule 3.13 of the Listing Rules and has received written annual confirmations from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules.

The Company complies with the requirement concerning the appointment of sufficient independent non-executive Directors and that at least one of them possesses appropriate professional qualification or accounting or relevant financial expertise set out in Rules 3.10(1) and 3.10(2) of the Listing Rules. The Company has made appropriate arrangements to insure against possible legal actions that the Directors and senior management may be involved in. The Board reviews the insurance arrangement annually.

The independent non-executive Directors advise the Company on strategic and significant matters. The Board considers that each independent non-executive Director brings his/her own level of experience and expertise to the effective functioning of the Board. The Board seeks the development of an effective working environment for the executive and independent non-executive Directors so as to improve the quality of the decisions made by the Board without constraining the independent views of the independent non-executive Directors. Regular Board meetings were held during the year with open discussion between the executive Directors and the independent non-executive Directors so as to enhance mutual understanding and effective working relationships. The Group has established mechanism to ensure independent views and input are available to the board.

Save as disclosed herein, to the best of knowledge of the Directors, there is no relationship (including financial, business, family or other material relevant relationship) among members of the Board.

CORPORATE GOVERNANCE REPORT

Board Diversity

With a view to achieving a sustainable and balanced development, the Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development and has formulated the board diversity policy. The Remuneration and Nomination Committee regularly reviews the structure, number of members and composition (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board in support of the Company's strategy.

The Remuneration and Nomination Committee reviews and implements the board diversity policy as and when appropriate, and proposes any recommended revisions as and when necessary to the Board for consideration and approval so as to ensure the effectiveness of the policy. The Company will make proper information disclosure on board composition (including gender, ethnicity, age and length of service) according to laws and regulations and Listing Rules.

The Remuneration and Nomination Committee reviewed the implementation and effectiveness of the board diversity policy at the meeting which was held on 23 March 2022. The Board considers the current Board composition has provided the Company with a balance of skills, experience and diversity of perspective appropriate to the requirements by its business. Currently, the Board include a female independent non-executive Director, thus met the requirements of gender diversity of the Board under the Rule 13.92 of the Listing Rules. The executive Directors of the Company have many years of experience in the building materials and real estate industries; the independent non-executive Directors have extensive industry knowledge and experience in law, economics, financial management and corporate finance.

The Chairman and the Chief Executive Officer

For the year ended 31 December 2022, the Company has reviewed its corporate governance documents and is of the view that the Company had fully complied with the code provisions of the CG Code set out in the Appendix 14 to the Listing Rules.

The primary role of the Chairman is to lead the Board and to ensure that it works effectively in discharging its responsibilities by setting the overall strategy and making major development decisions of the Company and monitoring their implementation and ensuring the creation of value for Shareholders. He takes part in cultivating and maintaining good relationships with strategic associates of the Company and creating a favourable environment for the development of the Company's core businesses. As of the date of this report, the Chairman is Mr. Jiang Yingwu.

CORPORATE GOVERNANCE REPORT

The general manager, who also act as the chief executive officer of the Company, is responsible for the day-to-day operation and management of the Company's business, formulating different business and financial targets and management rules, proposing strategies to the Board and ensuring the effective implementation of the strategies and policies adopted by the Board, including the building of a strong corporate culture within the Company.

Terms of Office of Directors, Supervisors and Senior Management

The terms of office of the current sixth session of the Board and Supervisory Board of the Company has commenced from the respective dates of appointment (that is, the date of the 2020 AGM) and will expire on the date of the annual general meeting for the year of 2023. Upon the expiry on the date of the annual general meeting for the year of 2023, the Company will elect members of the new session of the Board and the Supervisory Board according to the then proposed appointment.

Company Secretary

All Directors are entitled to the company secretary's services. The company secretary reports and notifies the Board the latest information on corporate governance and oversight on a regular basis, assists the Chairman in preparation of the agenda, and prepares and despatches meeting documents in a timely and comprehensive manner so as to ensure the efficiency and validity of the Board meetings. With the assistance of the Company's legal advisers, the company secretary is in charge of arranging the publication of annual, interim and quarterly reports and disclosure of information and data in accordance with the Listing Rules and the relevant rules and guidelines of the Company and ensure the Company's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations. The company secretary makes timely and regular enquiries with the Company's finance department in accordance with the Company's protocols and guidelines such as the Continuing Connected Transactions Practical Guidelines (關連交易實施細則), Management Protocol on Related Party Transactions (關聯交易管理辦法) and Guidelines on Identifying Connected Parties (關連人士確認細則) for information on connected transactions to secure the full compliance with the Listing Rules in respect of such transactions.

The company secretary is also in charge of preparing and keeping written resolutions and/ or minutes of meetings of the Board and the Board committees together with any relevant documents. All matters under consideration including any enquiry and objection by Directors will be minuted in details. Within a reasonable time frame upon closing a meeting, draft minutes will be despatched to all Directors for their comments and final written resolutions and minutes will be sent to all Directors for their records.

CORPORATE GOVERNANCE REPORT

According to Rule 3.29 of the Listing Rules, the company secretary had taken no less than 15 hours of relevant professional training during the Reporting Period.

Board Meetings

The Chairman is responsible for convening and holding the Board meetings. Assisted by the Board secretary and the company secretary, the Chairman tries to ensure all Directors have proper access to accurate, timely and sufficient data on the proposals to be considered by the Board to enable them to reach their final decisions at the relevant Board meeting. While a not less than fourteen days' notice of a regular Board meeting is given, the agenda of meeting and the meeting documents enclosed are circulated at least three days prior to the holding of a Board meeting or a meeting of any Board committee.

The Chairman encourages the Directors to be fully engaged in the Board's affairs and make contributions to the functions of the Board. The Board has adopted comprehensive and sound corporate governance practices and procedures and encourages an open and frank communication among all Board members so as to ensure enquiries raised by the Board members are addressed efficiently and effectively by the appropriate personnel of the Company.

It is expressly provided in the Rules of Procedure for the Meetings of the Board (董事會議事規則) that, in the event that a substantial shareholder or a director of the Company has a conflict of interests in the matter to be considered at the Board meeting, such matter shall not be dealt with by Board committees or by way of circulation. Any Director who has a conflict of interests in the matters to be considered shall abstain from voting.

CORPORATE GOVERNANCE REPORT

The Board held four regular Board meetings during the Reporting Period to review the financial performance of the Group. Between these regular meetings, the Board also met to discuss and consider major issues (whether or not required by the Listing Rules) and also on other occasions when Board decisions are required. With respect to regular meetings of the Board, Directors were given a formal written notice of the meeting and an agenda with supporting Board papers to the meeting in accordance with the Listing Rules and the CG Code. With respect to other meetings, Directors were given as much notice as was reasonable and practicable in the circumstances. During the Reporting Period, the Board also convened the 2021 AGM on 10 May 2022. The number of meetings and attendance details of each Director during the Reporting Period are set out as follows:

Name of Directors	Number of attendance/ Number of meetings entitled to attend	
	Board meetings	2021 AGM
<i>Executive Directors</i>		
Jiang Yingwu (<i>appointed as the Chairman of the Board on 9 February 2023</i>)	8/8	1/1
Wu Dong	8/8	1/1
Zheng Baojin	8/8	1/1
Zeng Jin (<i>resigned on 27 April 2022, and served as the chairman of the Board prior to his resignation</i>)	2/2	0/0
<i>Non-executive Directors</i>		
Wang Zhaojia	8/8	1/1
Gu Tiemin	8/8	1/1
<i>Independent non-executive Directors</i>		
Yu Fei	8/8	1/1
Liu Taigang	8/8	1/1
Li Xiaohui (<i>resigned on 3 April 2023</i>)	8/8	1/1
Hong Yongmiao	8/8	1/1
Tam Kin Fong	8/8	1/1

CORPORATE GOVERNANCE REPORT

Directors' Induction and Continuous Professional Development

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policies and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior management to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, companies law and corporate governance practices organized by professional bodies, independent auditors and/or chambers in Hong Kong and China so that they can continuously update and further improve their relevant knowledge and skills. From time to time, Directors are provided with written materials to develop and refresh their professional skills. The Company also organises and arranges training sessions on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the Reporting Period, the Company regularly provided the Directors and senior management with materials on corporate governance, the Listing Rules and relevant updates on laws, rules and regulations.

CORPORATE GOVERNANCE REPORT

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuous professional development during the Reporting Period:

Name of Directors	Types of training
<i>Executive Directors</i>	
Jiang Yingwu (<i>appointed as the Chairman of the Board on 9 February 2023</i>)	A + B + C
Wu Dong	A + B + C
Zheng Baojin	A + B + C
Zeng Jin (<i>resigned on 27 April 2022, and served as the chairman of the Board prior to his resignation</i>)	A + B + C
<i>Non-executive Directors</i>	
Wang Zhaojia	A + B + C
Gu Tiemin	A + B + C
<i>Independent non-executive Directors</i>	
Yu Fei	A + B + C
Liu Taigang	A + B + C
Li Xiaohui (<i>resigned on 3 April 2023</i>)	A + B + C
Hong Yongmiao	A + B + C
Tam Kin Fong	A + B + C

- A: attending seminars, conferences and/or forums
- B: giving talks at seminars, conferences and/or forums
- C: reading newspapers, journals and updates relating to the economy, general business, building materials, property development or director's duties and responsibilities, etc.

All the Directors also understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

CORPORATE GOVERNANCE REPORT

Board Committees

There are three Board committees under the Board, namely, the Audit Committee, the Remuneration and Nomination Committee and the Strategic Committee, established to administer certain specified functions of the Company's affairs. Their terms of reference which set out, among other things, the duties, functions and composition of these committees are determined in accordance with the principles set out in the CG Code and are available on the Company's website. The Board committees report to the Board. In order to perform their duties, the Board committees have the authority to appoint legal advisors, accountants or other professionals to provide professional advice if necessary, at the Company's expenses.

Audit Committee

The Company has established the Audit Committee pursuant to the provisions of the CG Code with written terms of reference, aiming at (among other things) reviewing and supervising the Group's financial reporting procedures. The Audit Committee consists of two non-executive Directors and five independent non-executive Directors. At a meeting convened on 28 March 2023, the Audit Committee reviewed and considered the consolidated financial statements and the internal control audit report of the Group for the Reporting Period. The Audit Committee has also recommended the Board to adopt the Group's consolidated financial statements for the Reporting Period.

As at the date of this Annual Report, members of the Audit Committee are Wang Zhaojia (non-executive Director), Gu Tiemin (non-executive Director), Yu Fei (independent non-executive Director), Liu Taigang (independent non-executive Director), Hong Yongmiao (independent non-executive director) and Tam Kin Fong (independent non-executive Director). Before Li Xiaohui resigned as an independent non-executive Director on 3 April 2023, Li Xiaohui was the chairman of the Audit Committee. Following the resignation of Li Xiaohui on 3 April 2023, there is a vacancy for the chairman of the Audit Committee as required under Rule 3.21 of the Listing Rules. To meet the relevant requirement under Rule 3.23 of the Listing Rules, the Board is in the process of identifying a suitable candidate and will endeavour to fill the vacancy as soon as practicable and within three months as required by the Listing Rules, i.e. by 3 July 2023. Further announcement(s) will be made in relation to such vacancy appointment as and when appropriate.

CORPORATE GOVERNANCE REPORT

The major functions and roles of the Audit Committee are:

- To review the financial statements of the Company;
- To consider and make recommendation to the Board on the appointment, re- appointment and removal of external auditors;
- To review and opine on the connected transactions and continuing connected transactions of the Group;
- To review the accounting policies adopted by the Group and their implementation;
- To oversee the engagement of external auditors and their independence;
- To review and monitor the effectiveness of the internal audit and risk management function;
- To oversee the effective implementation of the internal control system and the evaluation of internal control;
- To oversee and examine the operation of the Company and make proposals to the Board;
- To control and carry out day-to-day management of the connected transactions and continuing connected transactions of the Company; and
- To inspect and review the corporate governance of the Company.

During the Reporting Period, the Audit Committee convened four meetings. The senior management and external auditors were invited to attend these meetings.

CORPORATE GOVERNANCE REPORT

The attendance details of the Audit Committee members during the Reporting Period are as follows:

Name of Directors	Number of attendance/ Number of meetings entitled to attend
<i>Independent non-executive Directors</i>	
Li Xiaohui (<i>chairman</i>) (<i>resigned on 3 April 2023</i>)	4/4
Yu Fei	4/4
Liu Taigang	4/4
Hong Yongmiao	4/4
Tam Kin Fong	4/4
<i>Non-executive Directors</i>	
Wang Zhaojia	4/4
Gu Tiemin	4/4

The major work of the Audit Committee during the Reporting Period included:

- review of the external auditors' report in respect of the audited financial statements, annual report and results announcement for the year ended 31 December 2021;
- review of implementation of the final dividend for the year ended 31 December 2021;
- review of the accounting policies of the Group adopted during the Reporting Period;
- the proposed appointment of Ernst & Young Hua Ming LLP as the Company's independent auditor for the year ended 31 December 2022;
- review of the 2022 interim report and interim results announcement;
- review of the 2022 first quarter and third quarter results reports;
- review of the procedures for information disclosure during the Reporting Period;

CORPORATE GOVERNANCE REPORT

- review of the internal control and risk management function of the Group with the discussion of the internal auditors;
- review of the internal control evaluation report;
- review of the Company's audit planning report prepared by Ernst & Young Hua Ming LLP for the year ended 31 December 2022;
- review of changes of accounting policy;
- review of the appointment and remuneration plan of senior management;
- review of the related transactions, external guarantee and occupied fund of the Group (if applicable); and
- review of the work performed by other Board committees during the Reporting Period.

This Annual Report and the annual results announcement of the Company for the Reporting Period have been reviewed by the Audit Committee during the meeting convened on 28 March 2023.

The most updated rules of procedures of the Audit Committee are posted on the websites of the Company and the Hong Kong Stock Exchange.

CORPORATE GOVERNANCE REPORT

Remuneration and Nomination Committee

The Company has established the Remuneration and Nomination Committee with written terms of reference. The primary duties of the Remuneration and Nomination Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Company, review the performance-based remuneration, ensure that no Director is involved in determining his own remuneration, determine the remuneration of executive Directors and the senior management of the Company, nominate candidates to fill up any vacancy of the Board, ensure the diversity of the composition of the Board and review the qualification of the candidates. As at the date of this Annual Report, the Remuneration and Nomination Committee consists of five members, namely Wu Dong (executive Director), Yu Fei (independent non-executive Director), Liu Taigang (independent non-executive Director), Li Xiaohui (independent non-executive Director and subsequently resigned as an independent non-executive Director on 3 April 2023), Hong Yongmiao (independent non-executive Director) and Tam Kin Fong (independent non-executive Director). Hong Yongmiao (independent non-executive Director) is the chairman of the Remuneration and Nomination Committee.

During the Reporting Period, the Remuneration and Nomination Committee convened two meetings. Key resolutions considered and approved at the meetings were:

- a. The resolution of determining the remuneration of executive Directors of the Board and the senior management of the Company based on their performance by the Remuneration and Nomination Committee in 2021;
- b. The consideration and review on (i) the appointment of senior management and (ii) the composition of the Remuneration and Nomination Committee and Strategic Committee;
- c. The review of the proposal of appointment of assistant to the general manager; and
- d. The review of the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy.

CORPORATE GOVERNANCE REPORT

The attendance details of the Remuneration and Nomination Committee members during the Reporting Period are as follows:

Name of Directors	Number of attendance/ Number of meetings entitled to attend
<i>Executive Director</i>	
Wu Dong	2/2
<i>Independent non-executive Directors</i>	
Hong Yongmiao	2/2
Yu Fei	2/2
Liu Taigang	2/2
Li Xiaohui (<i>resigned on 3 April 2023</i>)	2/2
Tam Kin Fong	2/2

As at the date of this Annual Report, the Remuneration and Nomination Committee had reviewed the remuneration packages in respect of the Directors and members of senior management of the Company for the Reporting Period as disclosed and considered that their respective remuneration packages were in line with the relevant requirements of the remuneration policy of the Company and were consistent with the annual performance appraisal results. For details of the remuneration policy of the Directors, please refer to the section headed “Employees and Remuneration Policy” under “Management Discussion & Analysis” in this Annual Report.

The Remuneration and Nomination Committee will take into account whether a candidate has the qualifications, skills and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the Director candidates, proven achievement and competence in the nominee’s field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company’s success and such other factors as it may deem are in the best interests of the Company and its shareholders. The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

The most updated rules of procedures of the Remuneration and Nomination Committee are posted on the websites of the Company and the Hong Kong Stock Exchange.

CORPORATE GOVERNANCE REPORT

The biographical details of senior management are disclosed on pages 17 to 21 of this Annual Report.

Strategic Committee

The Company established the Strategic Committee whose primary duties are to formulate the overall development plans and investment decision-making procedures of the Group. As at 31 December 2022, the Strategic Committee consisted of seven members, two of whom are executive Directors, namely Jiang Yingwu and Zheng Baojin, together with five independent non-executive Directors, namely Yu Fei, Liu Taigang, Li Xiaohui (resigned as an independent non-executive Director on 3 April 2023), Hong Yongmiao and Tam Kin Fong. Jiang Yingwu was appointed as the chairman of the Strategic Committee on 9 February 2023.

During the Reporting Period, the Strategic Committee convened two meetings with an attendance rate of 100%. In addition to reviewing the Administrative Measures on Compliance and other resolutions, the Company also reviewed the investment plan of the Company for 2022 and other resolutions, proposed to form a linkage between investment projects, leveraged the advantages of the industrial chain and flexibly utilized the financing means in a compliance manner to reduce financing costs.

3. Statement of Financial Responsibility of the Board

It is the responsibility of the Board for presenting a balanced, clear and understandable assessment in respect of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for (i) the preparation of the Company's financial statements; (ii) the completeness and legitimacy of the financial data; and (iii) the efficiency of the Company's internal control and risk management function for the year ended 31 December 2022.

Management team shall provide such explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information presented before the Board for approval. The Directors are responsible for keeping proper accounting records and preparing accounts of each financial period, which give a true and fair view of the financial position of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2022, the Directors have:

- consistently applied appropriate accounting policies;
- made judgments and estimates that are prudent and reasonable; and

CORPORATE GOVERNANCE REPORT

- prepared the accounts on the going concern basis.

The quarterly, interim and annual results of the Company are announced in a timely manner within the relevant limits of the Listing Rules after the end of the relevant Reporting Period.

The Company has received a statement by the independent auditors of the Company about their reporting responsibilities. The statement of the independent auditors of the Company on its reporting responsibilities on the financial statements is set out in the "Auditors' Report" on pages 133 to 139 of this Annual Report.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

4. Directors' and Supervisors' Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules and the Securities Dealing Code for Management (管理層證券交易守則) as the Company's code of conduct and rules to govern dealings by all Directors in the securities of the Company. The Model Code is also applicable to the Supervisors, specific employees and/or senior management of the Group who may have certain inside information that has not been disclosed. The Model Code is sent four times a year, namely, no less than 30 days prior to the Board meeting to approve the Company's interim and quarterly results and no less than 60 days prior to the Board meeting to approve the Company's annual results, together with an indicative notice, to remind the Directors, the Supervisors and the specific employees who may have certain price sensitive information that they may not deal in the Shares until the publication of the results announcement.

The Company has also adopted the System on Managing Insiders and External information User (內幕資訊知情人和外部資訊使用人管理制度) and Securities Dealing Code for Management (管理層證券交易守則) for controlling and monitoring the relevant employees who are likely to be in possession of unpublished price-sensitive information in relation to the Group or its securities.

All Directors confirmed that as at 31 December 2022, none of the Directors, the Supervisors and the specific employees who may have possession of certain inside information that had not been disclosed in accordance with the requirements of the Model Code has interests or short positions which are required to notify the Company and the Hong Kong Stock Exchange, or incur any conduct in violation of regulations. Having made specific enquiries to all Directors and all Supervisors of the Company, they have confirmed that they had complied with the required standards set out in the Model Code throughout the Reporting Period.

CORPORATE GOVERNANCE REPORT

5. Senior Management's Remuneration

The Company considers the executive Directors, general manager, the deputy general manager, the deputy general manager assistant, the board secretary and the company secretary as the members of the senior management.

For the year ended 31 December 2022, remuneration paid to the members of the senior management other than the Executive Directors was as follows:

	2022	2021
	RMB	RMB
Total remuneration	12,060,238	14,653,870

Remunerations of these senior management members fall within the following range:

	2022	2021
RMB0-1,000,000	9	3
RMB1,000,001-1,500,000	1	7
RMB1,500,001-2,000,000	3	2
	13	12

6. Internal Control and Audit**Internal Control**

The Board has the ultimate responsibility to maintain a sound and effective internal control system for the Company so as to safeguard the interests of the Company and its shareholders as a whole and to ensure strict compliance with relevant laws, rules and regulations. The Board is fully in charge of the internal control system and is responsible for reviewing the effectiveness of the internal control system.

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The Company's internal control system comprises a well established organizational structure and comprehensive policies and standards. Areas of responsibilities for each business and functional unit are clearly defined to ensure effective checks and balances. The procedures have been designed for safeguarding assets against any unauthorised use or disposition, for maintaining proper accounting records, and for ensuring the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud. The procedures have also been designed to ensure compliance with all applicable laws, rules and regulations. During the Reporting Period, the Company had carried out an overview on the effectiveness of the internal control system of the Company. The review covered all material controls, including financial, operational and compliance controls and risk management functions of the Company. No material internal control aspects of any significant problems were noted. The Company received a confirmation from management on the effectiveness of its risk management and internal control systems. Both the Audit Committee and the Board were satisfied that the internal control system of the Company had functioned effectively during the Reporting Period. With the completion of the corporate governance update project during the Reporting Period, the corporate governance of the Company was further improved, the transparency of the Company was further enhanced and the awareness of regulatory operation was continuously strengthened. During the Reporting Period, the Company continued to strengthen the management foundation and improve the steady and sound development of the Company in accordance with the requirements by regulatory authorities, so as to better protect the interests of shareholders of the Company.

The Board's Statement on Its Responsibility for Internal Control

According to the provisions of the Basic Internal Control Norms for Enterprises and its supporting guidelines and other internal control and supervision requirements (hereinafter referred to as the "Standard System for Internal Control of Enterprises"), in combination with the internal control system and evaluation methods of the Company, and on the basis of daily and special supervision of internal control, the Company evaluated the validity of the internal control as of 31 December 2022 (base date of internal control evaluation report).

1. According to the determination of the major defects in the internal control of the Company's financial reports, the Company had no major defects in the internal control of the financial reports on the base date of the internal control evaluation report, and the Board of Directors believed that the Company had maintained effective internal control of the financial reports in all major aspects according to the requirements of the Standard System for Internal Control of Enterprises and relevant regulations.

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2. According to the determination of the major defects in the internal control of the non-financial reports of the Company, the Company found no major defects in the internal control of non-financial reports on the base date of internal control evaluation report.
3. There were some general defects in the internal control process in daily operation. However, due to the double supervision mechanism of self-evaluation and internal audit for the internal control of the Company, the risks were controllable and did not affect the financial reports of the Company.
4. A standard unqualified internal control audit report has been issued to the Company by Ernst & Young Hua Ming LLP, the internal control auditor engaged by the Company.

Internal control operation of the year and direction of improvement in the next year

In 2022, the Company adhered to implement the strategic concept of “four developments”, further clarified “1+7+X” management architecture and enhanced management efficiency according to “flat, professional, regional and information-based” management and control principle; further strengthened the publicity and implementation of the 2022 implementation system and the 2022 newly revised internal control manual in affiliations at all levels; further optimized the group headquarters’ structure, refined department responsibilities and authorities, and gave full play to the functional role of the headquarters’ strategic decision center, capital operation center, asset supervision center and human resources distribution center; further improved its corporate management and control model, specified the level of management, implemented the management for the term of office and with contracts; further enhanced legal compliance, implemented the three-tier leadership package for major cases, and effectively implemented the General Counsel System; further enhanced the overall quality of its employees, established professional talent pool, including human resources professionals, financial professionals and skilled technicians, and organized various trainings; and further strengthened discipline inspection and audit supervision, effectively implemented the collaborative working mechanism of discipline inspection and supervision, surveillance and audit, so as to achieve the full three-year audit coverage of the audit work. Through self-assessment, the Company has maintained effective internal control in all material aspects in accordance with the requirements of corporate internal control specification system and relevant provisions, and found no major and material defects.

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In 2023, the Company will, on the basis of the existing internal control system, continue to improve its four-level management and control model, adjust the optimization of management level and equity structure, promote the integration of internal resources; implement its “14th Five-Year” talent planning, continue to widen the scope of professional talents and the total number of talents in the talent pool; further promote the transformation of digital intelligence with the industrial Internet as the core; continue to promote the system of management for the term of office and with contracts; promote inspections, surveillances and audit on problems rectification and results application, so as to enhance the prevention of various operational risks; continue to reinforce the implementation, supervision and inspection of various systems and procedures, ensure that internal control always centers on the big picture of the Company’s development, and make a reasonable guarantee that the Company’s operation and management is legitimate and compliant, assets are safe, and financial reports and relevant information are authentic and complete, so as to improve its operating efficiency and effect and promote the realization of development strategy. Meanwhile, according to the new situations reflected in the implementation process of the existing internal control system, it shall optimize and improve some of the business processes, and ensure that the Company’s internal control system will timely adapt to environmental changes and keep dynamic and effective.

Auditors’ Remuneration

The Audit Committee reviewed the letter from Ernst & Young Hua Ming LLP to confirm its independence and objectiveness, and held meetings with Ernst & Young Hua Ming LLP to discuss its audit scope and fees by Ernst & Young Hua Ming LLP. The Company engaged Ernst & Young Hua Ming LLP as the sole external auditor of the Company. The remuneration in respect of audit services and non-audit services provided by Ernst & Young Hua Ming LLP in 2022 is summarised as follows:

Ernst & Young Hua Ming LLP	RMB
Annual results auditing services	7,000,000
Review of 2022 interim results	3,500,000
Other non-annual audit or review services	—
Total	10,500,000

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7. Communications with Shareholders

The Board fully recognizes that effective communication with investors is the key to building up investors' confidence and attract new investors. The Company held briefs to investment analysts and investors immediately following the announcement of its annual and interim results. Senior management were present to analyze the performance of the Company, expound the business development of the Company and answer questions raised by investors, so as to make known the Company's existing operation, investment status and business development, thereby enhancing the investors' confidence in the Company. The Company publishes its announcements, financial information and other relevant data on its website at <http://www.bbm.com.cn/listco>, as a channel to enhance effective communication. Shareholders are welcomed to make enquiries to the Company by sending the enquiries to the principal place of business of the Company in China or Hong Kong, or contact the Board Office via phone ((8610) 6641 7706), fax ((8610) 6641 0889) or email (ir@bbm.com.cn). The Company will respond to all enquiries in a timely and appropriate manner. The Board reviewed the Group's shareholders and investor engagement and communication activities conducted in 2022 and was satisfied with the implementation and effectiveness of the shareholders communication policy.

For further details, please refer to the section headed "Investor Relations Report" in this Annual Report.

8. Shareholders' Rights

Procedure for shareholders to convene an extraordinary general meeting:

Pursuant to Articles 65 and 107 of the Articles of Association and Rules of Procedure for General Meetings of the Company, the following procedures are set out for shareholders to convene an extraordinary general meeting or class meeting of shareholders:

- (1) Two or more shareholders severally or jointly holding 10% or more of shares of the Company may, by signing written requests in one or more counterparts stating the object of the meeting, require the Board to convene an extraordinary general meeting or a class meeting of shareholders. The Board shall within two months after receipt of such written request convene an extraordinary general meeting or class meeting of shareholders. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s) by the shareholders;

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- (2) Where the Board disagrees on the proposal for convening a general meeting or fails to give feedback within ten days upon receipt of the above written request, the shareholder(s) shall request in writing to the Supervisory Board to convene a general meeting. Where the Supervisory Board agrees on the convening of meeting, it shall give a notice of meeting within five days upon receipt of the written request. Where no notice of meeting is issued by the Supervisory Board within the prescribed period, the Supervisory Board shall be deemed not to convene and preside over the meeting. Shareholders severally or jointly holding 10% or more of shares of the Company for more than ninety consecutive days may convene and preside over the meeting on their own accord (the shareholding of such shareholder(s) who convene the meeting shall not be less than 10% prior to the announcement on the resolutions passed at the general meeting). The convening procedures shall as much as possible be the same as those for meeting convened by the Board.

When convening an annual general meeting, the Company shall notify the date, venue, and agenda of the meeting to all shareholders 20 business days prior to the convening of the relevant meetings in written form or in any other manners as prescribed by the Articles of Association. When convening an extraordinary general meeting, the Company shall notify shareholders 10 business days or 15 days (whichever is longer) prior to the date of the written form or in any other manners as prescribed by the Articles of Association. When calculating the number of days for the issuance of notices of general meetings, neither the intended day of the meeting, nor the day the relevant notice is issued shall be included in the number of days of advance notice required. Business day means the day on which The Stock Exchange of Hong Kong Limited is open for the business of dealing in securities.

Procedure for election of directors nominated by shareholders

Pursuant to Articles 68 and 140 of the Articles of Association and Rules of Procedure for General Meetings of the Company, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Stock Listing Rules of Shanghai Stock Exchange, the following procedure is set out for election of directors nominated by shareholders:

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Shareholder(s) severally or jointly holding 3% or more shares of the Company may nominate directors for election through a proposal to the Company. A written notice of the intention to nominate a person (namely shareholder) for election as director and a notice in writing by that person indicating his acceptance of such nomination shall be given to the Company not earlier than the day of announcement of notice of general meeting and not later than seven days before the date of the general meeting. The relevant period for nomination and acceptance of nomination shall not be less than seven days. The Company will, within ten business days prior to the date of the relevant general meeting, send to all shareholders a supplementary notice of general meeting carrying information about the resume of the director candidates, reasons for their election and the candidates' attitudes toward the nomination.

Proposals at a general meeting shall meet the following requirements:

- (I) The contents of the proposals shall not contravene provisions of the laws, administrative regulations and the Articles of Association and shall fall within the scope of business of the Company and terms of reference of general meeting;
- (II) The proposals shall have specific topics for discussion and specific issues to be resolved;
and
- (III) The proposals shall be submitted or served to the convener in writing.

Voting on proposals for election of Directors shall take the form of cumulative voting, namely, if more than two directors are to be elected at the general meeting, every share held by the voting shareholders shall have voting rights equal to the number of directors to be elected, and any shareholder may concentrate his/her voting rights on one director candidate or distribute his/her voting rights among several director candidates.

Cumulative voting mentioned in the preceding paragraph means that when Directors or supervisors are being elected at a general meeting, each share has as many voting rights as the candidates for directors or supervisors, and the shareholders' voting rights may be used in a concentrated manner.

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Procedure for Shareholders to put forward proposals at a general meeting

Pursuant to Article 68 of the Articles of Association and Rules of Procedure for General Meetings of the Company, the Listing Rules and the Stock Listing Rules of Shanghai Stock Exchange, the following procedures are set out for the Shareholders to put forward proposals at a general meeting:

Shareholder(s) severally or jointly holding 3% or more shares of the Company may put forward proposals at a general meeting. A written notice of the intention to put forward a proposal shall be given to the meeting convener through contacting the Investor Relations Department of the Company. For details of contact methods, please refer to the Investor Relations Report. The convener should make an announcement no earlier than two days upon receipt of the request and no later than ten days before the date of the general meeting specifying details of the proposals.

Other than the above requirements, after the convener makes the announcement, no amendment or addition shall be made in the proposal listed in the announcement.

Proposals at a general meeting shall meet the following requirements:

- (I) The contents of the proposals shall not contravene provisions of the laws, administrative regulations and the Articles of Association and shall fall within the scope of business of the Company and rules of procedure of general meeting;
- (II) The proposals shall include a clear subject and particulars of the subject matters; and
- (III) The proposals shall be submitted or served to the convener in writing.

When the relevant issues or proposals are being considered at the general meeting, shareholders or their proxies present at the meeting may express their opinions in either oral or written form. Shareholders who wish to express their opinions or raise questions on the issues to be considered shall obtain prior approval from the chairman of the meeting. Shareholders shall not intervene when reports are being made at the meeting or when other shareholders are speaking. When expressing their opinions, shareholders shall focus on the subject matters based on facts and reliable supports with courtesy and respect to others. Insult or defamation on others is prohibited. Shareholders who are in violation of the above rules shall be prohibited from speaking or forced to stop by the chairman of the meeting. Any person present at the meeting may submit their opinions or questions in writing to the chairman of the meeting. Opinions or questions raised at the meeting should be concise and to the point and shall not exceed the time limit and frequency stated in the rules of procedure.

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9. Constitutional Documents

During the Reporting Period, there were no amendments to the Articles of Association made by the Company.

The most updated Articles of Association is available on the websites of the Company and the Hong Kong Stock Exchange.

10. Dividend Policy

(I) The basic principles of profit distribution policy of the Company are:

1. Taking into full account of the investor return, the dividend distributed to the shareholders in the past three years shall be no less than 30% of the average annual distributable profit attributable to shareholders of the listed company realized in the past three years, as recorded in the consolidated financial statements;
2. The Company shall maintain continuity and stability of the profit distribution policy, and give proper consideration to long-term interests of the Company, the interests of all shareholders as a whole and sustainable development of the Company; and
3. The Company will give priority to cash dividend in profit distribution.

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(II) The detailed policies of profit distribution are set out below:

1. The form of distribution: The Company may distribute dividends in cash, in shares, or in a combination of both cash and shares. When the conditions are satisfied, the Company may declare interim profits.

2. Conditions and proportion of cash dividend distribution:

Subject to special circumstances, the Company shall distribute cash dividend when the Company makes profit in the year and the accumulated undistributed profit shall be a positive figure. In principle, the accumulated profits distributed by the Company in cash in the past three years shall be no less than 30% of the average annual distributable profits realized in the past three years (average annual distributable profits refer to such average annual profits that attributable to shareholders of the listed company realized in the past three years, as recorded in the consolidated financial statements).

Special circumstances refer to material investments or cash expenditures (excluding fund-raising projects) made by the Company. Material investments or cash expenditures refer to those matters that need review and approval of shareholders' general meeting pursuant to the relevant laws and regulations and requirements of these Articles of Associations.

3. Differentiated cash dividend distribution policies:

When carrying out cash dividend distribution, the board of directors of the Company shall take into comprehensive consideration of such factors as the characteristics of the industries the Company operate in and the business lifecycle of the Company, its own business model, profitability level, as well as whether it has any substantial capital expenditure arrangement, and put forward differentiated cash dividend distribution policies applicable to the following situations in accordance with the procedures specified in the Articles of Association:

- (1) Where the Company is in a maturity phase with no substantial capital expenditure, the cash dividend distributed shall not be less than 80% of the total profits distributed when carrying out profit distribution;

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- (2) Where the Company is in a maturity phase with substantial capital expenditure, the cash dividend distributed shall not be less than 40% of the total profits distributed when carrying out profit distribution;
- (3) Where the Company is in a growth phase with substantial capital expenditure, the cash dividend distributed shall not be less than 20% of the total profits distributed when carrying out profit distribution; where the phase of the business lifecycle of the Company is difficult to define and where Company has substantial capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.

4. Conditions of dividend distribution in shares:

When the Company is in good condition and the board of directors considers that the share price and share capital size do not match, and to distribute dividends in shares is in the interests of the shareholders as a whole, the board of directors may, provides that the conditions of cash dividend distribution stated above are satisfied, propose to distribute dividends in shares.

In distributing dividend in shares, the Company shall focus on capital expansion and performance growth, taking into account of such reasonable factors as the business growth and dilution of net asset value per share.

(III) Review and approval procedure for profit distribution proposal:

1. The profit distribution proposal shall be proposed by the management and submitted to the board of directors for review and approval, and independent directors shall express definite opinions in this regard. The board of directors shall record a resolution and submit to the shareholders' general meeting for review and approval.

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2. The board of directors shall fully consider the profit distribution proposal pursuant to the provisions of the Articles of Association, having taken into full account of the Company's ability to operate on an ongoing basis, and the capital required for ensuring ordinary production, operation and business development as well as reasonable returns to investors. In deliberating and decision-making of the profit distribution proposal, the board of directors shall communicate and exchange ideas with independent directors and minority shareholders through multiple channels and take full account of the views of independent directors and the demands of minority shareholders.
3. Independent directors may solicit opinions from minority shareholders, put forth dividends distribution proposals and directly submitted to the board of directors for review and approval.
4. The profit distribution proposal shall be submitted to the supervisory board for review and approval and shall be approved by the supervisory board.
5. If the Company decides not to distribute cash dividend due to special circumstances stipulated above, the board of directors shall provide a special explanation on matters relating to the detailed reasons, the exact purpose of the retained proceeds and estimated return on investment. After the independent directors express opinion, the special explanation shall be submitted to the shareholders' general meeting for review and approval, and disclosed on the media designated by the Company.

(IV) Implementation of profit distribution proposal:

Subsequent to the passing of the resolution in respect of the profit distribution plan by the shareholders' general meeting, the board of directors of the Company shall complete the distribution of dividends (or shares) within two months from the date of the shareholders' general meeting.

Dividends and other distributions declared by the Company to holders of domestic shares shall be declared and denominated in Renminbi, and paid in Renminbi. Dividends and other distributions declared by the Company to holders of foreign shares shall be declared and denominated in Renminbi, and paid in foreign currency. The exchange rate shall be based on the average middle exchange rate of the relevant foreign currency against Renminbi announced by the People's Bank of China over the five working days preceding the date on which such dividends or other distribution are declared. Foreign currencies payable by the Company to holders of foreign shares shall be obtained pursuant to relevant State regulations on the administration of foreign exchange.

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(V) Adjustment of profit distribution policies:

In case of war, natural disasters and other force majeure, or the changes in external operating environment which significantly affect the Company's production and operation, or significant changes in the Company's own operation status, the Company may adjust its profit distribution policies.

When the Company needs to adjust its profit distribution policies, the board of directors shall carry out a special topic discussion to discuss in details and explain the reasons of adjustment. After being reviewed and approved by the independent directors, a written report shall be submitted to the shareholders' general meeting, the passing of which should be by way of a special resolution. The Company shall provide an internet voting for the shareholders when the adjustment of profit distribution policies is in review and discussion.

11. Staff Diversity in Workplace

The Company believes creating a culture of diversity and inclusion helps our employees unleash their potentials. The Company attaches importance to staff diversity in the workplace, and therefore the Company provides equal opportunities for all applicants and employees regardless of race, colour, national origin, religion, gender, marital status, age, sexual orientation, and disability. The Company is committed to treating all employees with fairness and respect. Employees are hired based on their abilities and merits. The Company treats all the employees equally, regardless their background, religions, races and gender etc. The promotion within the Company is completely based on the performance of the individual but nothing else.

As at 31 December 2022, gender ratio of employees of the Group (including the Directors, senior management and others) is 75.7% (male) and 24.3% (female). Therefore, male employees outnumbered female employees. The Company will be committed to maintaining a balance between male and female employees to narrow the gap between the number of male and female. The Company tends to employ more male employees than female employees due to the nature of the Company's production and manufacturing business. The Company wishes to narrow the gap of the gender ratio of employees of the Group (including the Directors, senior management and others) to achieve the target of keeping balance in a medium term. In order to cope with the situation that there are more male employees than female employees and to achieve the target gender ratio, taking into account the overall development plan and strategy and the need of the Group's customers, the Company will provide more trainings to attract female employees to work in the production and manufacturing business.

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12. ANTI-CORRUPTION AND WHISTLEBLOWING POLICIES

The Group has established the anti-bribery and corruption policy and whistleblowing system for the Board members, management, employees and third parties who represent the Group, such as suppliers, contractors and business partners, to ensure the Group and the relevant stakeholders will uphold the highest standards of professional integrity.

The whistleblowing system not only can further strengthen the internal control environment of the Group, it also acts as a channel for the staff of the Group to report any illegal behaviours, and is dedicated to external stakeholders to report any suspected misconduct, malpractice or illegal acts. For details of the anti -corruption and whistleblowing policies of the Group, please refer to the 2022 Environmental, Social and Governance Report to be published on the same date of this Annual Report.

13. SHAREHOLDERS ENGAGEMENT**Directors' Shareholding Interests**

Directors' interests in the Company's securities as at 31 December 2022 are disclosed in the Directors' Report on page 82. All Directors have confirmed, following specific enquiry by the Company, that throughout the year ended 31 December 2022 they have complied with the required standard set out in the Model Code and the Company's own Code for Securities Transactions. The Company's own Code for Securities Transactions is largely based on the Model Code set out in Appendix 10 of the Listing Rules and is on terms no less exacting than those in the Model Code.

The Listing Rules required 25% public float was maintained throughout the Reporting Period and up to the date of this Annual Report.

CORPORATE GOVERNANCE REPORT

Important shareholders' dates in 2023

The following are the key shareholder-related dates and events:

Date	Event
Wednesday, 29 March 2023	Publication of announcement of annual result for the year ended 31 December 2022
Wednesday, 19 April 2023	Publication of this Annual Report
Wednesday, 19 April 2023	Publication of the 2022 Environmental, Social and Governance Report
4:30 p.m. on Friday, 5 May 2023	Latest time to lodge transfers of shares to qualify for the right to attend and vote at the 2022 AGM
Monday, 8 May 2023 to Thursday, 11 May 2023 (both days inclusive)	Closure of register of members for ascertaining Shareholders' right to attend and vote at the 2022 AGM
Thursday, 11 May 2023	Date of 2022 AGM
4:30 p.m. on Friday, 19 May 2023	Latest time to lodge transfers of shares to qualify for the right to receive the final dividends for the Reporting Period
Saturday, 20 May 2023 to Thursday, 25 May 2023 (both days inclusive)	Closure of register of members for determining entitlements of the Shareholders to receive the final dividends for the Reporting Period
On or before Monday, 10 July 2023	Expected date of distribution of final dividends for the Reporting Period

On behalf of the Board

Jiang Yingwu

Chairman & executive Director

Beijing, the PRC

29 March 2023

AUDITORS' REPORT



Ernst & Young Hua Ming (2023) Shen Zi No. 60667053_A01
BBMG Corporation

To the shareholders of BBMG Corporation:

I. Audit opinion

We have audited the financial statements of BBMG Corporation, which comprise the consolidated and company balance sheets as at 31 December 2022, and the consolidated and company income statements, the statements of changes in equity and the statements of cash flows for 2022 and the relevant notes to the financial statements.

In our opinion, the accompanying financial statements of BBMG Corporation present fairly, in all material aspects, the consolidated and company's financial position of BBMG Corporation as at 31 December 2022 and the consolidated and company's operating results and cash flows for 2022 in accordance with the Accounting Standards for Business Enterprises.

II. Basis for audit opinion

We conducted our audit in accordance with China's Auditing Standards for the Certified Public Accountants. Our responsibilities under those standards are further described in the section "Certified Public Accountants' responsibilities for the audit of the financial statements" under the auditors' report. Pursuant to the Code of Ethics for Chinese Certified Public Accountants, we are independent of BBMG Corporation and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matters is provided in that context.

We have fulfilled the responsibilities described in the section "Certified Public Accountants' responsibilities for the audit of the financial statements" under the report, including those in relation to these key audit matters. Accordingly, our audit included the performance of audit procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the key audit matters below, provide the basis for our audit opinion on the financial statements as a whole.

Auditors' Report *(continued)*

III. Key audit matters *(continued)*

Key audit matters:	How our audit addressed the matters:
<p>Impairment of goodwill</p> <p>As at 31 December 2022, the carrying value of goodwill in the consolidated financial statements amounted to RMB2.514 billion, among which, the impairment provision made for goodwill amounted to RMB360 million.</p> <p>Goodwill is tested for impairment at least annually by the Management and the carrying value of goodwill is adjusted according to the result of the impairment test, which depends, to a large extent, on the estimates made and the assumptions adopted by the Management, for example, the estimates of future cash flow expected to be generated from asset group and discount rates. Those estimates are affected by the judgment made by the Management on the future market and economic environment. The adoption of different estimates and assumptions would cause material impact on the recoverable value of the goodwill valued.</p> <p>Please refer to Note III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES 17. Impairment of assets and 34. Significant accounting judgments and estimates and Note V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS 22. Goodwill for disclosures on the matter in the financial statements.</p>	<p>Our audit procedures mainly included review on the Management's determination of asset groups and allocation of goodwill. We obtained an understanding of the historical performance and development planning of each asset group as well as the development trend of the macroeconomy and the industry the asset groups belong to. We evaluated the assumptions and methods adopted by the Management in estimate of the recoverable amounts of asset groups. We assessed the estimated cash flow, including examining and checking the estimated production volumes, future sales prices, growth rates, estimated gross profit margin and relevant expenses of the asset groups, and compared them with the historical data and the industry benchmark for analysis. With the support of our internal valuation specialists, we reviewed and assessed the valuation methods selected and the key assumptions adopted by the Management, including the discount rates and perpetual growth rates, etc. We further reviewed the disclosures in relation to the impairment of goodwill in the financial statements.</p>

Auditors' Report *(continued)***III. Key audit matters** *(continued)*

Key audit matters:	How our audit addressed the matters:
<p data-bbox="309 508 628 535">Fair value of investment properties</p> <p data-bbox="309 577 823 741">As at 31 December 2022, the carrying value of the investment properties in the consolidated and the Company's financial statements amounted to RMB38.706 billion and RMB13.430 billion, respectively. The investment properties were subsequently measured using fair value model.</p> <p data-bbox="309 784 823 1155">The management engages a third-party valuer with relevant qualifications to perform the valuation of the fair value of investment properties once a year. Income method and market price method were adopted in the valuation. The valuation of the fair value of investment properties involves a range of estimates and assumptions, such as the analysis of the economic environment and future trend of the regions where the investment properties are located, estimated rentals, occupancy rates and discount rates. The changes in estimates and assumptions would cause material impacts on the fair value of the investment properties valued.</p> <p data-bbox="309 1198 823 1505">Please refer to Note III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES 12. Investment properties, 33. Fair value measurement and 34. Significant accounting judgments and estimates, and Note V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS 17. Investment properties and 60. Gains and losses from changes in fair value, Note IX. DISCLOSURE OF FAIR VALUE and Note XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS 4. Investment properties.</p>	<p data-bbox="857 577 1391 949">Our audit procedures mainly included assessment of the objectivity, independence and competence of the third-party valuer engaged by the Management. We reviewed the basic information involved in the assessment, including lease area, property nature, lease term, rental income, etc. We selected material or typical samples to review and assess the valuation method, assumptions and key valuation inputs selected, such as, anticipated rentals in the future, occupancy rates and discount rates, with the support of our internal valuation specialists. We further reviewed the presentation and disclosures on the valuation of the fair value of investment properties in the financial statements.</p>

Auditors' Report *(continued)*

IV. Other information

The Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report.

Our audit opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the work we have performed, if we are certain that the other information is materially misstated, we should report the facts. In this regard, we have nothing to report.

V. Responsibilities of the Management and those charged with governance for the financial statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, performance and maintenance of such internal control as the Management determines necessary to enable the financial statements to be free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing BBMG Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to continuing as a going concern and using the assumptions of continuing as a going concern unless it is intended to either commence liquidation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing BBMG Corporation's financial reporting process.

Auditors' Report *(continued)*

VI. Certified Public Accountants' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are usually considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with the auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also perform the following tasks:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the assumptions of continuing as a going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on BBMG Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditing standards require us to draw attention of users of the financial statements in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the information obtained up to the date of our auditors' report. However, future events or conditions may cause BBMG Corporation to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within BBMG Corporation to express an audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' Report *(continued)*

VI. Certified Public Accountants' responsibilities for the audit of the financial statements *(continued)*

We communicate with those charged with governance the matters regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about these matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: **Meng Dong** (Engagement Partner)
Chinese Certified Public Accountant: **Meng Jia**
Beijing, the PRC

29 March 2023

Audited Consolidated Balance Sheet

31 December 2022

RMB

	Note V	31 December 2022	31 December 2021
Assets			
Current assets			
Cash and bank balances	1	15,996,435,857.72	21,921,968,519.94
Financial assets held for trading	2	1,116,954,484.86	1,152,240,648.45
Bills receivable	3	422,263,122.28	705,691,610.82
Accounts receivable	4	7,618,174,146.44	7,523,927,513.40
Financing receivables	5	1,496,573,941.98	2,514,575,159.07
Prepayments	6	1,705,162,281.88	1,745,572,087.55
Other receivables	7	7,357,457,848.35	9,432,966,788.14
Inventories	8	111,184,131,016.91	116,928,823,487.74
Contract assets	9	222,802,259.67	60,328,702.31
Non-current assets due within one year	10	269,845,114.30	127,377,276.90
Other current assets	11	9,434,556,250.42	7,845,259,543.05
Total current assets		156,824,356,324.81	169,958,731,337.37
Non-current assets			
Debt investments	12	1,155,764,072.96	490,902,028.26
Long-term receivables	13	2,851,242,784.44	1,004,712,317.80
Long-term equity investments	14	7,736,678,183.35	6,484,148,919.55
Investment in other equity instruments	15	773,948,747.65	596,774,849.44
Other non-current financial assets	16	263,969,459.46	–
Investment properties	17	38,705,919,637.25	36,092,290,068.79
Fixed assets	18	43,653,968,153.58	44,371,375,769.46
Construction in progress	19	3,604,955,673.02	1,901,031,174.31
Right-of-use assets	20	953,854,888.87	710,751,128.78
Intangible assets	21	15,887,353,097.03	16,280,896,981.85
Goodwill	22	2,513,503,266.59	2,438,315,745.82
Long-term deferred expenditures	23	1,763,529,449.55	1,683,402,756.77
Deferred income tax assets	24	3,826,913,824.26	3,711,928,081.48
Other non-current assets	25	1,004,096,765.50	631,549,281.90
Total non-current assets		124,695,698,003.51	116,398,079,104.21
Total assets		281,520,054,328.32	286,356,810,441.58

The accompanying notes form an integral part of these financial statements

Audited Consolidated Balance Sheet *(continued)*

31 December 2022

RMB

	Note V	31 December 2022	31 December 2021
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	26	25,482,825,771.43	25,140,608,000.00
Bills payable	27	3,633,062,025.07	3,217,498,008.45
Accounts payable	28	19,027,359,975.08	19,796,622,282.33
Receipts in advance	29	315,238,031.96	328,325,876.17
Contract liabilities	30	30,357,771,576.04	26,822,950,419.07
Wages payable	31	541,223,371.35	436,570,855.28
Tax payable	32	1,841,142,424.48	2,356,197,065.16
Other payables	33	9,241,191,495.17	9,701,552,654.69
Non-current liabilities due within one year	34	16,724,946,325.58	15,125,801,960.37
Short-term financing bonds payable	37	5,000,000,000.00	7,500,000,000.00
Other current liabilities	35	6,679,901,096.51	9,307,669,006.30
Total current liabilities		118,844,662,092.67	119,733,796,127.82
Non-current liabilities			
Long-term loans	36	32,637,155,002.48	29,001,712,449.80
Bonds payable	37	26,493,958,938.44	33,499,674,504.50
Lease liabilities	38	481,532,950.83	395,211,550.60
Long-term payables	39	299,650,814.94	345,169,768.56
Long-term wages payable	40	449,511,908.54	498,937,107.96
Accrued liabilities	41	478,333,744.87	503,461,378.37
Deferred income	42	762,550,771.11	795,357,234.52
Deferred income tax liabilities	24	6,176,449,471.74	6,044,933,885.02
Other non-current liabilities	43	310,124.31	4,750,000.01
Total non-current liabilities		67,779,453,727.26	71,089,207,879.34
Total liabilities		186,624,115,819.93	190,823,004,007.16

The accompanying notes form an integral part of these financial statements

Audited Consolidated Balance Sheet (continued)

31 December 2022

RMB

	Note V	31 December 2022	31 December 2021
Liabilities and equity attributable to shareholders			
Equity attributable to shareholders			
Share capital	44	10,677,771,134.00	10,677,771,134.00
Other equity instruments	45	16,499,000,000.00	15,989,000,000.00
Including: Perpetual bonds		16,499,000,000.00	15,989,000,000.00
Capital reserve	46	5,432,314,011.21	5,229,289,084.34
Other comprehensive income	47	686,302,301.69	743,211,178.87
Specific reserve	48	62,794,408.27	45,874,273.14
Surplus reserve	49	2,620,134,353.87	2,470,978,188.48
General risk reserve	50	495,759,173.46	457,650,791.76
Retained earnings	51	27,155,839,982.99	28,103,717,810.21
Total equity attributable to the shareholders of the parent company		63,629,915,365.49	63,717,492,460.80
Minority interests		31,266,023,142.90	31,816,313,973.62
Total equity attributable to shareholders		94,895,938,508.39	95,533,806,434.42
Total liabilities and equity attributable to shareholders		281,520,054,328.32	286,356,810,441.58

The financial statements have been signed by:

Officer-in-charge of the Company:

Jiang Yingwu

Chief accountant:

Li Li

Head of the accounting department:

Wang Lanfeng

The accompanying notes form an integral part of these financial statements

Audited Consolidated Income Statement

2022
RMB

	Note V	2022	2021
Operating revenue	52	102,822,162,096.91	123,634,448,111.90
Less: Operating costs	52	87,466,652,954.39	103,564,597,220.34
Tax and surcharges	53	1,273,573,647.58	1,765,377,283.62
Selling expenses	54	2,369,961,081.83	2,659,027,720.77
Administrative expenses	55	6,958,247,987.11	6,842,283,574.90
Research and development expenses	56	410,138,865.07	346,732,715.51
Finance costs	57	2,687,945,567.39	2,371,660,820.56
Including: Interest expenses		4,445,390,609.30	4,970,126,409.42
Interest income		228,028,363.78	267,349,252.44
Add: Other gains	58	613,356,547.19	879,796,991.98
Investment gains	59	251,483,498.58	792,555,260.75
Including: Gains from investment in associates and joint ventures		176,515,901.37	400,369,364.11
Derecognition gains on financial assets measured at amortized cost		9,531,664.42	5,750,489.98
Gains from changes in fair value	60	583,061,237.73	691,814,741.97
Credit impairment losses	61	(453,463,799.20)	(355,182,812.82)
Asset impairment losses	62	(827,767,553.14)	(1,008,653,384.21)
Gains on disposal of assets	63	1,306,717,424.51	73,873,632.49
Operating profit		3,129,029,349.21	7,158,973,206.36
Add: Non-operating revenue	64	373,447,996.57	1,103,370,837.85
Less: Non-operating expenses	65	177,455,035.22	381,829,507.42
Total profit		3,325,022,310.56	7,880,514,536.79
Less: Income tax expenses	67	1,585,135,234.13	2,667,796,286.71
Net profit		1,739,887,076.43	5,212,718,250.08
Classified by continuity of operations			
Net profit from continuing operations		1,739,887,076.43	5,212,718,250.08
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		1,212,673,549.71	2,933,014,544.76
Minority interests		527,213,526.72	2,279,703,705.32
Net other comprehensive income after tax		(140,146,117.20)	294,622,535.71
Net other comprehensive income after tax attributable to shareholders of the parent company	47	(56,908,877.18)	296,015,245.79
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		23,064,974.00	(5,194,172.00)
Changes in fair value of investment in other equity instruments		(145,655,889.81)	(1,046,692.64)

The accompanying notes form an integral part of these financial statements

Audited Consolidated Income Statement *(continued)*2022
RMB

	Note V	2022	2021
Other comprehensive income to be reclassified into profit or loss			
Other comprehensive income that may be reclassified to profit or loss under equity method		(1,999,063.63)	(3,746,889.49)
Cash flow hedging reserves		-	(733,367.25)
Exchange differences on foreign currency translation		41,432,378.83	7,294,895.33
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		26,248,723.43	299,441,471.84
Net other comprehensive income after tax attributable to minority interests	47	(83,237,240.02)	(1,392,710.08)
Total comprehensive income		1,599,740,959.23	5,507,340,785.79
Total comprehensive income attributable to the shareholders of the parent company		1,155,764,672.53	3,229,029,790.55
Total comprehensive income attributable to minority interests		443,976,286.70	2,278,310,995.24
<i>Basic and diluted earnings per share</i>			
Before deducting other equity instrument indicators		0.11	0.27
After deducting other equity instrument indicators	68	0.03	0.20

The financial statements have been signed by:

Officer-in-charge of the Company:
Jiang YingwuChief accountant:
Li LiHead of the accounting department:
Wang Lanfeng

The accompanying notes form an integral part of these financial statements

Audited Consolidated Statement of Changes in Shareholders' Equity

2022
RMB

	Equity attributable to the shareholders of the parent company										Total shareholders' equity
	Share capital	Other equity instruments including Perpetual bonds	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained earnings	Subtotal	Minority interests	
I. Balance at the beginning of the year	10,677,771,134.00	15,989,000,000.00	5,229,289,084.34	743,211,178.87	45,874,273.14	2,470,978,188.48	457,650,791.76	28,103,717,810.21	63,717,492,460.80	31,816,313,973.62	95,533,806,434.42
II. Movements during the year	-	-	-	(56,008,877.18)	-	-	-	1,212,673,549.71	1,155,764,672.53	443,976,286.70	1,599,740,959.23
(1) Total comprehensive income	-	-	-	(56,008,877.18)	-	-	-	1,212,673,549.71	1,155,764,672.53	443,976,286.70	1,599,740,959.23
(2) Capital contribution and reduction from shareholders	-	-	-	-	-	-	-	-	-	-	-
1. Equity transactions that do not affect control	-	-	203,024,926.87	-	-	-	-	-	203,024,926.87	(517,927,254.27)	(314,902,327.40)
2. Reduction of minority interests upon disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(182,895,270.76)	(182,895,270.76)
3. Reduction of minority interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	(41,318,848.47)	(41,318,848.47)
4. Capital contributed by minority shareholders of non-wholly owned subsidiary	-	-	-	-	-	149,156,165.39	-	(149,156,165.39)	-	-	-
5. Issuance of perpetual bonds	-	5,500,000,000.00	-	-	-	-	-	-	5,500,000,000.00	1,023,835,044.08	1,023,835,044.08
6. Redemption of perpetual bonds	-	(4,990,000,000.00)	-	-	-	-	-	-	(4,990,000,000.00)	-	(4,990,000,000.00)
(3) Profit distribution	-	-	-	-	-	-	-	(149,156,165.39)	-	(1,288,253,657.81)	(2,399,013,855.75)
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	(149,156,165.39)	-	(1,288,253,657.81)	(2,399,013,855.75)
2. Dividend to shareholders	-	-	-	-	-	-	-	(1,110,488,197.94)	(1,110,488,197.94)	-	(862,798,631.90)
3. Interest on perpetual bonds	-	-	-	-	-	-	-	(862,798,631.90)	(862,798,631.90)	-	(862,798,631.90)
4. Appropriation of general risk reserve	-	-	-	-	-	-	38,108,381.70	(38,108,381.70)	-	-	-
(4) Specific reserve	-	-	-	-	-	-	-	-	-	-	-
1. Appropriated during the year	-	-	-	-	135,444,321.30	-	-	-	135,444,321.30	131,961,444.82	267,404,466.12
2. Use during the year	-	-	-	-	(118,524,186.17)	-	-	-	(118,524,186.17)	(119,396,275.01)	(237,920,461.18)
III. Balance at the end of the year	10,677,771,134.00	16,499,000,000.00	5,432,314,011.21	686,302,301.69	62,794,408.27	2,620,134,353.87	495,759,173.46	27,155,839,982.99	63,629,915,365.49	31,266,023,142.90	94,895,938,508.39

The accompanying notes form an integral part of these financial statements

Audited Consolidated Statement of Changes in Shareholders' Equity (continued)

2022
RMB

2021

	Share capital	Other equity instruments including: Perpetual bonds	Equity attributable to the shareholders of the parent company					Subtotal	Minority interests	Total shareholders' equity	
			Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve				Retained earnings
I. Balance at the beginning of the year	10,677,771,134.00	16,522,000,000.00	6,169,449,696.05	447,095,933.08	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 year	-	-	-	296,015,245.79	-	-	-	2,933,014,544.76	3,229,029,790.55	2,278,310,995.24	5,507,340,785.79
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-
(2) Capital contribution and reduction from shareholders	-	-	-	-	-	-	-	-	-	22,392,624.22	22,392,624.22
1. Business combinations not under common control	-	-	-	-	-	-	-	-	-	-	-
2. Equity transactions that do not affect control	-	-	(701,305,109.22)	-	-	-	-	-	(701,305,109.22)	490,720,161.80	(210,584,947.42)
3. Reduction of minority interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	(4,668,821.50)	(4,668,821.50)
4. Capital contributed by minority shareholders of non-wholly owned subsidiary	-	-	-	-	-	-	-	-	-	2,251,437,985.07	2,251,437,985.07
5. Issuance of perpetual bonds	-	8,449,000,000.00	-	-	-	-	-	-	8,449,000,000.00	-	8,449,000,000.00
6. Redemption of perpetual bonds	-	(8,982,000,000.00)	-	-	-	-	-	-	(8,982,000,000.00)	(3,000,000,000.00)	(11,982,000,000.00)
(3) Profit distribution	-	-	-	-	-	-	207,727,037.43	(207,727,037.43)	-	-	-
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	-	(1,099,536,598.71)	(1,740,681,976.99)
2. Dividend to shareholders	-	-	-	-	-	-	-	(641,145,378.28)	(641,145,378.28)	(200,646,575.34)	(968,602,471.68)
3. Interest on perpetual bonds	-	-	-	-	-	-	-	(767,955,896.34)	(767,955,896.34)	-	-
(4) Specific reserve	-	-	-	-	-	-	-	-	-	-	-
1. Appropriated during the year	-	-	-	103,817,813.04	-	-	-	-	103,817,813.04	124,252,913.99	228,070,727.03
2. Use during the year	-	-	-	(109,329,517.48)	-	-	-	-	(109,329,517.48)	(126,199,305.78)	(235,528,823.26)
(5) Others	-	-	(238,555,502.49)	-	-	-	-	-	(238,555,502.49)	-	(238,555,502.49)
III. Balance at the end of the year	10,677,771,134.00	15,989,000,000.00	5,229,889,084.34	743,111,178.87	45,874,273.14	2,470,978,188.48	457,650,791.76	28,103,717,810.21	63,717,492,460.80	31,816,313,973.62	95,533,806,434.42

The accompanying notes form an integral part of these financial statements

Audited Consolidated Statement of Cash Flows

2022
RMB

	Note V	2022	2021
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		114,251,132,646.34	123,590,057,286.07
Refunds of taxes		327,412,634.83	573,484,662.75
Net decrease in deposits placed with the Central Bank		–	469,576,869.52
Cash received from other operating activities	69	2,502,185,673.11	2,107,024,038.23
Subtotal of cash inflows from operating activities		117,080,730,954.28	126,740,142,856.57
Cash paid for goods and services		80,497,754,897.57	91,055,138,000.11
Cash paid to and on behalf of employees		7,149,477,095.54	7,005,688,851.20
Cash paid for all types of taxes		9,393,948,921.60	9,955,216,756.43
Net increase in deposits placed with the Central Bank		77,419,482.47	–
Cash paid for other operating activities	69	5,997,087,887.11	4,990,230,538.54
Subtotal of cash outflows from operating activities		103,115,688,284.29	113,006,274,146.28
Net cash flows from operating activities	69	13,965,042,669.99	13,733,868,710.29
II. Cash flows from investing activities:			
Cash received from redemption of investments		505,351,714.50	585,404,750.43
Cash received from return on investments		497,593,307.54	497,064,329.76
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,323,377,794.43	1,773,558,046.91
Cash received from other investing activities	69	4,059,053,324.23	3,448,489,293.56
Subtotal of cash inflows from investing activities		6,385,376,140.70	6,304,516,420.66
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		5,934,151,406.24	5,005,039,614.17
Cash paid for investments		2,162,100,106.52	2,838,946,005.00
Net cash paid for acquisition of subsidiaries and other operating units	69	138,546,619.25	211,818,894.34
Net cash paid for disposal of subsidiaries and other operating units	69	18,025,970.00	68,888,006.26
Cash paid for other investing activities	69	4,865,014,445.60	4,582,956,016.26
Subtotal of cash outflows from investing activities		13,117,838,547.61	12,707,648,536.03
Net cash flows from investing activities		(6,732,462,406.91)	(6,403,132,115.37)

The accompanying notes form an integral part of these financial statements

Audited Consolidated Statement of Cash Flows (continued)2022
RMB

	Note V	2022	2021
III. Cash flows from financing activities:			
Cash received from investment absorption		1,021,724,488.34	2,198,736,059.83
Including: Cash received by subsidiaries from minority interests		1,021,724,488.34	2,198,736,059.83
Cash received from issuance of bonds		12,116,000,000.00	16,027,469,811.32
Cash received from issuance of perpetual bonds		5,500,000,000.00	8,449,000,000.00
Cash received from borrowings		47,256,155,845.87	38,805,003,832.80
Cash received from other financing activities	69	<u>175,196,689.78</u>	<u>2,483,557,388.94</u>
Subtotal of cash inflows from financing activities		<u>66,069,077,023.99</u>	<u>67,963,767,092.89</u>
Cash paid for repayment of debts		44,014,768,972.03	49,586,345,297.76
Cash paid for distribution of dividends or profits or for interest expenses		6,976,088,580.52	7,635,972,891.46
Including: Dividends and profits paid by subsidiaries to minority shareholders		1,307,495,657.81	1,018,455,288.78
Cash paid for repayment of bonds		19,338,013,300.00	11,824,305,000.00
Cash paid for repayment of perpetual bonds		4,990,000,000.00	11,982,000,000.00
Cash paid for other financing activities	69	<u>3,415,542,724.87</u>	<u>1,145,467,387.37</u>
Subtotal of cash outflows from financing activities		<u>78,734,413,577.42</u>	<u>82,174,090,576.59</u>
Net cash flows from financing activities		<u>(12,665,336,553.43)</u>	<u>(14,210,323,483.70)</u>
IV. Effect of changes in exchange rate on cash and cash equivalents		<u>(37,800,460.48)</u>	<u>(24,295,748.63)</u>
V. Net decrease in cash and cash equivalents		(5,470,556,750.83)	(6,903,882,637.41)
Add: Balance of cash and cash equivalents at the beginning of the year		<u>15,245,962,910.56</u>	<u>22,149,845,547.97</u>
VI. Balance of cash and cash equivalents at the end of the year	69	<u>9,775,406,159.73</u>	<u>15,245,962,910.56</u>

The financial statements have been signed by:

Officer-in-charge of the Company:
Jiang YingwuChief accountant:
Li LiHead of the accounting department:
Wang Lanfeng

The accompanying notes form an integral part of these financial statements

Audited Balance Sheet of the Company

31 December 2022

RMB

	Note XV	31 December 2022	31 December 2021
Assets			
Current assets			
Cash and bank balances		5,576,380,941.68	7,179,017,853.85
Accounts receivable		18,318,892.40	3,487,404.42
Other receivables	1	66,506,150,598.27	75,591,816,315.65
Other current assets	2	632,310,000.00	591,650,000.00
Total current assets		72,733,160,432.35	83,365,971,573.92
Non-current assets			
Long-term equity investments	3	54,404,744,833.95	54,585,516,001.84
Investment in other equity instruments		200,000.00	200,000.00
Other non-current financial assets		263,969,459.46	
Investment properties	4	13,430,463,319.88	13,068,045,425.39
Fixed assets		858,392,107.71	920,965,319.38
Intangible assets		305,745,638.35	313,440,855.88
Long-term deferred expenditures		9,640,701.23	11,833,130.69
Deferred income tax assets		318,439,754.01	318,439,754.01
Other non-current assets		506,377,834.05	469,593,713.06
Total non-current assets		70,097,973,648.64	69,688,034,200.25
Total assets		142,831,134,080.99	153,054,005,774.17

The accompanying notes form an integral part of these financial statements

Audited Balance Sheet of the Company (continued)

31 December 2022

RMB

	31 December 2022	31 December 2021
Liabilities and equity attributable to shareholders		
Current liabilities		
Short-term loans	19,132,310,000.00	20,712,310,000.00
Accounts payable	14,960,058.16	8,950,583.57
Receipts in advance	101,298,863.24	120,788,577.43
Wages payable	17,661,611.66	15,085,430.15
Tax payable	42,859,098.73	47,064,179.03
Other payables	4,038,122,523.03	4,117,386,653.30
Short-term financing bonds payable	5,000,000,000.00	7,500,000,000.00
Non-current liabilities due within one year	<u>22,834,140,952.40</u>	<u>9,657,162,217.08</u>
Total current liabilities	<u>51,181,353,107.22</u>	<u>42,178,747,640.56</u>
Non-current liabilities		
Long-term loans	17,066,570,000.00	28,569,769,282.44
Bonds payable	19,482,734,796.04	27,270,685,513.08
Long-term wages payable	237,462,411.46	311,661,558.46
Deferred income tax liabilities	<u>2,562,800,986.62</u>	<u>2,472,196,513.00</u>
Total non-current liabilities	<u>39,349,568,194.12</u>	<u>58,624,312,866.98</u>
Total liabilities	<u>90,530,921,301.34</u>	<u>100,803,060,507.54</u>
Equity attributable to shareholders		
Share capital	10,677,771,134.00	10,677,771,134.00
Other equity instruments	16,499,000,000.00	15,989,000,000.00
Including: Perpetual bonds	16,499,000,000.00	15,989,000,000.00
Capital reserve	6,674,854,902.82	6,674,854,902.82
Other comprehensive income	312,924,868.62	291,932,179.62
Surplus reserve	2,620,134,353.87	2,470,978,188.48
Retained earnings	<u>15,515,527,520.34</u>	<u>16,146,408,861.71</u>
Total equity attributable to shareholders	<u>52,300,212,779.65</u>	<u>52,250,945,266.63</u>
Total liabilities and equity attributable to shareholders	<u>142,831,134,080.99</u>	<u>153,054,005,774.17</u>

The financial statements have been signed by:

Officer-in-charge of the Company:
Jiang YingwuChief accountant:
Li LiHead of the accounting department:
Wang Lanfeng

The accompanying notes form an integral part of these financial statements

Audited Income Statement of the Company

2022
RMB

	Note XV	2022	2021
Operating revenue	5	945,282,913.38	989,945,647.70
Less: Operating costs	5	104,972,134.87	95,723,056.74
Tax and surcharges		131,717,039.29	131,744,651.14
Selling expenses		23,652,127.84	23,798,807.66
Administrative expenses		135,646,147.55	182,771,188.67
Research and development expenses		82,722,829.25	67,698,037.84
Finance costs		795,258,156.02	985,929,552.15
Including: Interest expenses		3,449,207,184.90	3,776,039,940.09
Interest income		2,741,363,608.82	2,850,936,647.48
Add: Investment gains	6	1,578,422,858.22	2,127,156,876.55
Including: Share of investment gains of associates and joint ventures		5,872,456.86	20,638,411.54
Gains from changes in fair value		335,037,366.70	614,322,113.33
Credit impairment losses		119,331.29	–
Gains on disposal of assets		105,223.68	–
Operating profit		1,584,999,258.45	2,243,759,343.38
Add: Non-operating revenue		11,792,011.97	14,131,654.44
Less: Non-operating expenses		14,625,142.94	24,720,880.47
Total profit		1,582,166,127.48	2,233,170,117.35
Less: Income tax expenses		90,604,473.62	155,899,743.08
Net profit		1,491,561,653.86	2,077,270,374.27
Classified by continuity of operations			
Net profit from continuing operations		1,491,561,653.86	2,077,270,374.27
Net other comprehensive income after tax		20,992,689.00	(4,321,066.00)
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		20,992,689.00	(4,321,066.00)
Total comprehensive income		1,512,554,342.86	2,072,949,308.27

The financial statements have been signed by:

Officer-in-charge of the Company:
Jiang Yingwu

Chief accountant:
Li Li

Head of the accounting department:
Wang Lanfeng

The accompanying notes form an integral part of these financial statements

Audited Statement of Changes in Shareholders' Equity of the Company

2022
RMB

2022

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity attributable to shareholders
I. Balance at the beginning of the year	10,677,771,134.00	15,989,000,000.00	6,674,854,902.82	291,932,179.62	2,470,978,188.48	16,146,408,861.71	52,250,945,266.63
II. Movements during the year							
(1) Total comprehensive income	-	-	-	20,992,689.00	-	1,491,561,653.86	1,512,554,342.86
(2) Capital contribution and reduction from shareholders							
1. Issuance of perpetual bonds	-	5,500,000,000.00	-	-	-	-	5,500,000,000.00
2. Redemption of perpetual bonds	-	(4,990,000,000.00)	-	-	-	-	(4,990,000,000.00)
(3) Profit distribution							
1. Dividend to shareholders	-	-	-	-	-	(1,110,488,197.94)	(1,110,488,197.94)
2. Interest on perpetual bonds	-	-	-	-	-	(862,798,631.90)	(862,798,631.90)
3. Appropriation of surplus reserve	-	-	-	-	149,156,165.39	(149,156,165.39)	-
III. Balance at the end of the year	10,677,771,134.00	16,499,000,000.00	6,674,854,902.82	312,924,868.62	2,620,134,353.87	15,515,527,520.34	52,300,212,779.65

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

2022
RMB

2021

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity attributable to shareholders
I. Balance at the beginning of the year	10,677,771,134.00	16,972,000,000.00	6,674,854,902.82	296,253,245.62	2,263,251,151.05	15,694,848,196.73	52,578,978,630.22
II. Movements during the year							
(1) Total comprehensive income	-	-	-	(4,321,066.00)	-	2,077,270,374.27	2,072,949,308.27
(2) Capital contribution and reduction from shareholders							
1. Issuance of perpetual bonds	-	7,999,000,000.00	-	-	-	-	7,999,000,000.00
2. Redemption of perpetual bonds	-	(8,982,000,000.00)	-	-	-	-	(8,982,000,000.00)
(3) Profit distribution							
1. Dividend to shareholders	-	-	-	-	-	(641,145,378.28)	(641,145,378.28)
2. Interest on perpetual bonds	-	-	-	-	-	(776,837,293.58)	(776,837,293.58)
3. Appropriation of surplus reserve	-	-	-	-	207,727,037.43	(207,727,037.43)	-
III. Balance at the end of the year	10,677,771,134.00	15,989,000,000.00	6,674,854,902.82	291,932,179.62	2,470,978,188.48	16,146,408,861.71	52,250,945,266.63

The accompanying notes form an integral part of these financial statements

Audited Statement of Cash Flows of the Company2022
RMB

	Note XV	2022	2021
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		949,468,504.92	1,202,571,393.47
Refunds of taxes		563,749.76	–
Cash received from other operating activities	7	<u>37,627,945,560.67</u>	<u>67,087,347,858.19</u>
Subtotal of cash inflows from operating activities		<u>38,577,977,815.35</u>	<u>68,289,919,251.66</u>
Cash paid for goods and services		59,615,663.54	31,132,979.03
Cash paid to and on behalf of employees		95,000,869.15	109,385,516.98
Cash paid for all types of taxes		196,755,938.48	197,853,687.64
Cash paid for other operating activities	7	<u>26,328,693,153.83</u>	<u>60,509,278,995.11</u>
Subtotal of cash outflows from operating activities		<u>26,680,065,625.00</u>	<u>60,847,651,178.76</u>
Net cash flows from operating activities	8	<u>11,897,912,190.35</u>	<u>7,442,268,072.90</u>
II. Cash flows from investing activities:			
Cash received from redemption of investments		–	2,469,099.59
Cash received from return on investments		1,563,147,743.71	2,195,071,800.51
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		183,434,953.00	1,470.00
Net cash received from disposal of subsidiaries and other operating units		<u>170,142,639.53</u>	–
Subtotal of cash inflows from investing activities		<u>1,916,725,336.24</u>	<u>2,197,542,370.10</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		49,280,319.87	253,575,711.00
Cash paid for investments		<u>293,349,987.25</u>	<u>4,109,176,689.30</u>
Subtotal of cash outflows from investing activities		<u>342,630,307.12</u>	<u>4,362,752,400.30</u>
Net cash flows from investing activities		<u>1,574,095,029.12</u>	<u>(2,165,210,030.20)</u>

The accompanying notes form an integral part of these financial statements

Audited Statement of Cash Flows of the Company (continued)

2022
RMB

	Note XV	2022	2021
III. Cash flows from financing activities:			
Cash received from issuance of bonds		9,500,000,000.00	11,019,031,211.45
Cash received from borrowings		28,684,310,000.00	27,395,738,913.16
Cash received from issuance of perpetual bonds		5,500,000,000.00	7,999,000,000.00
Subtotal of cash inflows from financing activities		43,684,310,000.00	46,413,770,124.61
Cash paid for repayment of debts		31,808,540,000.00	33,862,078,500.00
Cash paid for distribution of dividends or profits or for interest expenses		5,321,414,131.64	5,460,256,262.09
Cash paid for repayment of bonds		16,639,000,000.00	8,871,005,000.00
Cash paid for repayment of perpetual bonds		4,990,000,000.00	8,982,000,000.00
Subtotal of cash outflows from financing activities		58,758,954,131.64	57,175,339,762.09
Net cash flows from financing activities		(15,074,644,131.64)	(10,761,569,637.48)
IV. Net decrease in cash and cash equivalents		(1,602,636,912.17)	(5,484,511,594.78)
Add: Balance of cash and cash equivalents at the beginning of the year		7,179,017,853.85	12,663,529,448.63
V. Balance of cash and cash equivalents at the end of the year	8	5,576,380,941.68	7,179,017,853.85

The financial statements have been signed by:

Officer-in-charge of the Company:
Jiang Yingwu

Chief accountant:
Li Li

Head of the accounting department:
Wang Lanfeng

The accompanying notes form an integral part of these financial statements

Notes to Financial Statements

For the year ended 31 December 2022
RMB

I. BASIC INFORMATION

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

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

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

These financial statements were approved for disclosure by a resolution of the board of directors of the Company on 29 March 2023.

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

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements are presented on a going concern basis.

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 31 December 2022 and their financial performance and cash flows for 2022.

2. Accounting period

The accounting year for the Group is from 1 January to 31 December of each calendar year.

3. Functional currency

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

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

4. Business combinations

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

Business combinations under common control

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

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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

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

4. Business combinations *(continued)*

Business combinations not under common control

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

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

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

5. Consolidated financial statements

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

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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

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

5. Consolidated financial statements *(continued)*

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

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

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

6. Classification of joint arrangements and joint operation

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

7. Cash and cash equivalents

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

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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

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

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

9. Financial instruments

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

Recognition and derecognition of financial instruments

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

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Recognition and derecognition of financial instruments (continued)

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

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

Classification and measurement of financial assets

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

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

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

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

Debt instrument investment measured at amortised cost

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Classification and measurement of financial assets *(continued)*

Debt instruments investment at fair value through other comprehensive income

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

Equity instruments investment at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Classification and measurement of financial liabilities

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

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

Financial liabilities at amortised costs

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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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, etc.

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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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 equity and liability components. For convertible bonds that carry both equity and liability components, liability and equity are separately dealt with upon initial recognition. During the segregation, the fair value of the liability is first determined and adopted as the initial recognition. Then the initial recognition of the equity component is determined by deducting the initial liability recognition from the overall issue price of the convertible bonds. Transaction costs are apportioned between liability and equity according to their respective fair values. The liability component is presented as liability and subsequently measured on an amortised cost basis, until it is cancelled, converted or redeemed. The equity component is presented as equity and no subsequent measurement is applicable. The issuance of convertible bonds contain both a liability component and an embedded derivative, that is the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from the convertible bonds and accounted for as a derivative financial instrument. It should be initially measured at fair value. Any excess of proceeds over the amount initially recognized as derivative component is recognised as the liability instrument. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the profit or loss.

Transfers of financial assets

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Transfers of financial assets (continued)

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. Inventories

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

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

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

The Group adopts a perpetual inventory system.

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

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

11. Long-term equity investments

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

For a long-term equity investment where the 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 Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

11. 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.

12. Investment properties

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

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

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

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

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

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

Notes to Financial Statements *(continued)*

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

12. Investment properties *(continued)*

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.

13. Fixed assets

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

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

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

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

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

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

Notes to Financial Statements *(continued)*

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

14. Construction in progress

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

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

15. Borrowing costs

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

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

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

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

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

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

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

Notes to Financial Statements *(continued)*

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

16. Intangible assets

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

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

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

The useful life of each intangible assets is as follows:

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

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

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

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

Notes to Financial Statements *(continued)*

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

16. Intangible assets *(continued)*

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

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

17. Impairment of assets

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

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

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

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 Financial Statements *(continued)*

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

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

18. Long-term deferred expenditures

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

19. Employee benefits

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

Short-term benefits

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

19. Employee benefits *(continued)*

Post-employment benefits (the defined contribution plan)

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

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

Post-employment benefits (the defined benefit plan)

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

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

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

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.

Notes to Financial Statements *(continued)*

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

20. Accrued liabilities

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

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

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

21. Other equity instruments

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

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

22. Revenue from contracts with customers

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

Sales contracts of goods

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

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

Construction Contracts

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

Contracts for provision of services

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

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

Variable consideration

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

Sales return clause

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

Main responsible person/agent

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

23. Contract assets and contract liabilities

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

Contract assets

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

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

Contract liabilities

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

24. Assets related to contractual cost

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

24. Assets related to contractual cost *(continued)*

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

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

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

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

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

25. Government grants

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

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

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

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

Notes to Financial Statements *(continued)*

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

26. Deferred income tax

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

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

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

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

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

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

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

27. Right-of-use assets

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

28. Lease liabilities

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

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

29. Leases

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

As a lessee

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

Short-term lease and low-value asset lease

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

As a lessor

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

As a lessor of a finance lease

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

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

Notes to Financial Statements *(continued)*

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

29. Leases *(continued)*

As a lessor (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. The initial direct expenses are capitalised and amortised over the lease term on the same basis as rental income is recognized, recognized in profit or loss in the current period.

Sale and leaseback transactions

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

As a lessee

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

As a lessor

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

30. Hedge accounting

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

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

Notes to Financial Statements *(continued)*

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

30. Hedge accounting *(continued)*

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

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

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

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

Fair value hedge

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

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

Cash flow hedging

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

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

Notes to Financial Statements *(continued)*

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

31. Profit distribution

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

32. Production safety cost

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

33. Fair value measurement

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

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

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

34. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. 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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

Judgments

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

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

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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

Judgments (continued)

Other equity instruments – perpetual bonds

As described in Note V. 45, the Group issued perpetual bonds of RMB3 billion, RMB7.999 billion and RMB5.5 billion in 2020, 2021 and 2022, respectively. Pursuant to the relevant prospectuses, perpetual bonds investment contracts and other documents, upon comprehensive consideration by the management of the Group that the perpetual bonds have no maturity dates or the Group has the right to extend for unlimited number of times upon the maturity thereof, and has the right to deferred the payment of coupon interests on the perpetual bonds, and that the Group has no contractual obligations to pay cash or other financial assets nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds, the Group classifies the perpetual bonds as equity instruments, and the subsequent declared distribution will be treated as distribution to the holders of the equity.

Business model

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

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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

Uncertainty of estimation (continued)

Impairment of 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.

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

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

Fair value of non-listed equity investment

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

Deferred income tax assets

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

Land appreciation tax

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

Uncertainty of estimation (continued)

Fair value of investment properties

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

Recognition and allocation of development costs on properties under construction

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

Provision for decline in value of inventory

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

Measurement of defined benefit obligations

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

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 Financial Statements *(continued)*

For the year ended 31 December 2022
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

Uncertainty of estimation (continued)

Lessee's incremental borrowing rate

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

IV. TAXATION

1. Major categories of taxes and respective tax rates

Value-added tax (VAT): The Group's taxable revenue of the general taxpayer is calculated based on the corresponding tax rate, and the VAT is calculated based on the difference after deducting the input tax amount deductible for the current period. For the sand, soil and stone materials used in construction and production of construction materials sold by the Group, VAT is levied based on the sales revenue at a simplified tax rate of 3%. For the concrete company, VAT is levied based on the sales revenue at a simplified tax rate of 3%. For other goods sold by the Group, it is subject to output tax rate of 13%. For small-scale taxpayers, VAT is levied based on the sales revenue at a simplified tax rate of 3%. For financial leasing companies, VAT is levied based on the rental income at a simplified tax rate of 6%. For the sale of immovables of property developers, the VAT payable is determined by the output VAT calculated based on the taxable revenue from general taxpayers at the tax rate of 9%, and those general taxpayers who are eligible under the Transition Policy may choose to be levied at the simplified rate of 5%. The rate of VAT for tourism and entertainment service, food and beverage and accommodation service, transportation services and professional technical services is 6%, and that for immovable leasing service is 9%.

City maintenance and construction tax: It is levied at 7%, 5% and 1% of actual VAT paid.

Education surcharge: It is levied at 3% of actual VAT paid.

Property tax: It is levied based on the values of properties owned or used by the Group at the percentages prescribed by the tax laws. The tax of self-occupied properties is levied according to the values of the properties at an annual tax rate of 1.2%, which is calculated and paid based on the original value of the property less 10%-30% of that value; the tax of lease out properties is levied according to the rent at an annual tax rate of 12%, which is calculated and paid based on the rental income.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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IV. TAXATION *(continued)*

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

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

2. Tax Concessions

Corporate income tax

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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IV. TAXATION *(continued)*

2. Tax Concessions *(continued)*

Corporate income tax *(continued)*

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

Value-added tax (VAT)

Certain subsidiaries of the Group enjoy the following VAT preferences:

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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IV. TAXATION *(continued)*

2. Tax Concessions *(continued)*

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

Certain subsidiaries of the Group enjoy the following VAT preferences: (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.

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	31 December 2022	31 December 2021
Cash on hand	275,503.49	455,219.88
Bank deposits	14,056,279,800.60	20,104,926,811.28
Other cash and bank balances	663,039,694.96	617,165,112.58
Statutory deposit reserve placement with central bank by finance company	<u>1,276,840,858.67</u>	<u>1,199,421,376.20</u>
	<u>15,996,435,857.72</u>	<u>21,921,968,519.94</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***1. Cash and bank balances** *(continued)*

Cash and bank balances with restrictions:

	31 December 2022	31 December 2021
Statutory deposit reserve placement with central bank by finance company	1,276,840,858.67	1,199,421,376.20
Deposits for letter of credit	25,885,885.11	22,354,507.33
Quality/performance guarantees	397,064,650.72	342,176,075.77
Deposits for acceptance bills	208,413,287.04	193,649,306.29
Restricted part of property pre-sale funds	4,100,592,811.49	4,518,459,281.36
Other cash and bank balances with restrictions	212,232,204.96	399,945,062.43
	6,221,029,697.99	6,676,005,609.38

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 31 December 2022, the Group's cash and bank balances deposited overseas amounted to RMB73,512,223.83 (31 December 2021: RMB59,391,059.82).

2. Financial assets held for trading

	31 December 2022	31 December 2021
Financial assets at fair value through profit or loss		
Debt instruments investment	1,104,962,284.86	1,140,577,348.45
Equity instrument investment	11,992,200.00	11,663,300.00
	1,116,954,484.86	1,152,240,648.45

3. Bills receivable

	31 December 2022	31 December 2021
Commercial acceptance bills	450,043,866.70	788,923,979.84
Less: Provision for bad debts of bills receivable	27,780,744.42	83,232,369.02
	422,263,122.28	705,691,610.82

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

3. Bills receivable *(continued)*

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

	31 December 2022		31 December 2021	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	4,539,999,230.84	220,653,374.00	6,645,552,460.43	89,661,875.68
Commercial acceptance bills	–	338,598,540.64	–	193,990,605.34
	4,539,999,230.84	559,251,914.64	6,645,552,460.43	283,652,481.02

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

	31 December 2022	31 December 2021
Commercial acceptance bills	195,995,079.12	191,644,373.58

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

	31 December 2022	31 December 2021
Opening balance	83,232,369.02	130,507,751.31
Provision for the year	736,229.88	–
Reversal for the year	(52,237,975.95)	(47,275,382.29)
Others	(3,949,878.53)	–
Closing balance	27,780,744.42	83,232,369.02

See Note VIII. 2 for transfer of bills receivable.

Notes to Financial Statements (continued)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***4. Accounts receivable**

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

An aging analysis of accounts receivable is as follows:

	31 December 2022	31 December 2021
Within 1 year	5,250,658,073.41	5,158,852,453.10
1 to 2 years	2,017,751,554.86	2,234,214,174.38
2 to 3 years	1,048,098,667.18	841,871,168.56
3 to 4 years	453,389,027.64	312,284,638.61
4 to 5 years	219,444,072.16	370,724,976.78
Over 5 years	1,350,723,570.94	1,213,302,055.54
	10,340,064,966.19	10,131,249,466.97
Less: Provision for bad debts of accounts receivable	2,721,890,819.75	2,607,321,953.57
	7,618,174,146.44	7,523,927,513.40

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:

	31 December 2022	31 December 2021
Opening balance	2,607,321,953.57	2,593,616,351.63
Provision for the year	283,588,692.73	216,674,705.33
Transferred in upon acquisition of subsidiaries	2,483,101.56	-
Reversal for the year	(49,774,374.15)	(66,397,339.45)
Write-off for the year	(67,542,252.91)	(101,123,687.16)
Removed from upon disposal of subsidiaries	(59,104,718.44)	(41,402,441.17)
Other transfer in	4,918,417.39	5,954,364.39
	2,721,890,819.75	2,607,321,953.57

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

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

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

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

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Unit 1	95,793,205.69	20,081,584.22	20.96	Partly uncollectible
Unit 2	67,170,448.13	67,170,448.13	100.00	All uncollectible
Unit 3	57,803,440.23	57,803,440.23	100.00	All uncollectible
Unit 4	41,669,156.58	41,669,156.58	100.00	All uncollectible
Unit 5	20,636,678.02	20,636,678.02	100.00	All uncollectible
Other units	<u>1,191,479,930.82</u>	<u>508,668,130.40</u>	42.69	Partly uncollectible
	<u>1,474,552,859.47</u>	<u>716,029,437.58</u>		

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**4. Accounts receivable** (continued)

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

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Unit 1	95,793,205.69	20,081,584.22	20.96	Partly uncollectible
Unit 2	78,697,034.78	56,218,550.47	71.44	Partly uncollectible
Unit 3	67,170,448.13	67,170,448.13	100.00	All uncollectible
Unit 4	51,900,000.00	51,900,000.00	100.00	All uncollectible
Unit 5	25,000,000.00	7,498,012.75	29.99	Partly uncollectible
Other units	877,308,909.63	540,065,526.64	61.56	Partly uncollectible
	<u>1,195,869,598.23</u>	<u>742,934,122.21</u>		

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable *(continued)*

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

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

	Reason for reversal	Basis of determining the original provisions for bad debts	Accumulated amount of provisions for bad debts before recovery	Reversal amount
Unit 4	Recovery of project fees	Individual identification	51,900,000.00	10,230,843.42
Unit 7	Payment for goods received	Individual identification	10,563,511.42	942,479.98
Unit 8	Payment for goods received	Individual identification	9,041,714.56	412,234.75
Unit 9	Recovery of project fees	Individual identification	4,890,015.22	4,490,827.45
Unit 10	Payment for goods received	Individual identification	4,338,518.85	150,000.00
Other units	Payment for goods received	Individual identification	34,109,156.30	33,547,988.55
			<u>114,842,916.35</u>	<u>49,774,374.15</u>

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***4. Accounts receivable** *(continued)*

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

	Reason for reversal	Basis of determining the original provisions for bad debts	Accumulated amount of provisions for bad debts before recovery	Reversal amount
Unit 2	Payment for goods received	Expected partly uncollectible	78,697,034.78	22,478,484.31
Unit 9	Payment for goods received	Expected all uncollectible	9,767,398.46	9,767,398.46
Unit 10	Payment for goods received	Expected all uncollectible	8,938,026.20	8,938,026.20
Unit 11	Payment for goods received	Expected partly uncollectible	3,165,309.00	1,364,844.12
Unit 12	Payment for goods received	Expected partly uncollectible	2,679,260.59	2,656,911.00
Other units	Payment for goods received	Expected partly uncollectible	23,075,389.59	21,191,675.36
			<u>126,322,418.62</u>	<u>66,397,339.45</u>

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable *(continued)*

As at 31 December 2021, the top 5 of the balance of accounts receivable were as follows:

	Balance	Proportion in total accounts receivable (%)	Provision for bad debts	Net amount
First	233,026,517.54	2.30	28,836,886.62	204,189,630.92
Second	132,577,173.76	1.31	14,959,823.04	117,617,350.72
Third	100,791,366.46	0.99	100,791,366.46	–
Fourth	95,793,205.69	0.95	20,081,584.22	75,711,621.47
Fifth	78,697,034.78	0.78	56,218,550.47	22,478,484.31
	<u>640,885,298.23</u>	<u>6.33</u>	<u>220,888,210.81</u>	<u>419,997,087.42</u>

In 2022, the actual amount of accounts receivable written-off was RMB67,542,252.91 (2021: RMB101,123,687.16). The accounts receivable written off are over 5 years, and they are all receivables from third parties. The reason for write-off is mainly because the execution of the lawsuit is terminated or it cannot be recovered for a long time. The write-off amount has been properly approved by the Group.

5. Financing receivables

	31 December 2022	31 December 2021
Bank acceptance bills	<u>1,496,573,941.98</u>	<u>2,514,575,159.07</u>

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

As at 31 December 2022, bank acceptance bills of RMB200,000,000.00 were used for discounting of short-term loan; and the pledged bank acceptance bills and commercial acceptance bills of RMB8,000,000.00 and RMB2,000,000.00 respectively were used for invoicing. For details of discounting and pledge of bank acceptance bills, please refer to Note V. 70.

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**5. Financing receivables** (continued)

As at 31 December 2022, 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	4,539,999,230.84	220,653,374.00

As at 31 December 2021, 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	6,645,552,460.43	89,661,875.68

As at 31 December 2022, the Group endorsed the undue notes receivable to its suppliers or discounted to banks to settle trade payables or obtain short-term borrowings of the same amounts and derecognized these notes receivable and the payables to suppliers and short-term borrowings in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue notes receivable is limited to when the issuance banks of these undue notes are unable to settle the amounts due to the holders of these notes. As at 31 December 2022, the maximum exposure to loss from its continuous involvement represents the amounts of undue notes receivable of RMB4,539,999,230.84 (31 December 2021: RMB6,645,552,460.43), which the Group endorsed to its suppliers or discounted to banks.

6. Prepayments

An aging analysis of prepayments is as follows:

	2022		2021	
	Balance of carrying amount	Proportion (%)	Balance of carrying amount	Proportion (%)
Within 1 year	1,627,446,907.66	93.89	1,693,394,944.81	95.28
1 to 2 years	53,826,087.08	3.10	39,742,170.78	2.24
2 to 3 years	19,699,461.38	1.14	15,355,540.02	0.86
Over 3 years	32,391,846.54	1.87	28,773,285.97	1.62
	1,733,364,302.66	100.00	1,777,265,941.58	100.00
Less: Provision for bad debts of prepayments	28,202,020.78		31,693,854.03	
	1,705,162,281.88		1,745,572,087.55	

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

6. Prepayments *(continued)*

As at 31 December 2022, there was no significant prepayments aging over 1 year. As at 31 December 2021, there was no significant prepayments aging over 1 year.

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

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

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

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

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

	31 December 2022	31 December 2021
Opening balance	31,693,854.03	44,437,907.62
Provision for the year	2,514,128.85	(564,917.46)
Reversal for the year	(1,530,688.23)	(1,040,262.71)
Removed from upon disposal of subsidiaries	–	(10,227,484.72)
Other transfer out	(4,475,273.87)	(911,388.70)
Closing balance	28,202,020.78	31,693,854.03

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS***(continued)***7. Other receivables**

	31 December 2022	31 December 2021
Interests receivable	204,053,501.15	37,746,686.77
Interests of bonds	42,675,019.55	13,320,985.57
Interests of borrowings due from associates and joint ventures	124,717,323.51	8,739,834.85
Other interests	36,661,158.09	15,685,866.35
Dividends receivable	30,905,484.70	–
Other receivables	9,845,600,602.07	12,116,172,243.69
Deposits and reserve funds	1,161,959,747.70	1,388,563,626.58
Current account with other entities	2,626,494,426.43	4,326,066,426.00
Disbursements previously made	1,243,225,816.88	827,856,439.44
Investment receivable	461,592,865.89	307,243,540.65
Government grants receivable	26,043,617.06	58,420,764.92
Amount due from associates	835,932,617.39	2,575,172,931.14
Amount due from joint ventures	852,873,994.84	39,736,116.20
Other current account	2,637,477,515.88	2,593,112,398.76
	10,080,559,587.92	12,153,918,930.46
Less: Provision for bad debts of other receivables	2,723,101,739.57	2,720,952,142.32
	7,357,457,848.35	9,432,966,788.14

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables *(continued)*

An aging analysis of other receivables is as follows:

	31 December 2022	31 December 2021
Within 1 year	4,350,307,746.56	6,104,633,357.64
1 to 2 years	1,078,798,900.22	1,349,505,022.19
2 to 3 years	912,230,430.00	719,245,824.84
3 to 4 years	534,142,033.13	1,083,913,011.50
4 to 5 years	721,184,805.59	376,568,197.85
Over 5 years	<u>2,483,895,672.42</u>	<u>2,520,053,516.44</u>
	10,080,559,587.92	12,153,918,930.46
Less: Provision for bad debts of other receivables	<u>2,723,101,739.57</u>	<u>2,720,952,142.32</u>
	<u>7,357,457,848.35</u>	<u>9,432,966,788.14</u>

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

31 December 2022

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

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**7. Other receivables** (continued)

As of 31 December 2022, provision for bad debts for the year amounted to RMB149,215,548.92 (2021: RMB141,630,988.12), and provision for bad debts reversed amounted to RMB155,571,110.82 (2021: RMB54,830,606.72). The actual amount of other receivables written-off was RMB106,702,455.38 (2021: RMB2,396,888.46). Other changes were mainly due to the provision for bad debts of other receivables due from certain subsidiaries of the Group upon handing over such subsidiaries to the administrator due to the bankruptcy liquidation this year.

31 December 2021

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit-impaired financial assets (lifetime expected credit loss)	Total
Opening balance	2,976,553.51	928,808,712.69	1,159,582,028.76	2,091,367,294.96
Stage transfer during the year	(997,404.67)	(22,724,175.69)	23,721,580.36	-
Provision for the year	853,427.48	38,191,025.62	102,586,535.02	141,630,988.12
Reversal for the year	-	-	(54,830,606.72)	(54,830,606.72)
Write-off for the year	-	(21,952.06)	(2,374,936.40)	(2,396,888.46)
Other changes	-	18,621,499.44	526,559,854.98	545,181,354.42
Closing balance	<u>2,832,576.32</u>	<u>962,875,110.00</u>	<u>1,755,244,456.00</u>	<u>2,720,952,142.32</u>

As at 31 December 2022, 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	1,191,181,320.00	11.82	Other current account	0-3 years, 4-5 years	11,911,813.20
Second	777,415,185.82	7.71	Disbursements previously made	1-2 years	7,774,151.86
Third	450,981,312.72	4.47	Current account with other entities	0-5 years	16,800,000.00
Fourth	278,303,307.26	2.76	Current account with other entities	Within 1 year	2,783,033.07
Fifth	156,701,654.49	1.55	Current account with other entities	Over 5 years	156,701,654.49
	<u>2,854,582,780.29</u>	<u>28.31</u>			<u>195,970,652.62</u>

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

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

7. Other receivables (continued)

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

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

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

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

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

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

As set out in Note IV. 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 in 2023.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Inventories *(continued)*

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

	Opening balance	Increase during the year	Amortisation during the year	Closing balance
2022	31,837,094.45	1,514,445,413.91	1,473,605,369.15	72,677,139.21
2021	51,728,759.95	1,266,422,251.72	1,286,313,917.22	31,837,094.45

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

31 December 2022

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

* Due to the completion of the development project, the corresponding provision for decline in value of inventory are transferred from the development costs to the products under development.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***8. Inventories** *(continued)*

31 December 2021

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

As at 31 December 2022, the balance of development costs included the capitalised borrowing costs of RMB2,923,665,207.83 (31 December 2021: RMB3,771,967,006.24). The capitalised borrowing costs amounted to RMB2,116,148,037.63 in aggregate in 2022 (2021: RMB2,401,317,931.32), and the rate of interest capitalisation was 3.60% (2021: 4.20%). Details of pledge of inventories are set out in Note V. 70.

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

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	31 December 2022	31 December 2021
Beijing – Anningzhuang	March 2019	December 2023	10,200,000,000.00	7,944,596,772.87	8,020,227,089.38
Shanghai – Yangpu R-09 Plot	December 2020	March 2024	9,597,920,000.00	7,972,866,358.96	7,218,590,417.50
Tianjin – Airport Economic Zone	March 2018	December 2023	7,576,287,023.00	6,348,017,378.04	6,650,595,258.66
Tianjin – Jinyu Jincheng	December 2020	March 2024	6,721,820,000.00	5,336,955,029.80	4,372,406,816.62
Beijing – Shibaidian	March 2022	August 2024	5,269,300,000.00	4,356,613,009.50	3,894,170,129.83
Hangzhou – Huichao Yuefu	November 2021	December 2024	4,736,327,988.00	4,138,277,575.11	3,950,480,548.26
Beijing – Naixi	December 2022	April 2025	5,136,000,000.00	3,331,061,483.44	–
Chongqing – Xinduhui Project	June 2018	December 2023	20,117,351,300.00	3,166,877,342.87	3,848,418,373.37
Tangshan – Mining & Metallurgical A	May 2022	September 2024	4,242,230,000.00	2,908,094,099.27	2,211,329,708.10
Ningbo – Eastern New City Project	June 2021	November 2023	3,357,880,000.00	2,862,003,739.61	2,570,178,748.79
Beijing – Incubator Technology Park	March 2018	June 2023	7,597,410,000.00	2,554,338,759.46	2,063,141,237.56
Hangzhou – Plot 42 and Plot 52 of BBMG Hanchao	December 2019	June 2023	4,970,520,000.00	2,535,550,406.27	4,630,611,851.67
Qingdao – Jinyu Jimo	December 2018	June 2023	3,910,000,000.00	2,161,969,623.54	3,234,429,153.01
Changzhou – Zhonglou Project	December 2021	February 2024	2,768,660,000.00	2,151,175,627.92	1,717,193,158.87
Anhui – Nanqi Cultural and Creative Center	May 2018	September 2023	2,443,573,140.00	2,078,283,668.17	1,985,759,032.45
Hefei – Shanhu Yunzhu	January 2021	December 2024	2,582,706,989.00	1,755,775,197.05	1,466,731,256.87
Nanjing – G79 Qixia Project	November 2021	July 2024	2,100,000,000.00	1,585,894,945.62	1,207,915,164.09
Tianjin – Jinzhong River Project	April 2019	March 2026	6,622,270,000.00	876,936,719.86	837,214,758.32
Tangshan – Qixin 1889#	April 2014	June 2023	4,383,990,000.00	711,879,248.15	1,748,392,332.82
Beijing – Linoleum factory Project	September 2022	November 2024	3,852,150,000.00	453,407,891.92	–
Beijing – Kanghuiyuan	February 2009	June 2023	1,923,699,964.00	385,590,798.54	383,075,376.67
Hefei – Baohe S1802	February 2019	March 2023	3,007,450,000.00	384,591,011.66	1,496,501,378.79
Beijing – Wangjing Star	September 2020	September 2023	926,000,000.00	375,314,138.96	256,323,281.37
Chongqing – Times Metro	October 2012	April 2023	5,068,220,000.00	357,754,931.23	218,172,563.76
Beijing – Penglai Project	May 2015	October 2023	6,816,300,000.00	290,099,506.81	292,680,376.64
Hefei – Plot S1606 at Baohe District	May 2017	March 2023	7,249,190,004.00	116,705,143.00	2,950,662,578.60
Nanhu – Jin'anshiming	March 2018	June 2023	2,384,260,000.00	70,691,514.72	811,061,318.93
Tangshan – Jinyu Lefu	March 2010	December 2023	2,902,542,700.00	68,049,346.58	69,115,462.04
Chongqing – Nanshanjun	December 2011	June 2023	5,198,000,000.00	64,311,109.79	460,433,829.86
Nanjing – Diary Farm Project	December 2016	April 2023	6,845,850,000.00	13,760,056.68	757,080,252.43
Others				129,130,854.56	4,372,406,816.62
				67,486,573,289.96	73,885,363,030.40

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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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	Completion date of the latest phase	Opening balance	Increase during the year	Decrease during the year	Closing balance
Tianjin – Treasures Mansion	June 2021	3,948,115,767.63	–	218,648,831.99	3,729,466,935.64
Beijing – Incubator Technology Park	November 2021	3,786,124,106.60	–	949,930,540.81	2,836,193,565.79
Chengdu – Gaoxin Zhonghe Project	December 2022	926,873,922.45	2,491,177,589.08	798,993,086.46	2,619,058,425.07
Beijing – Jilinjiayuan	September 2022	2,484,294,192.23	100,168,743.26	20,184.70	2,584,442,750.79
Hangzhou – Plot 42 and Plot 52 of BBMG Hanchao	December 2022	–	2,865,962,395.93	391,247,254.68	2,474,715,141.25
Nanjing – Zijingdiayuan	August 2022	2,226,325,881.36	855,483,502.22	1,228,312,359.79	1,853,497,023.79
Chongqing – Nanshanjun	September 2022	1,663,506,845.52	429,554,223.40	243,267,326.60	1,849,793,742.32
Beijing – Shangchengjun	December 2021	3,700,679,930.14	–	2,055,022,541.80	1,645,657,388.34
Tangshan – Jin'anhongbao	June 2022	705,635,676.00	1,058,534,947.64	507,529,878.70	1,256,640,744.94
Qingdao – Treasures Mansion	August 2022	–	1,548,970,508.04	629,385,645.03	919,584,863.01
Chengdu – Shangchengjun Project	August 2021	1,054,865,224.63	–	277,289,353.05	777,575,871.58
Beijing – Chaoyang New City	December 2020	743,902,490.37	–	2,399,690.09	741,502,800.28
Shanghai – Jiading Juyuan	March 2019	725,543,483.30	96,617.23	30,031,380.08	695,608,720.45
Chongqing – Xinduhui	June 2022	818,838,504.55	994,358,690.56	1,122,359,149.89	690,838,045.22
Beijing – Wangchuan Beiyuan	December 2020	1,131,499,776.58	61,469.84	470,576,844.83	660,984,401.59
Hefei – Baohe project	March 2022	1,679,841,999.33	2,812,188,368.68	3,854,638,629.96	637,391,738.05
Chengdu – Shangxifu	June 2022	620,889,851.75	32,389,671.81	70,965,884.41	582,313,639.15
Hefei – Nanqi Garden	November 2020	596,663,778.13	36,923,753.35	93,919,116.04	539,668,415.44
Nanjing – Yunzhu Project	December 2022	1,963,252,273.49	467,023,382.63	1,969,035,382.13	461,240,273.99
Tangshan – Treasures Mansion	June 2022	258,899,539.46	429,269,024.41	235,178,168.47	452,990,395.40
Ningbo – Kanjiang Times	June 2019	480,342,614.96	–	50,182,585.56	430,160,029.40
Ningbo – Gaoxin District Project	March 2021	570,936,650.82	618,809.63	165,869,765.80	405,685,694.65
Tianjin – Airport Economic Zone	November 2022	156,921,077.72	255,795,793.52	14,321,246.48	398,395,624.76
Beijing – Jin'gang Jiayuan	December 2020	399,744,921.65	–	30,369,869.10	369,375,052.55
Tangshan – Caofeidian E-02-2	February 2022	206,182,363.00	108,269,217.34	37,165,618.56	277,285,961.78
Chongqing – Times Metro	August 2018	431,460,143.81	–	177,149,513.05	254,310,630.76
Haikou – Yangguangjun	June 2022	234,287,145.30	982,742,151.33	976,863,685.13	240,165,611.50
Chengde – Chengde Project	December 2020	280,189,086.05	–	45,470,202.75	234,718,883.30
Tangshan – Qixin 1889#	November 2020	196,573,031.57	50,023,720.13	47,293,101.58	199,303,650.12
Hefei – Jincheng Mansions	December 2022	233,326,654.52	1,093,525,194.16	1,127,823,095.63	199,028,753.05

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Inventories (continued)

Project name	Completion date of the latest phase	Opening balance	Increase during the year	Decrease during the year	Closing balance
Hefei – Nanqi Cultural and Creative Center	December 2022	–	380,519,202.17	183,509,983.75	197,009,218.42
Hangzhou – Metro Forest	November 2020	201,374,896.44	–	16,498,786.43	184,876,110.01
Beijing – Jinlingfu	December 2020	309,897,917.71	–	136,819,023.17	173,078,894.54
Beijing – Jinyu Xuefu	November 2021	705,968,277.59	–	533,813,845.42	172,154,432.17
Chengdu – Dachengjun	December 2014	174,765,118.49	–	8,005,098.73	166,760,019.76
Beijing – Anningzhuang	October 2022	–	1,156,229,604.08	995,670,853.24	160,558,750.84
Qingdao – Qingdao Hefu	January 2020	203,392,268.74	–	61,115,432.92	142,276,835.82
Hangzhou – Plot 2F, Plot 2G	October 2021	157,069,945.60	–	25,407,088.30	131,662,857.30
Chengdu – Longxi Center	July 2020	161,241,813.96	–	33,515,903.74	127,725,910.22
Chengdu – Longxijun	July 2017	128,467,690.96	–	14,736,313.57	113,731,377.39
Others		<u>2,234,545,922.91</u>	<u>15,280,999.75</u>	<u>103,974,317.92</u>	<u>2,145,852,604.74</u>
		<u>36,502,440,785.32</u>	<u>18,165,167,580.19</u>	<u>19,934,326,580.34</u>	<u>34,733,281,785.17</u>

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.

	31 December 2022			31 December 2021		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Completed but not yet settled	<u>232,457,046.93</u>	<u>9,654,787.26</u>	<u>222,802,259.67</u>	<u>61,850,158.86</u>	<u>1,521,456.55</u>	<u>60,328,702.31</u>

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS***(continued)***9. Contract assets** *(continued)*

The movements in the provisions for impairment of contract assets:

	Opening balance	Provision for the year	Reversal for the year	Write-off for the year	Closing balance
2022	1,521,456.55	8,133,330.71	–	–	9,654,787.26
2021	1,155,978.00	1,190,582.95	–	825,104.40	1,521,456.55

10. Non-current assets due within one year

	31 December 2022	31 December 2021
Long-term receivables due within one year	269,845,114.30	127,377,276.90

11. Other current assets

	31 December 2022	31 December 2021
Prepaid enterprise income tax	823,767,093.49	1,035,408,122.44
Prepaid value-added tax	1,325,535,865.48	1,039,556,303.97
Prepaid other tax	684,114,316.54	787,046,210.12
VAT recoverable	4,513,114,250.31	4,334,186,192.11
VAT certifiable	199,937,254.55	167,438,247.41
Cost of obtaining a contract	122,271,767.06	114,859,719.63
Debt investments	682,593,800.00	–
Others	1,083,221,902.99	366,764,747.37
	9,434,556,250.42	7,845,259,543.05

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

11. Other current assets *(continued)*

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

31 December 2022

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

31 December 2021

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

12. Debt investments

		31 December 2022 Carrying value	31 December 2021 Carrying value
Financial Bonds of Policy Bank -19 Nong Fa 01	(Note 1)	<u>199,917,800.00</u>	199,917,800.00
Financial Bonds of Policy Bank -20 Nong Fa 04		-	290,984,228.26
20 China Cinda Bonds 01BC	(Note 2)	<u>399,855,819.18</u>	-
19 Great Wall Bonds 02BC (Type II)	(Note 3)	<u>420,689,184.92</u>	-
Beijing Trust Fengshi Rongxin No. 12 B003	(Note 4)	<u>135,301,268.86</u>	-
		<u>1,155,764,072.96</u>	<u>490,902,028.26</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

13. Long-term receivables *(continued)*

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.

The finance lease business of the Group calculates the discount rate based on the internal rate of return, and the discount rate ranges from 7.01% to 7.30%.

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

	31 December 2022	31 December 2021
Opening balance	178,724,045.95	13,068,598.12
Provision for the year	277,506,788.59	168,713,974.18
Reversal for the year	-	(3,058,526.35)
Other increase	33,001,207.78	-
Closing balance	489,232,042.32	178,724,045.95

Notes to Financial Statements (continued)For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**14. Long-term equity investments**

2022

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

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Long-term equity investments (continued)

	Movements during the year							Provision for impairment at the end of the year
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared	
Associates								
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	16,931,934.10	8,000,000.00	-	-	-	-	(521,700.00)	24,410,234.10
Beijing Chenyu Real Estate Development Co., Ltd.	2,337,445,112.30	-	-	(45,686,104.43)	-	-	-	2,291,759,007.87
Nanjing Huayu Real Estate Development Co., Ltd. (南京華宇房地產開發有限公司)	458,376,463.80	41,000,000.00	-	(13,388,170.21)	-	-	-	485,988,293.59
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	432,296,170.03	207,853,995.00	-	(5,504,734.02)	-	-	-	634,645,431.01
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	882,844.68	-	-	(138,612.31)	-	-	-	744,232.37
Beijing Sinobade Technology Co., Ltd.	16,967,700.25	-	-	3,215,463.58	-	-	(2,070,000.00)	18,113,163.83
Beijing Jinhai Cheng Management Consulting Partnership LLP (北京金海誠管理諮詢合夥企業(有限合夥))	300,000.00	120,000.00	-	(77,024.03)	-	-	-	342,975.97
Beijing Jinhai Cheng Technology Innovation Investment Partnership LLP (北京金海誠科技創投資合夥企業(有限合夥))	40,000,000.00	30,000,000.00	-	(5,509,650.87)	-	-	-	64,490,349.13
Zehnder (China) Indoor Climate Co., Ltd.	106,132,496.24	-	-	(221,313.29)	-	-	(31,541,400.00)	74,369,782.95
OCV Reinforcements (Beijing) Co., Ltd.	82,357,852.02	-	-	1,324,190.84	-	-	-	83,682,042.86
Tangshan Conch Profiles Co., Ltd.	122,019,147.62	-	-	(5,609,480.13)	-	-	(2,800,000.00)	113,609,667.49
Toto Machinery (Beijing) Company Limited	151,716,557.93	-	-	(3,023,688.19)	-	-	-	148,692,869.74
Beijing Toro Co., Ltd.	146,398,625.63	-	(146,702,224.75)	303,599.12	-	-	-	-
Beijing Innovation Industry Investment Co., Ltd.	208,198,341.15	-	-	15,193,901.90	-	-	-	223,392,243.05
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. (北京西生態文旅投資有限公司)	10,000,503.03	-	-	(2,372,209.13)	-	-	-	7,628,293.90

Notes to Financial Statements (continued)For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**14. Long-term equity investments** (continued)

	Movements during the year							Provision for impairment at the end of the year	
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		Closing balance
Associates (continued):									
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	4,981,823.43	-	-	-	-	-	-	4,981,823.43	-
SINUI TRADING PTE LTD	19.72	-	(19.72)	-	-	-	-	-	-
Jilin Changjitu Investment Co., Ltd.	127,489,655.30	-	-	(2,149,749.17)	-	-	-	125,339,906.13	-
Liaoning Yundong Cement Group Co., Ltd.	1,154,255.04	-	-	(100,851.36)	-	-	-	1,053,403.68	-
Shanxi China Resources Fulong Cement Limited	121,330,311.34	13,042,110.00	(129,362,210.85)	(5,010,210.49)	-	-	-	-	-
Jidong Cement Fufeng Transportation Co., Ltd.	6,301,564.53	-	-	567,664.93	-	5,742.65	(1,187,500.00)	5,687,472.11	-
Tianjin Gangbei Concrete Co., Ltd.	48,320.69	-	(48,320.69)	-	-	-	-	-	-
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	29,699,874.85	-	-	(3,030,910.66)	-	-	-	26,668,964.19	-
Tianjin Yaopi Glass Co., Ltd.	168,352,375.51	-	-	4,311,746.79	-	-	-	172,664,122.30	-
Tianjin Binhai Jiantai Investment Co., Ltd.	110,474,400.00	-	(110,474,400.00)	-	-	-	-	-	-
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	-	-	-	-	-	-	31,940,000.00	(31,940,000.00)
Tianjin Shububok Cement Block Co., Ltd.	8,244,156.30	-	-	-	-	-	-	8,244,156.30	(8,244,156.30)
Beijing Jinzhu Xingye Real Estate Development Co., Ltd. (北京金仕興房地產開發有限公司)	-	735,000,000.00	-	(575,935.70)	-	-	-	734,424,064.30	-
Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司)	-	613,605,276.00	-	(5,713,828.69)	-	-	-	607,891,447.31	-
Nanjing Huayu Decoration Engineering Co., Ltd. (南京華業裝飾工程有限公司)	-	1,000,000.00	-	15,439.48	-	-	-	1,015,439.48	-
Hebei Jiaobou Green Building Materials Co., Ltd. (河北交投綠色建材有限公司)	-	12,000,000.00	-	-	-	-	-	12,000,000.00	-
Sub-total	4,740,040,505.49	1,661,621,381.00	(386,587,176.01)	(73,180,466.04)	-	5,742.65	(38,120,600.00)	5,903,779,387.09	(40,184,156.30)
Total	6,584,381,396.54	1,852,020,945.70	(386,587,176.01)	176,515,901.37	(6,057,768.57)	(2,817.08)	(443,408,142.30)	7,776,862,339.65	(40,184,156.30)

Notes to Financial Statements (continued)

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

14. Long-term equity investments (continued)

2021

	Movements during the year								Provision for impairment at the end of the year
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared	Closing balance	
Joint ventures									
BBMG TJUS Technology Incubator Co., Ltd.	5,179,484.03	-	-	73,454.42	-	-	-	5,252,938.45	-
STAR-USG Building Materials Co., Ltd.	48,656,234.95	-	-	6,554,765.31	-	-	-	55,211,000.26	-
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	663,539,889.80	-	-	178,578,925.62	-	(53,694.08)	(215,000,000.00)	627,065,121.34	-
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	489,091,807.62	-	-	160,153,430.78	-	(63,611.80)	(170,790,500.00)	478,391,126.60	-
Tangshan Caotaidian Dunshi New Building Material Co., Ltd.	166,991,004.77	-	-	16,092,778.70	-	-	(25,000,000.00)	158,083,783.47	-
Anshan Jidong Cement Co., Ltd.	234,473,611.32	-	-	9,635,650.63	-	-	(5,000,000.00)	239,109,261.95	-
Cross Point Trading 274 (Pty) Ltd (RF)	179,023,798.41	-	-	43,629,689.91	(11,354,210.57)	-	(22,182,043.25)	189,117,234.50	-
Hebei Xiongan Zhitong Technology Co., Ltd.	10,200,000.00	-	-	23,084,032.99	-	-	-	33,284,032.99	-
Dahongmen (Beijing) Construction Development Co., Ltd.	-	60,000,000.00	-	(1,173,608.51)	-	-	-	58,826,391.49	-
Sub-total	1,797,155,830.90	60,000,000.00	-	436,629,119.85	(11,354,210.57)	(117,305.88)	(437,972,543.25)	1,844,340,891.05	-

Notes to Financial Statements (continued)For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**14. Long-term equity investments** (continued)

	Movements during the year								Provision for impairment at the end of the year
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared	Closing balance	
Associates									
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	16,681,934.10	-	-	250,000.00	-	-	-	16,931,934.10	-
Beijing Chenyu Real Estate Development Co., Ltd.	946,904,307.77	1,715,000,000.00	(261,817,302.99)	(62,641,892.48)	-	-	-	2,337,445,112.30	-
Nanjing Huayu Real Estate Development Co., Ltd. (南京華宇房地產開發有限公司)	-	459,000,000.00	-	(623,536.20)	-	-	-	458,376,463.80	-
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	-	432,646,005.00	-	(349,834.97)	-	-	-	432,296,170.03	-
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	1,263,619.13	-	-	(380,774.45)	-	-	-	882,844.68	-
Beijing Sinobaide Technology Co., Ltd.	17,856,837.41	-	-	(889,137.16)	-	-	-	16,967,700.25	-
Beijing Jinhai Cheng Management Consulting Partnership LLP (北京金海誠管理諮詢合夥企業(有限合夥))	-	300,000.00	-	-	-	-	-	300,000.00	-
Beijing Jinhai Cheng Technology Innovation Investment Partnership LLP (北京金海誠科技創投資合夥企業(有限合夥))	-	40,000,000.00	-	-	-	-	-	40,000,000.00	-
Zehnder (China) Indoor Climate Co., Ltd.	106,890,558.40	-	-	(758,062.16)	-	-	-	106,132,496.24	-
OVC Reinforcements (Beijing) Co., Ltd.	72,124,607.97	-	-	14,253,244.05	-	-	(4,020,000.00)	82,357,852.02	-
Tangshan Conch Profiles Co., Ltd.	131,622,124.80	-	-	(9,602,977.18)	-	-	-	122,019,147.62	-
Toto Machinery (Beijing) Company Limited	149,915,671.53	-	-	1,800,886.40	-	-	-	151,716,557.93	-
Beijing Toto Co., Ltd.	144,989,762.92	-	-	1,408,862.71	-	-	-	146,398,625.63	(60,000,000.00)
Beijing Innovation Industry Investment Co., Ltd.	201,217,151.75	-	-	6,981,189.40	-	-	-	208,198,341.15	-

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Long-term equity investments (continued)

	Movements during the year							Provision for impairment at the end of the year	
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared		Closing balance
<i>Associates (continued):</i>									
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. (北京西生態文旅投資有限公司)	-	10,000,000.00	-	503.03	-	-	-	10,000,503.03	-
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	4,981,823.43	-	-	-	-	-	-	4,981,823.43	-
SINUI TRADING PTE LTD	4,579,091.96	-	(3,943,933.75)	(253,486.49)	-	-	(381,652.00)	19.72	-
Jilin Changjitu Investment Co., Ltd.	133,880,350.23	-	-	(6,390,694.93)	-	-	-	127,489,655.30	-
Liaoning Yunding Cement Group Co., Ltd.	1,268,979.33	-	-	(114,724.29)	-	-	-	1,154,255.04	-
Shanxi China Resources Fulong Cement Limited	-	122,000,000.00	-	(1,331,751.28)	-	662,062.62	-	121,330,311.34	-
Jidong Cement Fufeng Transportation Co., Ltd.	6,449,489.17	-	-	1,064,325.43	-	(24,750.07)	(1,187,500.00)	6,301,564.53	-
Tianjin Gangbei Concrete Co., Ltd.	3,168,320.69	-	-	-	-	-	(3,120,000.00)	48,320.69	(48,320.69)
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	29,610,194.74	-	-	89,680.11	-	-	-	29,699,874.85	-
Tianjin Yaopi Glass Co., Ltd.	147,123,950.76	-	-	21,228,424.75	-	-	-	168,352,375.51	-
Tianjin Binhai Jiantai Investment Co., Ltd.	110,474,400.00	-	-	-	-	-	-	110,474,400.00	-
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	-	-	-	-	-	-	31,940,000.00	(31,940,000.00)
Tianjin Shubbuk Cement Block Co., Ltd.	8,244,156.30	-	-	-	-	-	-	8,244,156.30	(8,244,156.30)
Sub-total	2,271,187,332.39	2,778,946,005.00	(265,761,236.74)	(36,259,755.71)	-	637,312.55	(8,709,152.00)	4,740,040,505.49	(100,232,476.99)
Total	4,068,343,163.29	2,838,946,005.00	(265,761,236.74)	400,369,364.14	(11,354,210.57)	520,006.67	(446,681,695.25)	6,584,381,396.54	(100,232,476.99)

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**14. Long-term equity investments** (continued)

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

2022

	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 Pipes Industry Co., Ltd.	31,940,000.00	–	–	31,940,000.00
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	–	–	8,244,156.30
Tianjin Gangbei Concrete Co., Ltd.	48,320.69	–	(48,320.69)	–
	100,232,476.99		60,048,320.69	40,184,156.30

2021

	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 Pipes Industry Co., Ltd.	31,940,000.00	–	–	31,940,000.00
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	–	–	8,244,156.30
Tianjin Gangbei Concrete Co., Ltd.	–	48,320.69	–	48,320.69
	100,184,156.30	48,320.69	–	100,232,476.99

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

15. Investment in other equity instruments

31 December 2022

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

31 December 2021

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

16. Other non-current financial assets

	2022	2021
Financial assets at fair value through profit or loss	<u>263,969,459.46</u>	–

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***17. Investment properties**

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

2022

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

2021

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

17. Investment properties *(continued)*

The following sets out the breakdown of investment properties:

Name of investment properties	Planned or actual use	Fair value	Fair value
		31 December 2022	31 December 2021
Beijing – Pangu Plaza Building	Office	5,939,000,000.00	5,523,000,000.00
	Commercial	50,000,000.00	81,000,000.00
	Parking space	43,000,000.00	37,800,000.00
Beijing- Phase 2 of Global Trade Center	Office	3,648,590,686.19	3,521,589,013.62
	Commercial	339,655,635.92	345,562,690.46
	Parking space	196,000,000.00	171,000,000.00
Beijing – Phase 1 of Global Trade Center	Office	3,466,922,922.84	3,393,496,392.70
	Commercial	182,574,074.93	191,504,328.60
	Parking space	112,000,000.00	96,800,000.00
Tianjin – Shopping Mall in Circum-Bohai Sea Golden Coast	Commercial	2,430,040,410.00	2,431,378,750.00
Beijing – Chinefarge upgrading project in progress	Office	2,235,888,108.83	953,754,536.47
Beijing – Tengda Plaza	Commercial	226,000,000.00	202,000,000.00
	Office	1,690,000,000.00	1,699,000,000.00
	Parking space	59,000,000.00	59,000,000.00
Beijing – Phase I of BBMG High-Tech Industrial Park	Office	1,056,000,000.00	963,000,000.00
Beijing – Phase II of BBMG High-Tech Industrial Park	Office	758,068,696.84	803,993,444.11
	Parking space	17,000,000.00	–
Beijing – Tiancun Public Housing (田村公租房)	Apartment	1,606,110,000.00	1,600,200,000.00
Beijing – Jin Yu Mansion	Commercial	46,000,000.00	46,000,000.00
	Office	1,347,000,000.00	1,253,000,000.00
	Parking space	13,000,000.00	11,900,000.00
Beijing – Phase 3 of Global Trade Center	Office	865,000,000.00	826,000,000.00
	Commercial	424,000,000.00	393,000,000.00
	Parking space	105,000,000.00	91,800,000.00
Beijing – Dacheng Building	Office	1,325,000,000.00	1,166,507,120.34
	Commercial	50,000,000.00	46,127,810.90
	Parking space	12,800,000.00	12,800,000.00
Beijing – Jinyu Jiapin Mall (金隅嘉品Mall)	Commercial	825,000,000.00	826,000,000.00
	Parking space	114,000,000.00	99,000,000.00
Chengdu – Longxi Center (self-owned commercial)	Commercial	851,000,000.00	774,811,291.02
Beijing – Daxing Jinlingfu (大興金麟府)	Apartment	760,200,000.00	744,600,000.00
Beijing – Jianda Building	Commercial	25,000,000.00	26,000,000.00
	Office	638,000,000.00	626,000,000.00
	Parking space	7,800,000.00	7,800,000.00
Beijing – Intelligent Manufacturing Plant	Office	1,008,200,000.00	1,002,900,000.00

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**17. Investment properties** (continued)

Name of investment properties	Planned or actual use	Fair value	Fair value
		31 December 2022	31 December 2021
Tianjin – Haoyu Commercial Building (昊昱商業大廈)	Commercial	645,028,696.62	638,418,170.99
Beijing – No. 18 Workers’ Stadium West Road	Commercial	589,000,000.00	588,298,009.68
Tianjin – Konggang Yunzhu Apartments (空港雲築公寓)	Apartment	546,700,000.00	520,200,000.00
Tianjin – Longtong Building (龍通大廈)	Commercial	481,112,200.00	480,833,370.00
Beijing – Building Materials Trading Tower	Commercial	476,000,000.00	480,000,000.00
Beijing – Doors and Windows Company	Commercial	399,300,000.00	407,600,000.00
Beijing – Dacheng International	Commercial	368,000,000.00	370,300,000.00
Beijing – Jianhong Mansion	Commercial	351,000,000.00	355,000,000.00
	Parking space	12,700,000.00	12,800,000.00
Shanghai – Xuhang BBMG Dachengjun	Apartment	305,900,000.00	306,100,000.00
Beijing – Chengyuan Real Estate	Apartment	260,000,000.00	262,000,000.00
Beijing – Jianjin Building	Commercial	61,000,000.00	60,000,000.00
	Office	202,000,000.00	195,000,000.00
Beijing – Peninsula International	Commercial	250,000,000.00	249,000,000.00
Others		1,285,328,205.08	1,138,415,139.90
		38,705,919,637.25	36,092,290,068.79

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

17. Investment properties *(continued)*

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

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

As at 31 December 2022, the carrying value of investment properties without completing their procedures for the title certificates was RMB1,209,987,522.83 (31 December 2021: RMB1,262,588,110.00). The Group was in the process of handling the procedures for changing the relevant titles. The management was of the view that the Group had the legitimate and valid right to occupy and use or dispose of the above properties and the above matters would not impose material adverse effect on the operation of the Group.

Details of pledge of investment properties are set out in Note V. 70.

As at 31 December 2022, the completed investment properties without completing their procedures for the title certificates were as follows:

	Carrying value	Reasons for uncompleting the procedures for the title certificates
Jianjin Building	263,000,000.00	In the process of handling the procedures for changing the relevant titles
Jinhuanyu Building	139,000,000.00	In the process of handling the procedures for changing the relevant titles
Tianjin Building Materials in Circum-Bohai Sea Golden Coast	807,987,522.83	In the process of handling the procedures for changing the relevant titles
	<hr/>	<hr/>

Notes to Financial Statements (continued)For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
(continued)**18. Fixed assets****31 December 2022**

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

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

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

18. Fixed assets (continued)

31 December 2021

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***18. Fixed assets** *(continued)*

Fixed assets that are temporarily idle are as follows:

2022

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

2021

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Fixed assets *(continued)*

Fixed assets leased under operating leases are as follows:

2022

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

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
Closing balance	<u>383,578,684.17</u>	<u>12,070,316.67</u>	<u>326,588.00</u>	<u>395,975,588.84</u>
Accumulated depreciation				
Opening balance	139,345,284.02	5,309,159.71	310,258.60	144,964,702.33
Closing balance	<u>150,899,562.10</u>	<u>5,484,180.49</u>	<u>310,258.60</u>	<u>156,694,001.19</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 year	<u>225,494,070.08</u>	<u>2,080,589.19</u>	<u>16,329.40</u>	<u>227,590,988.67</u>
At the beginning 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>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***18. Fixed assets** *(continued)*

As at 31 December 2022, the carrying amount for fixed assets pending completion of the procedures for the title certificates amounted to RMB1,343,749,668.73 (31 December 2021: RMB504,018,823.45). The Group was in the process of handling the procedures for changing the relevant titles. The management was of the view that the Group had the legitimate and valid right to occupy and use or dispose of the above fixed assets and the above matters would not impose material adverse effect on the operations of the Group.

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

19. Construction in progress

	31 December 2022	31 December 2021
Construction in progress	3,561,174,244.46	1,854,266,305.97
Construction materials	<u>43,781,428.56</u>	<u>46,764,868.34</u>
	<u>3,604,955,673.02</u>	<u>1,901,031,174.31</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

19. Construction in progress *(continued)*

	31 December 2022			31 December 2021		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Huahai Wind Power						
– Caofeidian New Wind Power Project	109,936,817.07	–	109,936,817.07	108,462,903.07	–	108,462,903.07
BBMG Residential Industrialization (Tangshan)						
– BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	136,523.79	–	136,523.79	90,245,282.97	–	90,245,282.97
– BBMG New Material Yutian Prefabricated Building Component Base Project Phase I	807,655.83	–	807,655.83	807,655.83	–	807,655.83
Datong Cement						
– Project of collaborative disposal of hazardous waste using cement kiln by Datong Company	734,586.72	–	734,586.72	67,230,865.22	–	67,230,865.22
– Mine stripping waste rock comprehensive utilization project of Datong Company	72,418,080.12	–	72,418,080.12	58,937,421.15	–	58,937,421.15
– Technical modification project of 1# Kiln of Datong Company SCR ultralow emission	20,318,080.05	–	20,318,080.05	–	–	–
Beijing Jinyu Aerated Concrete						
– Construction project of plants in Glass Cultural and Creative Industrial Park	55,143,179.27	–	55,143,179.27	55,143,179.27	–	55,143,179.27
– Glass Cultural and Creative Industrial Park renovation project	56,025,846.05	–	56,025,846.05	50,124,852.12	–	50,124,852.12
Jidong Cement Fengxiang						
– Phase II construction project of the mine	–	–	–	52,840,003.06	–	52,840,003.06
– 2022 Clay stripping project	29,272,968.37	–	29,272,968.37	–	–	–
– Dongshan limestone (for cement use) restoration and treatment project	10,161,005.53	–	10,161,005.53	–	–	–
Jidong Cement Tongchuan						
– New clinker cement production line	–	–	–	46,019,748.28	–	46,019,748.28
– Yangguanshan mine development project	–	–	–	51,745.02	–	51,745.02

Notes to Financial Statements (continued)For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
(continued)**19. Construction in progress** (continued)

	31 December 2022			31 December 2021		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Badaling Hot Spring						
– Resort Upgrade and Renovation	12,510,702.22	-	12,510,702.22	42,735,686.71	-	42,735,686.71
Shanxi Shuangliang Dingxin Cement						
– Technical modification project of collaborative disposal through cement kiln for Shuangliang Company	-	-	-	41,509,384.15	-	41,509,384.15
Beijing Jianji Assets Operation Management						
– Lock factory renovation	-	-	-	59,530,631.91	-	59,530,631.91
Tianjin Tiancai Construction Investment						
– Research and Development Building	33,511,727.59	-	33,511,727.59	33,511,727.59	-	33,511,727.59
Tangshan Jidong Cemen						
– Integrated management, control and operation information platform project	14,507,399.90	-	14,507,399.90	10,255,663.253	-	10,255,663.253
BBMG Weiguan (Cangzhou) Chemical						
– Equipment modification and installation	67,608,790.91	-	67,608,790.91	38,653,147.58	-	38,653,147.58
Laishui BBMG Environmental Protection						
– Project of collaborative disposal of hazardous solid wastes through the cement kiln	-	-	-	37,132,194.76	-	37,132,194.76
Qianan BBMG Shougang Environmental Technology						
– Slag superfine powder project	212,063,976.07	-	212,063,976.07	33,551,838.34	-	33,551,838.34
BBMG Hongshulin Biomass Energy (Jingyang) (金隅紅樹林生物質能源(涇陽))						
– Renovation (expansion) project of collaborative disposal of sludge through the cement kiln	41,011,037.15	-	41,011,037.15	32,177,299.03	-	32,177,299.03
BBMG Liushui Environmental Protection Technology						
– Power capacity expansion project	-	-	-	29,677,356.47	-	29,677,356.47
Linli Jidong Cement						
– Limestone prehomogenization shed project	-	-	-	27,905,342.34	-	27,905,342.34

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Construction in progress *(continued)*

	31 December 2022			31 December 2021		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Jidong Cement Panshi						
– 4500t/d clinker cement production line project in new building materials industrial park	426,859,754.29	-	426,859,754.29	24,330,332.24	-	24,330,332.24
– Sand gravel aggregates production line project (CPS) with annual output of 3 million tonnes	40,242,030.98	-	40,242,030.98	-	-	-
– Comprehensive utilization construction project of fly ash storage and deep processing in new building materials industrial park (CPS)	15,893,336.53	-	15,893,336.53	-	-	-
Tianjin BBMG Concrete						
– New office building	23,650,000.00	-	23,650,000.00	23,650,000.00	-	23,650,000.00
Shaanxi BBMG Energy-Saving Materials & Technology						
– Stone wool production line project with annual output of 40,000 tonnes	194,628,375.30	-	194,628,375.30	22,597,028.60	-	22,597,028.60
Jidong Cement Heilongjiang						
– Construction project of green mines of Heilongjiang company	1,326,119.06	-	1,326,119.06	22,154,962.49	-	22,154,962.49
Shannxi Jinyu aerated assembly parts						
– Shannxi Jinyu aerated infrastructure project	261,874,852.46	-	261,874,852.46	20,223,137.24	-	20,223,137.24

Notes to Financial Statements (continued)For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
(continued)**19. Construction in progress** (continued)

	31 December 2022			31 December 2021		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Tangshan Jidong Development Machinery and Equipment						
– Equipment under installation	19,730,605.71	-	19,730,605.71	19,730,605.71	-	19,730,605.71
Chengde Jidong Cement						
– Technical modification project of mines	17,994,065.22	-	17,994,065.22	17,994,065.22	-	17,994,065.22
Tianjin BBMG Zhenxing Environmental Protection						
– “8.12” Tianjin Port Explosion Accident Scene Cleaning and Repairing Steel Structure Cover Assets to Offset the Technical Transformation Project of the Works under Construction (company: CZX)	18,906,615.15	-	18,906,615.15	17,496,532.46	-	17,496,532.46
Jilin BBMG Jidong Environmental Protection Technology						
– Construction project of limestone mines for cement use in Qincaigou	677,098.05	-	677,098.05	17,105,066.72	-	17,105,066.72
– New 100,000-tonne fly ash steel plate storage project	46,441,635.76	-	46,441,635.76	-	-	-
Tangxian Jidong Cement						
– Purchase capacity indicator project of Tangxian company	1,531,179.25	-	1,531,179.25	15,792,452.82	-	15,792,452.82
Inner Mongolia Yili Jidong Cement						
– Technical modification project for the grate coolers of Yili company	-	-	-	15,136,413.09	-	15,136,413.09
Dachang BBMG Tiantan Furniture						
– 800,000 standard project	7,748,452.37	-	7,748,452.37	13,215,269.78	-	13,215,269.78
BBMG Tiantan (Tangshan) Wood Technology						
– BBMG Tiantan Homeware (Caofeidian) Innovation Industry Construction Project	13,952,001.91	-	13,952,001.91	10,328,714.53	-	10,328,714.53
BBMG (Dachang) Modern Industrial Park						
– Standard plant of Tiantan furniture	35,416,287.13	-	35,416,287.13	35,416,287.13	-	35,416,287.13
– Tiantan furniture Land No. 12 construction and installation project	6,725,952.32	-	6,725,952.32	6,725,952.32	-	6,725,952.32
– Tiantan furniture Land No. 12 prepaid expenses	2,384,271.84	-	2,384,271.84	2,384,271.84	-	2,384,271.84
– Tiantan furniture Land No. 12 fence	1,918,105.30	-	1,918,105.30	1,918,105.30	-	1,918,105.30

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Construction in progress (continued)

	31 December 2022			31 December 2021		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Xingtai BBMG Jidong Cement						
– Project for collaborative disposal of integrated solid waste	-	-	-	908,685.52	-	908,685.52
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology						
– Shendan project	12,157,690.30	-	12,157,690.30	-	-	-
Beijing Jinyu Pinggu Cement						
– Mortar project	69,964,893.13	-	69,964,893.13	-	-	-
– Digital chain project	257,801,789.72	-	257,801,789.72	-	-	-
BBMG Hongshulin Environmental Protection Technology (北京金隅紅樹林環保技術)						
– Qixin collaborative disposal of domestic waste using cement kilns power generation system project	92,000,920.42	-	92,000,920.42	-	-	-
Tangshan Jidong Qixin Cement						
– Qixin clinker silo project	20,481,724.25	-	20,481,724.25	-	-	-
Beijing Jingu Zhitong Lulian Technology (北京金谷智通綠鏈科技)						
– Jingu Zhitong mining and construction industry Internet project	15,536,663.72	-	15,536,663.72	-	-	-
Construction materials	47,231,940.63	3,450,512.07	43,781,428.56	60,607,694.96	13,842,826.62	46,764,868.34
Others	1,326,963,377.98	107,801,930.33	1,219,161,447.65	748,264,080.06	97,609,585.22	650,654,494.84
Total	3,716,208,115.42	111,252,442.40	3,604,955,673.02	2,012,483,586.15	111,452,411.84	1,901,031,174.31

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**19. Construction in progress** (continued)

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

19. Construction in progress *(continued)*

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

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

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***19. Construction in progress** *(continued)*Changes of major construction in progress in 2022 are as below: *(continued)*

	Budget (RMB'000)	Opening balance	Increase during the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
BBMG Residential Industrialization (Tangshan)								
– BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	235,513.60	90,245,282.97	38,736,599.24	128,845,358.42	-	136,523.79	Self-financing	49%
Tianjin Tiancai Construction Investment								
– Research and Development Building	167,558.64	33,511,727.59	-	-	-	33,511,727.59	Borrowing	20%
Xingtai BBMG Jidong Cement								
– Project of collaborative disposal of integrated solid waste	93,830.00	908,685.52	3,433,255.50	4,341,941.02	-	-	Self-financing and borrowing	100%
Jilin BBMG Jidong Environmental Protection Technology								
– New 100,000-tonne fly ash steel plate storage project	57,530.00	-	46,441,635.76	-	-	46,441,635.76	Self-financing	65%
Beijing Jinyu Pinggu Cement								
– Mortar project	190,179.20	-	69,964,893.13	-	-	69,964,893.13	Self-financing and borrowing	37%
– Digital chain project	331,266.90	-	257,801,789.72	-	-	257,801,789.72	Self-financing and borrowing	78%
BBMG Hongshulin Environmental Protection Technology (北京金隅紅 樹林環保技術)								
– Qixin collaborative disposal of domestic waste using cement kilns power generation system project	103,000.00	-	92,000,920.42	-	-	92,000,920.42	Self-financing	96%

Note: Other decrease was mainly due to the fact that the resort upgrade and renovation project was transferred to administrative expenses and intangible assets, and Phase II construction project of the mine was transferred to long-term deferred expenditures.

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Construction in progress (continued)

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

	Budget (RMB'000)	Opening balance	Increase during the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Badaling Hot Spring								
– Resort Upgrade and Renovation	730,000.00	421,906,417.13	189,276,402.78	494,117,958.81	74,329,174.39	42,735,686.71	Self-financing	84.00%
Baoding Taihang Heyi Environmental Protection Technology								
– 2# Cement mill energy saving renovation project	72,200.00	–	67,751,023.15	67,751,023.15	–	–	Self-financing	100.00%
Beijing Jianji Assets Management Co., Ltd.								
– Lock factory renovation	74,000.00	37,835,160.54	21,695,471.37	–	–	59,530,631.91	Self-financing	70.00%
Beijing Jinyu Aerated Concrete								
– Construction project of plants in Glass Cultural and Creative Industrial Park	60,000.00	–	55,143,179.27	–	–	55,143,179.27	Self-financing	92.00%
– Glass Cultural and Creative Industrial Park renovation project	120,000.00	–	50,124,852.12	–	–	50,124,852.12	Self-financing	42.00%
Dachang BBMG Tiantan Furniture								
– Dachang project construction	558,600.00	24,693,735.78	10,159,642.00	1,386,242.77	20,251,865.23	13,215,269.78	Self-financing and state funding	95.00%
Datong Jidong Cement								
– Mine stripping waste rock comprehensive utilization project of Datong Company	85,410.00	725,952.82	58,211,468.33	–	–	58,937,421.15	Self-financing	69.00%
– Project of collaborative disposal of hazardous waste using cement kiln by Datong Company	77,370.00	10,019,063.12	57,211,802.10	–	–	67,230,865.22	Self-financing and borrowing	87.00%
Huahai Wind Power Development								
– Caofeidian New Wind Power Project	230,000.00	180,951,347.24	–	–	–	180,951,347.24	Self-financing	100.00%
Jidong Development Group								
– Caofeidian Industrial Park	72,764.00	22,569,974.07	13,952,708.11	36,522,682.18	–	–	Self-financing	100.00%
Jidong Haitian Cement Wenxi								
– Project of collaborative disposal of hazardous wastes through the cement kiln	68,200.00	37,495,341.73	23,506,941.65	61,002,283.38	–	–	Self-financing	100.00%
Jidong Cement								
– Project of collaborative disposal of general solid wastes through the cement kiln of the second plant	54,040.00	21,756,880.00	24,193,921.10	45,950,801.10	–	–	Self-financing	100.00%
– Integrated management, control and operation information platform project	108,860.00	56,448,876.28	16,327,868.04	1,896,551.71	60,624,529.36	10,255,663.25	Self-financing	67.00%
Jidong Cement Luanzhou								
– Luanzhou environmental protection 3 million-tonne comprehensive utilization project of mine resources	59,790.00	–	53,786,383.16	53,218,220.21	568,162.95	–	Self-financing	100.00%

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**19. Construction in progress** (continued)

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

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

Note: Other decreases were mainly due to that Xingfa's transformation project is transferred to investment properties, and the supply and installation project of electrical appliances and furniture in public rental housing of Xishaxi project and the project of limestone mines for cements with a capacity of 1.5 million tonnes/year are transferred to long-term deferred expenditures.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Construction in progress *(continued)*

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

2022

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

Note: The amount of capitalized interests included in construction in progress for 2022 was RMB22,518,868.44 (2021: RMB55,540,356.44), and RMB7,107,139.70 (2021: RMB65,345,412.51) had been transferred to fixed assets.

Notes to Financial Statements (continued)For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
(continued)**19. Construction in progress** (continued)

2021

	Progress of works (%)	Accumulated amount of capitalized interest	Including: capitalized interest for the year	Capitalization rate of interest for the year (%)
Jidong Cement Panshi – 4500t/d clinker cement production line project in new building materials industrial park	10.00	1,455,562.50	1,455,562.50	2.90
Zanhuang BBMG Cement – Technical modification project of second-line SCR ultralow emission	30.00	68,000.00	68,000.00	3.65
Jidong Cement Tongchuan – New clinker cement production line project	97.00	519,312.78	519,312.78	2.79
Tangshan Caofeidian Jidong Equipment machinery hotworking – Large-scale metal material intelligent manufacturing project	10.00	9,502.75	9,502.75	3.80
BBMG Residential Industrialization (Tangshan) – BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	70.00	3,634,306.37	3,543,309.98	3.51
Jilin Jidong Concrete – Panshi field station	30.00	16,500.00	16,500.00	3.30
Xingtai BBMG Jidong Cement – Project for collaborative disposal of integrated solid waste	89.39	635,586.67	635,586.67	3.52
Laishui BBMG Jidong Environmental Protection Technology – Project for collaborative disposal of hazardous and solid waste using cement kiln	81.00	537,075.00	–	4.14
		<u>6,875,846.07</u>	<u>6,247,774.68</u>	

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Construction in progress *(continued)*

Provision for impairment of construction in progress in 2022:

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

Provision for impairment of construction in progress in 2021:

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Jidong Group				
– Nanhu Yingbinguan	64,378,932.25	–	–	64,378,932.25
Jidong Cement Tongchuan				
– Conveyor belt project	10,640,070.94	2,422,302.52	–	13,062,373.46
Others	13,929,029.18	7,856,594.66	1,617,344.33	20,168,279.51
Provision for impairment of construction in progress	88,948,032.37	10,278,897.18	1,617,344.33	97,609,585.22
Provision for impairment of construction materials	15,208,210.88	–	1,365,384.26	13,842,826.62
Total	104,156,243.25	10,278,897.18	2,982,728.59	111,452,411.84

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

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**20. Right-of-use assets**

31 December 2022

	Lands	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Opening balance	549,239,466.11	503,408,162.65	64,788,570.20	-	21,211,535.40	1,138,647,734.36
Increase	273,151,565.38	152,952,223.39	-	783,769.42	-	426,887,558.19
Disposal	40,700,254.11	13,127,944.08	42,002,929.06	-	-	95,831,127.25
Closing balance	<u>781,690,777.38</u>	<u>643,232,441.96</u>	<u>22,785,641.14</u>	<u>783,769.42</u>	<u>21,211,535.40</u>	<u>1,469,704,165.30</u>
Accumulated depreciation						
Opening balance	135,646,344.78	234,740,574.88	48,153,815.38	-	8,891,313.54	427,432,048.58
Provision	35,637,992.87	109,007,664.09	2,299,708.37	206,431.97	39,000.00	147,190,797.31
Disposal	14,881,760.33	2,353,437.06	42,002,929.06	-	-	59,238,126.45
Closing balance	<u>156,402,577.32</u>	<u>341,394,801.91</u>	<u>8,450,594.69</u>	<u>206,431.97</u>	<u>8,930,313.54</u>	<u>515,384,719.43</u>
Provision for impairment						
Opening and closing balance	<u>464,557.00</u>	-	-	-	-	<u>464,557.00</u>
Carrying value						
At the end of the year	<u>624,823,643.06</u>	<u>301,837,640.05</u>	<u>14,335,046.45</u>	<u>577,337.45</u>	<u>12,281,221.86</u>	<u>953,854,888.87</u>
At the beginning of the year	<u>413,128,564.33</u>	<u>268,667,587.77</u>	<u>16,634,754.82</u>	-	<u>12,320,221.86</u>	<u>710,751,128.78</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

31 December 2021

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

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

21. Intangible assets

31 December 2022

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

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Intangible assets (continued)

31 December 2021

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

21. Intangible assets *(continued)*

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

	31 December 2022	31 December 2021
Less than 50 years	12,532,047,260.23	13,069,477,558.58

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

As at 31 December 2022, the useful life of trademark rights with a carrying amount of RMB69,667,381.61 was indefinite (31 December 2021: 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 31 December 2022, the carrying value of intangible assets of the Group pending completion of the procedures for title certificates amounted to RMB312,378,905.03 (31 December 2021: RMB131,272,224.82). The management of the Company is of the view that there would not be any material adverse impact on the business operation of the Group from the aforementioned incomplete procedures for the title certificates.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

22. Goodwill

	31 December 2022	31 December 2021
Hebei BBMG Dingxin Cement Co., Ltd.	189,815,999.91	189,815,999.91
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	3,967,009.95	3,967,009.95
Handan BBMG Taihang Cement Co., Ltd.	26,884,752.28	26,884,752.28
Beijing Taihang Prospect Environmental Protection Technology Co., Ltd.	–	9,482,871.64
Baoding Taihang Heyi Cement Co., Ltd.	11,428,946.82	11,428,946.82
Beijing Qianglian Cement Co., Ltd.	2,742,710.29	2,742,710.29
Tianjin BBMG Zhenxing Environmental Protection Technology Co., Ltd.	10,931,009.96	10,931,009.96
Handan Shexian BBMG Cement Co., Ltd.	56,276,121.38	56,276,121.38
Jidong Cement Business	2,013,854,242.93	2,013,854,242.93
Jidong Equipment Business	477,549,380.23	477,549,380.23
Baogang Jidong Cement Co., Ltd.	1,181,333.25	1,181,333.25
Beijing Jingu Zhitong Lulian Technology Co., Ltd. (北京金谷智通綠鏈科技有限公司)	3,441,762.77	3,441,762.77
Shanxi BBMG Jidong Environmental Protection Technology Co., Ltd. (山西金隅冀東環保科技有限公司)	70,191,522.45	–
Handan Dongfang Risheng Commercial Concrete Co., Ltd. (邯鄲市東方日盛商品混凝土有限公司)	4,995,998.32	–
	2,873,260,790.54	2,807,556,141.41
Less: Provision for impairment of goodwill	359,757,523.95	369,240,395.59
	2,513,503,266.59	2,438,315,745.82

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***22. Goodwill** *(continued)*

Movements in provision for impairment of goodwill are as follows:

2022

	Amount
Opening balance	369,240,395.59
Write-off for the year	<u>9,482,871.64</u>
Closing balance	<u>359,757,523.95</u>

2021

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

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

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

22. Goodwill *(continued)*

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 31 December 2022 after adjustments.

The estimated future cash flows of the asset group are based on the five-year financial budget approved by the management at a discount rate of 10%-11% (2021: 11%-12%). The estimated cash flows of these assets groups beyond five years are determined at a fixed growth rate of 1%-3% (2021: 1%-3%) per annum. Other key assumptions adopted during the evaluation include estimated production capacity, future selling price, growth rate, expected gross profit margin and relevant expenditures of the asset product portfolio, and the above assumptions are based on the previous performance of these assets groups, industry standard and the management's expectations on market development.

23. Long-term deferred expenditures

31 December 2022

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

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**23. Long-term deferred expenditures** (continued)

31 December 2021

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

24. Deferred income tax assets/liabilities

Deferred income tax assets not eliminated:

	31 December 2022		31 December 2021	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deferred income tax assets				
Provision for LAT	2,682,680,092.04	670,670,023.01	5,191,588,787.96	1,297,897,196.99
Deductible losses	6,341,535,434.96	1,585,383,858.74	3,980,995,417.36	995,248,854.34
Provision for impairment of assets	2,118,130,414.28	529,532,603.57	1,902,536,396.64	475,634,099.16
Difference in accounting and tax of revenue recognition	58,183,930.08	14,545,982.52	50,839,959.00	12,709,989.75
Accrual of property development cost	1,826,215,769.24	456,553,942.31	2,566,274,473.36	641,568,618.34
Unrealised profits and losses of internal transactions	995,986,481.56	248,996,620.39	1,072,090,244.24	268,022,561.06
Changes in fair value of other equity instruments	419,288,588.32	104,822,147.08	97,634,131.20	24,408,532.80
Others	865,634,586.56	216,408,646.64	(14,247,083.84)	(3,561,770.96)
	<u>15,307,655,297.04</u>	<u>3,826,913,824.26</u>	<u>14,847,712,325.92</u>	<u>3,711,928,081.48</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

Deferred income tax liabilities not eliminated:

	31 December 2022		31 December 2021	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Deferred income tax liabilities				
Valuation gains of investment properties	11,747,502,319.44	2,936,875,579.86	11,138,403,797.24	2,784,600,949.31
Assessment increase/decrease in business combination	11,140,677,754.32	2,785,169,438.58	11,825,488,409.00	2,956,372,102.25
Others	1,817,617,813.20	454,404,453.30	1,215,843,333.84	303,960,833.46
	24,705,797,886.96	6,176,449,471.74	24,179,735,540.08	6,044,933,885.02

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

	31 December 2022	31 December 2021
Deductible temporary differences	8,423,703,824.34	10,169,060,256.75
Deductible losses	17,049,681,031.65	13,018,761,767.56
	25,473,384,856.00	23,187,822,024.31

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

	31 December 2022	31 December 2021
2022	–	789,922,248.82
2023	1,201,672,513.78	1,241,940,492.02
2024	2,756,925,626.95	4,451,091,306.60
2025	2,285,229,335.46	2,483,312,572.83
2026	4,361,056,595.24	4,052,495,147.29
2027	5,905,785,709.16	–
2028	539,011,251.07	–
	17,049,681,031.65	13,018,761,767.56

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

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***25. Other non-current assets**

	31 December 2022	31 December 2021
Prepayment for projects, equipment and plants	659,855,317.47	147,145,238.21
Prepayment for lands	131,491,664.68	185,285,856.21
Prepayment for exploration rights	63,000,000.00	166,783,073.31
Other assets	149,749,783.35	132,335,114.17
	1,004,096,765.50	631,549,281.90

26. Short-term loans

	31 December 2022	31 December 2021
Guaranteed loans (Note 1)	3,499,460,000.00	1,523,000,000.00
Credit loans	21,748,528,700.00	23,614,508,000.00
Pledged loans (Note 2)	234,837,071.43	3,100,000.00
	25,482,825,771.43	25,140,608,000.00

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

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

As at 31 December 2022, the interest rates of the above loans were 2.00%-4.20% per annum (31 December 2021: 3.00%-4.35%).

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

27. Bills payable

	31 December 2022	31 December 2021
Commercial acceptance bills	94,091,365.38	48,489,866.70
Bank acceptance bills	3,538,970,659.69	3,169,008,141.75
	3,633,062,025.07	3,217,498,008.45

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

28. Accounts payable

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

	31 December 2022	31 December 2021
Within 1 year (inclusive of 1 year)	14,645,426,829.98	16,507,895,750.73
1 to 2 years (inclusive of 2 years)	3,046,374,198.75	1,416,747,147.86
2 to 3 years (inclusive of 3 years)	494,573,903.00	452,667,275.41
Over 3 years	840,985,043.35	1,419,312,108.33
	19,027,359,975.08	19,796,622,282.33

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

As at 31 December 2022, significant accounts payable aging over 1 year of the Group are as follows:

	Relationship with the Group	Amount payable	Percentage of total accounts payable (%)	Reasons for non-repayment
First	Third party	1,232,447,312.89	5.60	Unsettled
Second	Third party	256,242,263.00	1.16	Unsettled
Third	Third party	152,614,587.32	0.69	Unsettled
Fourth	Third party	147,126,475.00	0.67	Unsettled
Fifth	Third party	125,677,302.03	0.57	Unsettled

29. Receipts in advance

	31 December 2022	31 December 2021
Advances on rents	315,238,031.96	328,325,876.17

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

30. Contract liabilities

	31 December 2022	31 December 2021
Advances on pre-sale of properties	28,847,776,133.09	24,939,943,396.51
Advances on sale of goods	1,011,799,096.46	1,304,510,602.05
Advances on construction costs	11,828,895.82	41,137,991.73
Advances on property fees	229,446,337.87	262,199,730.39
Others	256,921,112.79	275,158,698.39
	30,357,771,576.04	26,822,950,419.07

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**30. Contract liabilities** (continued)

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

Projects	Expected settlement date of the next batch	Proportion of the pre-sale (%)	31 December 2022	31 December 2021
Beijing – Chaoyang New City	September 2023	99.00	609,482,300.15	611,351,386.82
Nanjing – Zijingdieryuan	June 2023	76.84	177,283,853.56	476,746,212.15
Nanjing – Zijingxiyuan	June 2023	99.29	14,894,624.37	236,088,024.90
Hangzhou – Senlinlanfu	March 2023	99.83	2,559,064,420.52	2,781,548,872.00
Hangzhou – Chuntanglanfu	March 2023	100.00	2,652,636,156.28	2,504,318,151.28
Chengdu – Jincheng Xifu	March 2023	5.55	85,770,936.69	–
Chengdu – Jincheng Mansion	March 2023	100.00	14,229,620.18	513,615,481.67
Ningbo – Jinjunfu	November 2023	36.28	897,833,100.13	75,933,652.34
Beijing – Fengqi Home	November 2023	79.91	9,671,155,896.35	4,512,304,820.48
Beijing – Fangshan Project	November 2023	93.79	25,511,199.48	47,103,433.07
Haikou – Yangguangjun	June 2023	84.15	40,680,020.10	1,245,607,829.94
Chongqing – Nanshanjun	December 2023	45.45	129,615,942.71	241,428,357.47
Hefei – Jincheng Mansions	June 2023	87.27	27,430,348.93	1,665,378,870.18
Hangzhou – Huichao Yuefu	April 2025	93.54	4,774,257,977.38	–
Nanjing – Duhui Zijing	November 2023	54.95	964,799,714.17	–
Tianjin – Yingshun Building	December 2024	15.68	40,811,952.22	68,782,479.82
Tianjin – Beichen Project	February 2023	5.81	377,541,852.06	240,343,956.45
Beijing – Shangchengjun	June 2023	85.61	127,584,370.25	2,022,580,708.42
Shanghai – R-09 Plot	September 2024	90.46	3,788,080,934.97	–
Beijing – Yunzhu	December 2024	28.90	710,762,819.97	–
Hefei – Shanhu Yunzhu	November 2024	25.37	461,883,472.31	–
Beijing – Wangchuan Beiyuan	June 2023	98.23	112,571,069.99	126,337,240.01
Nanjing – Zhonglou Project	February 2024	29.79	115,290,841.14	–
Beijing – Phase I and II of Technology Park	June 2023	11.98	155,963,302.75	394,785,155.96
Chongqing – Xinduhui	June 2023	17.12	33,866,302.11	1,170,564,017.49
Hefei – Dachengjun	June 2023	87.54	14,154,334.36	2,472,698,645.73
Chengdu – Shangchengjun	March 2023	41.68	13,914,641.58	2,022,580,708.42
Others			250,704,128.39	1,509,845,391.91
			28,847,776,133.09	24,939,943,396.51

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

31. Wages payable

2022

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

2021

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

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

31. Wages payable (continued)

Short-term remunerations are as bellow:

2022

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

2021

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

31. Wages payable *(continued)*

Details of defined contribution plan are as follows:

2022

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

2021

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***31. Wages payable** *(continued)*

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

32. Tax payable

	31 December 2022	31 December 2021
VAT	429,959,542.76	633,889,210.67
Corporate income tax	679,462,282.15	934,925,476.01
Individual income tax	16,285,886.07	29,588,632.93
City maintenance and construction tax	41,186,563.63	56,439,488.13
Resource tax	27,522,079.29	30,082,984.11
Land appreciation tax	387,796,499.28	329,622,674.11
Education surcharges	31,160,661.37	43,021,517.54
Urban and rural land use tax	20,803,011.77	23,682,786.88
Real estate tax	34,709,342.61	40,000,321.52
Deed tax and others	172,256,555.55	234,943,973.26
	1,841,142,424.48	2,356,197,065.16

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

33. Other payables

	31 December 2022	31 December 2021
Interests payable	1,403,033,226.31	1,283,850,567.83
Interests on borrowings	240,803,944.15	97,592,148.80
Including: Interests on long-term borrowings	32,425,993.46	74,007,022.01
Interests on short-term borrowings	208,377,950.69	23,585,126.79
Interests of corporate bonds	1,162,229,282.16	1,186,258,419.03
Dividends payable	317,934,963.81	258,868,380.11
Other shareholders	75,464,277.73	108,270,084.82
Interest on perpetual bonds	242,470,686.08	150,598,295.29
Other payables	7,520,223,305.05	8,158,833,706.75
Amounts collected on behalf and temporary receipts	4,050,934,136.36	4,775,941,085.96
Deposits	1,486,649,441.74	1,740,229,650.78
Payables for land use right	67,410,976.83	76,968,404.25
Construction costs payable	174,630,355.63	100,713,574.27
Payables for relocation compensation	504,378,896.95	266,707,543.52
Freight and miscellaneous charges payable	107,591,576.42	122,806,927.46
Payables for acquisition of equity investments	20,874,093.86	7,573,900.77
Payables to related companies	7,191,549.58	44,824,880.73
Utilities	13,092,438.69	12,729,121.28
Public maintenance fund payable	44,392,793.73	24,933,091.47
Current portion of net liabilities of defined benefit plan (Note V. 40)	59,853,941.17	54,816,853.88
Others	983,223,104.09	930,588,672.38
	9,241,191,495.17	9,701,552,654.69

As at 31 December 2022, significant other payables aging more than one year of the Group are as follows:

	Relationship with the Group	Amount payable	Percentage of total other payables (%)	Reasons for non-repayment
First	Third party	238,883,577.62	3.18	Unsettled
Second	Third party	96,910,898.48	1.29	Unsettled
Third	Third party	74,794,869.73	0.99	Unsettled
Fourth	Third party	73,357,201.32	0.98	Unsettled
Fifth	Third party	63,937,405.69	0.85	Unsettled

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***34. Non-current liabilities due within one year**

	31 December 2022	31 December 2021
Long-term loans due within one year (Note V. 36)	8,778,039,209.66	9,514,312,659.92
Bonds payable due within one year (Note V. 37)	7,798,265,845.57	5,433,175,563.81
Long-term payables due within one year (Note V. 39)	39,919,859.47	40,040,615.47
Lease liabilities due with one year (Note V. 38)	108,721,410.88	138,273,121.17
	16,724,946,325.58	15,125,801,960.37

35. Other current liabilities

	31 December 2022	31 December 2021
Accrued expenses	5,121,166,768.24	8,247,695,543.90
Including: <i>Accrued development costs</i>	2,028,118,438.83	2,947,327,292.72
<i>Provision for LAT</i>	2,718,537,241.60	4,929,370,902.88
<i>Accrued costs for treatment of solid wastes</i>	122,059,282.34	166,079,658.06
<i>Other accrued expenses</i>	252,451,805.47	204,917,690.24
Tax to be written off	1,558,734,328.27	1,059,973,462.40
	6,679,901,096.51	9,307,669,006.30

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

36. Long-term loans

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

	31 December 2022	31 December 2021
Guaranteed loans (Note 1)	4,740,540,220.79	5,121,681,056.14
Credit loans	24,872,120,000.00	21,594,843,912.14
Mortgaged loans (Note 2)	9,322,533,991.35	7,322,500,142.44
Pledged loans (Note 2)	<u>2,480,000,000.00</u>	<u>4,476,999,999.00</u>
	41,415,194,212.14	38,516,025,109.72
Less: Long-term loans due within one year	<u>8,778,039,209.66</u>	<u>9,514,312,659.92</u>
	<u>32,637,155,002.48</u>	<u>29,001,712,449.80</u>

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

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

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

	31 December 2022	31 December 2021
Within 1 year	8,778,039,209.66	9,514,312,659.92
1-2 years	13,925,587,633.22	11,383,044,894.58
2-5 years	14,856,997,369.26	11,585,417,555.22
Over 5 years	<u>3,854,570,000.00</u>	<u>6,033,250,000.00</u>
	41,415,194,212.14	38,516,025,109.72

As at 31 December 2022, the annual interest rates of the above loans were 1.20%-5.23% (31 December 2021: 1.20%-7.20%).

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***37. Short-term financing bonds payable and bonds payable**

	31 December 2022	31 December 2021
Short-term financing bonds payable	5,000,000,000.00	7,500,000,000.00
Corporate bonds	21,294,735,325.47	27,932,850,068.31
Medium-term notes	12,997,489,458.54	11,000,000,000.00
Closing balance	34,292,224,784.01	38,932,850,068.31
Less: Bonds payable due within one year	7,798,265,845.57	5,433,175,563.81
Non-current portion	26,493,958,938.44	33,499,674,504.50

Analysis of maturity of bonds payable:

	31 December 2022	31 December 2021
Within 1 year (inclusive of 1 year)	7,798,265,845.57	5,433,175,563.81
1 to 2 years (inclusive of 2 years)	7,920,532,843.74	7,795,654,650.53
2 to 5 years (inclusive of 5 years)	18,573,426,094.70	21,214,765,082.08
Over 5 years	-	4,489,254,771.89
	34,292,224,784.01	38,932,850,068.31

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

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

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

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

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Non-current portion:										
1) RMB1.8 billion corporate bonds	RMB1.8 billion	14 March 2016	5+2 years	1,799,994,000.00	1,797,438,281.49	-	1,557,636.67	-	(1,798,995,918.16)	-
2) RMB500 million corporate bonds	RMB500 million	19 May 2017	5+2 years	500,000,000.00	499,219,937.85	-	113,166.69	(499,000,000.00)	-	333,104.54
3) RMB2.0 billion medium-term notes	RMB2.0 billion	18 January 2018	5 years	2,000,000,000.00	2,000,000,000.00	-	-	-	(2,000,000,000.00)	-
4) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	3+2 years	1,499,936,000.00	1,498,216,369.04	-	1,053,558.37	-	(1,499,269,927.41)	-
4) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	5+2 years	1,500,000,000.00	1,497,242,422.83	-	738,656.58	-	-	1,497,981,079.41
5) RMB2.5 billion medium-term notes	RMB2.5 billion	9 August 2018	5 years	2,500,000,000.00	2,500,000,000.00	-	117,500,000.00	-	(2,500,000,000.00)	-
6) RMB1.5 billion corporate bonds	RMB1.5 billion	9 January 2019	5+2 years	1,500,000,000.00	1,496,774,868.06	-	61,050,000.00	-	-	1,497,521,677.67
7) RMB2.5 billion medium-term notes	RMB2.5 billion	7 March 2019	5 years	2,500,000,000.00	2,500,000,000.00	-	108,750,000.00	-	-	2,500,000,000.00
8) RMB1.5 billion corporate bonds	RMB1.5 billion	29 October 2019	5 years	1,500,000,000.00	1,497,592,892.28	619,000,000.00	2,606,846.92	(699,000,000.00)	-	1,420,199,739.20
9) RMB2.0 billion medium-term notes	RMB2.0 billion	7 August 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	78,800,000.00	-	-	2,000,000,000.00
9) RMB2.0 billion medium-term notes	RMB2.0 billion	12 November 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	82,600,000.00	-	-	2,000,000,000.00
10) RMB4.5 billion corporate bonds	RMB4.5 billion	10 January 2020	5+2 years	4,500,000,000.00	4,489,254,771.89	-	179,550,000.00	-	-	4,491,408,100.31
10) RMB2.0 billion corporate bonds	RMB2.0 billion	15 June 2020	3+2 years	2,000,000,000.00	1,995,500,238.15	-	64,800,000.00	-	-	1,996,878,044.16
10) RMB1.5 billion corporate bonds	RMB1.5 billion	13 August 2020	3+2 years	1,500,000,000.00	1,496,098,207.44	-	54,600,000.00	-	-	1,497,135,950.33
11) RMB2.82 billion corporate bonds	RMB2.82 billion	11 November 2020	6 years	2,820,000,000.00	1,535,478,103.30	-	7,317,261.30	(13,300.00)	-	1,595,583,423.46
12) RMB1.0 billion corporate bonds	RMB1.0 billion	11 June 2021	5 years	1,000,000,000.00	998,739,676.26	-	36,699,999.96	284,290.22	-	999,023,966.48
12) RMB1.0 billion corporate bonds	RMB1.0 billion	13 October 2021	5 years	1,000,000,000.00	998,645,687.23	-	35,700,000.00	281,867.49	-	998,927,554.72
13) RMB2.0 billion corporate bonds	RMB2.0 billion	19 November 2021	3+2 years	2,000,000,000.00	2,000,160,354.18	-	63,400,000.00	-	-	2,001,476,839.62
14) RMB1.0 billion medium-term notes	RMB1.0 billion	31 May 2022	3 years	1,000,000,000.00	-	998,500,000.00	17,170,430.13	-	-	998,919,535.82
14) RMB1.0 billion medium-term notes	RMB1.0 billion	26 August 2022	3 years	1,000,000,000.00	-	998,500,000.00	9,933,516.00	-	-	998,669,922.72
RMB800 million corporate bonds	RMB800 million	15 October 2012	10 years	800,000,000.00	799,513,346.73	-	38,000,000.00	(800,000,000.00)	-	-
RMB1.75 billion corporate bonds	RMB1.75 billion	13 July 2017	3+2 years	140,000,000.00	137,159,972.72	-	1,726,277.78	(140,000,000.00)	-	-
RMB3.5 billion corporate bonds	RMB3.5 billion	19 May 2017	3+2 years	3,500,000,000.00	3,498,042,647.26	-	43,244,444.44	(3,500,000,000.00)	-	-
RMB500 million corporate bonds	RMB500 million	9 January 2019	3+2 years	500,000,000.00	499,239,759.25	-	673,472.22	(500,000,000.00)	-	-
RMB1.2 billion corporate bonds	RMB1.2 billion	21 March 2019	5 years	1,200,000,000.00	1,198,352,632.35	-	9,940,000.00	(1,200,000,000.00)	-	-
				42,259,930,000.00	38,932,850,068.31	2,616,000,000.00	1,386,491,557.39	(7,338,013,300.00)	(7,798,065,845.57)	26,493,936,938.44

Notes to Financial Statements (continued)For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**37. Short-term financing bonds payable and bonds payable** (continued)

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Short-term financing bond:											
RMB3.0 billion ultra-short financing bonds	RMB3.0 billion	23 May 2022	268 days	3,000,000,000.00	-	3,000,000,000.00	38,480,000.00	-	-	-	3,000,000,000.00
RMB2.0 billion ultra-short financing bonds	RMB2.0 billion	25 October 2022	149 days	2,000,000,000.00	-	2,000,000,000.00	6,490,000.00	-	-	-	2,000,000,000.00
RMB2.5 billion ultra-short financing bonds	RMB2.5 billion	11 August 2021	259 days	2,500,000,000.00	2,500,000,000.00	-	20,138,888.89	-	(2,500,000,000.00)	-	-
RMB3.0 billion ultra-short financing bonds	RMB3.0 billion	1 September 2021	205 days	3,000,000,000.00	3,000,000,000.00	-	18,200,000.00	-	(3,000,000,000.00)	-	-
RMB2.0 billion ultra-short financing bonds	RMB2.0 billion	6 September 2021	269 days	2,000,000,000.00	2,000,000,000.00	-	22,377,777.78	-	(2,000,000,000.00)	-	-
RMB2.0 billion ultra-short financing bonds	RMB2.0 billion	16 March 2022	132 days	2,000,000,000.00	-	2,000,000,000.00	14,777,777.78	-	(2,000,000,000.00)	-	-
RMB2.5 billion ultra-short financing bonds	RMB2.5 billion	19 April 2022	127 days	2,500,000,000.00	-	2,500,000,000.00	17,638,888.89	-	(2,500,000,000.00)	-	-
				17,000,000,000.00	7,500,000,000.00	9,500,000,000.00	138,103,333.34	-	(12,000,000,000.00)	-	5,000,000,000.00
				59,259,930,000.00	46,632,850,068.31	12,116,000,000.00	1,524,594,890.73	81,368,015.70	(19,338,013,300.00)	(7,798,065,845.57)	31,493,958,938.44

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

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

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

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

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Non-current portion:											
1) RMB1.8 billion corporate bonds	RMB1.8 billion	14 March 2016	5+2 years	1,800,000,000.00	1,795,940,788.26	1,553,300,000.00	62,999,832.90	1,503,493.23	(1,353,206,000.00)	-	1,797,438,281.49
2) RMB500 million corporate bonds	RMB500 million	19 May 2017	5+2 years	500,000,000.00	498,933,621.04	-	26,900,000.04	286,316.81	-	(499,219,937.85)	-
3) RMB2.0 billion medium-term notes	RMB2.0 billion	18 January 2018	5 years	2,000,000,000.00	2,000,000,000.00	-	117,000,000.00	-	-	-	2,000,000,000.00
4) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	3+2 years	1,500,000,000.00	1,497,256,139.41	177,000,000.00	61,027,222.95	1,024,229.63	(177,064,000.00)	-	1,498,216,369.04
4) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	5+2 years	1,500,000,000.00	1,496,503,766.25	-	75,000,000.00	738,656.58	-	-	1,497,242,422.83
5) RMB2.5 billion medium-term notes	RMB2.5 billion	9 August 2018	5 years	2,500,000,000.00	2,500,000,000.00	-	117,500,000.04	-	-	-	2,500,000,000.00
6) RMB1.5 billion corporate bonds	RMB1.5 billion	9 January 2019	5+2 years	1,500,000,000.00	1,496,057,668.67	-	61,050,000.00	717,193.39	-	-	1,496,774,868.06
7) RMB2.5 billion medium-term notes	RMB2.5 billion	7 March 2019	5 years	2,500,000,000.00	2,500,000,000.00	-	108,750,000.00	-	-	-	2,500,000,000.00
8) RMB1.5 billion corporate bonds	RMB1.5 billion	29 October 2019	5 years	1,500,000,000.00	1,496,724,712.34	-	63,000,000.00	868,179.94	-	-	1,497,592,892.28
9) RMB2.0 billion medium-term notes	RMB2.0 billion	7 August 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	78,800,000.04	-	-	-	2,000,000,000.00
9) RMB2.0 billion medium-term notes	RMB2.0 billion	12 November 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	82,599,999.96	-	-	-	2,000,000,000.00
10) RMB4.5 billion corporate bonds	RMB4.5 billion	10 January 2020	5+2 years	4,500,000,000.00	4,487,185,227.28	-	179,550,000.00	2,069,544.61	-	-	4,489,254,771.89
10) RMB2.0 billion corporate bonds	RMB2.0 billion	15 June 2020	3+2 years	2,000,000,000.00	1,994,166,668.22	-	64,800,000.00	1,333,569.93	-	-	1,995,500,238.15
10) RMB1.5 billion corporate bonds	RMB1.5 billion	13 August 2020	3+2 years	1,500,000,000.00	1,495,418,010.75	-	54,600,000.00	680,196.69	-	-	1,496,098,207.44
11) RMB2.82 billion corporate bonds	RMB2.82 billion	11 November 2020	6 years	2,820,000,000.00	1,477,072,861.26	-	4,794,887.62	58,405,242.04	-	-	1,535,478,103.30
12) RMB1.0 billion corporate bonds	RMB1.0 billion	11 June 2021	5 years	1,000,000,000.00	-	998,584,905.66	20,388,888.91	154,770.60	-	-	998,739,676.26
12) RMB1.0 billion corporate bonds	RMB1.0 billion	13 October 2021	5 years	1,000,000,000.00	-	998,584,905.66	7,773,387.10	60,781.57	-	-	998,645,687.23
13) RMB2.0 billion corporate bonds	RMB2.0 billion	19 November 2021	3+2 years	2,000,000,000.00	-	2,000,000,000.00	6,868,333.33	160,354.18	-	-	2,000,160,354.18
RM1880 million corporate bonds	RMB800 million	15 October 2012	10 years	800,000,000.00	798,869,358.09	-	48,000,000.00	643,988.64	-	(799,513,346.73)	-
RM183.2 billion corporate bonds	RMB3.2 billion	14 March 2016	3+2 years	3,200,000,000.00	3,191,695,887.00	-	25,448,449.84	2,239,313.00	(3,193,935,000.00)	-	-
RM183.5 billion corporate bonds	RMB3.5 billion	19 May 2017	3+2 years	3,500,000,000.00	3,496,604,647.31	-	111,999,999.96	1,437,999.95	-	(3,498,042,647.26)	-
RM112.5 billion corporate bonds	RMB1.25 billion	13 July 2017	2+1 years	1,250,000,000.00	554,991.89	-	-	(554,991.89)	-	-	-
RM117.5 billion corporate bonds	RMB1.75 billion	13 July 2017	3+2 years	1,750,000,000.00	137,042,109.10	-	3,219,999.96	117,763.62	-	(137,159,872.72)	-
RM12.5 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)	-	-
RM1850 million corporate bonds	RMB500 million	9 January 2019	3+2 years	500,000,000.00	498,899,568.22	-	18,650,000.04	349,191.03	-	(499,239,759.25)	-
RM11.2 billion corporate bonds	RMB1.2 billion	21 March 2019	5 years	1,200,000,000.00	1,197,821,872.95	-	59,640,000.00	710,759.40	-	-	1,198,532,632.35
				48,820,000,000.00	40,556,738,688.04	5,527,469,811.32	1,558,922,902.69	72,946,558.95	(7,224,305,000.00)	(5,493,175,568.81)	33,499,674,504.50

Notes to Financial Statements (continued)For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**37. Short-term financing bonds payable and bonds payable** (continued)

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

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Short-term financing bond:											
RMB800 million ultra-short financing bonds	RMB800 million	14 May 2020	270 days	800,000,000.00	799,877,830.18	-	1,752,813.83	122,169.82	(800,000,000.00)	-	-
RMB800 million ultra-short financing bonds	RMB800 million	5 August 2020	270 days	800,000,000.00	799,395,622.78	-	8,169,201.29	604,377.22	(800,000,000.00)	-	-
RMB1.5 billion ultra-short financing bonds	RMB1.5 billion	5 March 2021	140 days	1,500,000,000.00	-	1,500,000,000.00	15,180,136.99	-	(1,500,000,000.00)	-	-
RMB1.5 billion ultra-short financing bonds	RMB1.5 billion	10 March 2021	288 days	1,500,000,000.00	-	1,500,000,000.00	34,774,193.55	-	(1,500,000,000.00)	-	-
RMB2.5 billion ultra-short financing bonds	RMB2.5 billion	11 August 2021	259 days	2,500,000,000.00	-	2,500,000,000.00	24,361,559.14	-	-	-	2,500,000,000.00
RMB3.0 billion ultra-short financing bonds	RMB3.0 billion	1 September 2021	205 days	3,000,000,000.00	-	3,000,000,000.00	26,000,000.00	-	-	-	3,000,000,000.00
RMB2.0 billion ultra-short financing bonds	RMB2.0 billion	6 September 2021	269 days	2,000,000,000.00	-	2,000,000,000.00	16,930,555.55	-	-	-	2,000,000,000.00
				<u>12,100,000,000.00</u>	<u>1,599,273,452.96</u>	<u>10,500,000,000.00</u>	<u>127,168,460.35</u>	<u>726,547.04</u>	<u>(4,600,000,000.00)</u>	<u>-</u>	<u>7,500,000,000.00</u>
				<u>60,920,000,000.00</u>	<u>42,156,012,151.00</u>	<u>16,027,469,811.32</u>	<u>1,664,091,363.04</u>	<u>73,673,105.99</u>	<u>(11,824,305,000.00)</u>	<u>(5,433,175,568.81)</u>	<u>40,999,674,504.50</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

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

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

- 1) Pursuant to the document [2016] No. 35 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2016 to qualified investors by way of public issuance on 14 March 2016 (hereinafter referred to as "16 BBMG 02"), totalling RMB1,800,000,000 with a term of 7 years (with the issuer's option to raise the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.5%. As disclosed in the announcement dated 5 March 2021, the issuer decided not to raise the coupon rate of the bonds for the next two years. The total sale back amount as announced on 15 March 2021 was RMB1,353,306,000.00 (exclusive of interests). As announced on 15 March 2021, part of the sale-back bonds were resold with an amount of RMB1,353,300,000.00 (exclusive of interests) and the remaining bonds not resold was cancelled with an amount of RMB6,000.00.
- 2) Pursuant to the document [2017] No. 46 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of public issuance on 19 May 2017 (hereinafter referred to as "17 BBMG 02"), totalling RMB500,000,000 with a term of 7 years (with the issuer's option to raise the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.38%. On 31 March 2022 (at the end of the fifth year of the duration), the Company published an announcement, in which the Company decided to raise the coupon rate of "17 BBMG 02" for the next two years, i.e. the coupon rate of "17 BBMG 02" for the period from 19 May 2022 to 18 May 2024 shall be 2.95%. The total sale back amount as announced on 25 March 2022 was RMB499,000,000.00 (exclusive of interests).
- 3) 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%.
- 4) Pursuant to the document [2018] No. 884 issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as "18 BBMG 01"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.7%. The total sale back amount as announced on 28 May 2021 was RMB177,064,000.00 (exclusive of interests). As announced on 28 July 2021, part of the sale-back bonds were resold with an amount of 177,000,000.00 (exclusive of interests), and the bond not resold with the remaining amount of RMB64,000.00 were cancelled. The Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as "18 BBMG 02"), totalling RMB1,500,000,000 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%.

Notes to Financial Statements *(continued)*

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

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

- 5) Pursuant to the Notice of Acceptance of Registration 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%.
- 6) Pursuant to the document (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 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%.
- 7) 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%.
- 8) Pursuant to the No Objection Letter Regarding the Compliance with Transfer Conditions of the Shenzhen Stock Exchange in the Non-Public Issuance of Corporate Bonds for 2018 of Tangshan Jidong Cement Co., Ltd. (Shen Zheng Han [2018] No. 810) (《關於唐山冀東水泥股份有限公司2018年非公開發行公司債券符合深交所轉讓條件的無異議函》(深證函[2018]810號)) issued by the Shenzhen Stock Exchange, Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 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%. The total sale back amount as announced on 28 October 2022 (at the end of the third year of the duration) was RMB699,000,000.00 (exclusive of interests). As announced, part of the sale-back bonds were resold with an amount of RMB619,000,000.00 (exclusive of interests) and the bonds not resold with the remaining amount of RMB80,000,000.00 were cancelled.
- 9) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DFI6) (《接受註冊通知書》(中市協註[2019]DFI6號)) issued by the NAFMII, the Company issued the second tranche of medium term notes of BBMG Corporation for 2019 on 7 August 2019 (hereinafter referred to as "19 BBMG MTN002"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 3.94%; and the Company issued the third tranche of medium term notes of BBMG Corporation for 2019 on 12 November 2019 (hereinafter referred to as "19 BBMG MTN003"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 4.13%.

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

- 10) Pursuant to the Replies (Zheng Jian Xu Ke [2019] No. 2255) issued by the China Securities Regulatory Commission (中國證券監督管理委員會出具的批復(證監許可[2019]2255號)), the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2020 to qualified investors by way of public issuance on 10 January 2020 (hereinafter referred to as "20 BBMG 02"), totalling RMB4,500,000,000 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%.
- 11) Pursuant to the Replies (Zheng Jian Xu Ke [2020] No. 2416) issued by the China Securities Regulatory Commission (中國證券監督管理委員會出具的批復(證監許可[2020]2416號)), Tangshan Jidong Cement Co., Ltd. issued the convertible corporate bonds of Tangshan Jidong Cement Co., Ltd. on 5 November 2020 (hereinafter referred to as "Jidong Convertible Bonds"), 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).
- 12) Pursuant to the document (Zheng Jian Xu Ke [2020] No. 2804) (《證監許可[2020]2804號》文件) issued by the China Securities Regulatory Commission, Jidong Cement issued the first tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. to professional investors by way of public issuance on 11 June 2021 (hereinafter referred to as "21 Jidong 01"), totalling RMB1,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.67%; Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. to professional investors by way of public issuance on 22 November 2021 (hereinafter referred to as "21 Jidong 02"), totalling RMB1,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.57%.

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**37. Short-term financing bonds payable and bonds payable** (continued)

- 13) Pursuant to the document (Zheng Jian Xu Ke [2020] No. 2749) (《證監許可[2020] 2749號》文件) issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds of BBMG Corporation for 2021 to professional investors by way of public issuance on 19 November 2021 (hereinafter referred to as "21 BBMG 01"), totalling RMB2,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.17%.
- 14) As approved by the document (Zhong Shi Xie Zhu [2021] No. MTN1) (中市協註[2021] MTN1號文件) from the NAFMII, the Company publicly issued the first tranche of medium term notes of Tangshan Jidong Cement Co., Ltd. for 2022 in the national inter-bank bond market on 31 May 2022 (hereinafter referred to as "22 Jidong Cement MTN001"), totalling RMB1,000,000,000 with a term of 3 years and a coupon rate of 2.93%. Interest was accrued from 31 May 2022 and the maturity date will be 31 May 2025. The interest shall be paid on an annual basis and the principal amount will be repaid in a lump sum at maturity. The last instalment of interest shall be paid together with the principal amount. The Company issued the second tranche of medium term notes of Tangshan Jidong Cement Co., Ltd. for 2022 in the national inter-bank bond market on 26 August 2022 (hereinafter referred to as "22 Jidong Cement MTN002"), totalling RMB1,000,000,000 with a term of 3 years and a coupon rate of 2.84%. Interest was accrued from 26 August 2022 and the maturity date will be 26 August 2025. The interest shall be paid on an annual basis and the principal amount will be repaid in a lump sum at maturity. The last instalment of interest shall be paid together with the principal amount.

38. Lease liabilities

	31 December 2022	31 December 2021
Principal of lease liabilities	784,228,262.40	667,488,140.39
Less: Unrecognised finance cost	<u>193,973,900.69</u>	<u>134,003,468.62</u>
	590,254,361.71	533,484,671.77
Less: Lease liabilities due within one year	<u>108,721,410.88</u>	<u>138,273,121.17</u>
Non-current portion	<u>481,532,950.83</u>	395,211,550.60

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

39. Long-term payables

	31 December 2022	31 December 2021
Long-term payables	339,570,674.41	385,210,384.03
Less: Long-term payables due within one year	<u>39,919,859.47</u>	<u>40,040,615.47</u>
Non-current portion	<u>299,650,814.94</u>	<u>345,169,768.56</u>

Analysis of maturity of long-term payables:

	31 December 2022	31 December 2021
Within 1 year (inclusive of 1 year)	39,919,859.47	40,040,615.47
1 to 2 years (inclusive of 2 years)	65,811,596.14	68,318,215.69
2 to 5 years (over 2 years and inclusive of 5 years)	<u>233,839,218.80</u>	<u>276,851,552.87</u>
	<u>339,570,674.41</u>	<u>385,210,384.03</u>

40. Long-term wages payable

	31 December 2022	31 December 2021
Net liabilities of defined benefit plan	<u>449,511,908.54</u>	<u>498,937,107.96</u>

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 31 December 2022 using the projected accumulated benefit units method.

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

	31 December 2022	31 December 2021
Discount rate (%)	2.75-4.00	2.00-4.00
Growth rate of benefit costs of retirees and early retirees (%)	<u>2.50</u>	<u>2.25</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***40. Long-term wages payable** *(continued)*

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

31 December 2022

	Increase/(decrease) of defined benefit plan obligations		Increase/(decrease) of defined benefit plan obligations	
	Increase (%)	Decrease (%)	Increase (%)	Decrease (%)
Discount rate (%)	0.25	(6,394,296.75)	0.25	6,619,582.77
Expected growth rate of future retiree benefit costs (%)	0.50	13,082,220.21	0.50	(12,210,316.26)

31 December 2021

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

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

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

	31 December 2022	31 December 2021
Net interest expenses charged to finance expenses	15,100,941.00	16,692,438.00
Charged to management expenses	(6,067,232.88)	(3,356,000.00)
	9,033,708.12	13,336,438.00

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

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

	31 December 2022	31 December 2021
Opening balance	553,753,961.84	587,617,906.77
Interest expenses for the year	15,100,941.00	17,095,438.00
Service costs for the year	(6,508,232.88)	(9,001,000.00)
Previous service costs	441,000.00	(1,913,000.00)
Welfare benefits paid for the year	(42,588,649.06)	(46,949,104.93)
Actuarial (losses)/gains recognised in other comprehensive income	(23,864,174.00)	6,903,722.00
Including: Actuarial changes arising from changes in demographic statistics assumptions	–	4,915,000.00
Actuarial changes arising from changes in financial assumptions	(2,449,402.00)	(3,481,000.00)
Actuarial gains on difference in experience	(21,414,772.00)	10,351,722.00
Closing balance	496,334,846.90	553,753,961.84
Less: Current portion of net liabilities of defined benefit plan	46,822,938.36	54,816,853.88
Closing balance	449,511,908.54	498,937,107.96

Expected future payments to the defined benefit plan:

	31 December 2022	31 December 2021
Within 1 year	46,822,938.36	54,816,853.88
2 to 5 years	165,182,994.57	189,240,146.35
5 to 10 years	165,980,351.58	192,898,253.86
Over 10 years	525,595,365.00	576,748,463.30
Total expected deposit	903,581,649.51	1,013,703,717.39

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**41. Accrued liabilities**

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Pending litigations or arbitration	2,902,183.67	–	1,000,000.00	1,902,183.67
Accrued concrete loss	32,844,009.62	1,060,624.31	8,314,308.09	25,590,325.84
Restoration cost of mines	404,051,078.78	42,035,802.30	34,589,201.67	411,497,679.41
Others	63,664,106.30	16,137,418.57	40,457,968.92	39,343,555.95
	503,461,378.37	59,233,845.18	84,361,478.68	478,333,744.87

42. Deferred income

	31 December 2022	31 December 2021
Opening balance	795,357,234.52	832,750,925.25
Increase during the year	56,328,425.87	55,551,416.28
Decrease during the year	89,134,889.28	92,945,107.01
Closing balance	762,550,771.11	795,357,234.52

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

	31 December 2022	31 December 2021
Government grants related to assets		
Environmental protection projects	443,719,894.29	434,467,610.13
Cogeneration projects	–	7,899,995.06
Relocation compensation	221,511,921.07	232,996,643.00
Specific funds	852,555.67	6,693,351.03
Others	87,001,714.54	107,393,615.80
Government grants related to income		
Research and development funds	9,464,685.54	5,906,019.50
Closing balance	762,550,771.11	795,357,234.52

Notes to Financial Statements *(continued)*

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

42. Deferred income *(continued)*

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

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

Notes to Financial Statements (continued)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**42. Deferred income** (continued)

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

	Opening balance	Increase in the year	Other transfer out during the year	Included in other income in the year	Closing balance	Related to assets/ gains
Asset subsidy for relocation compensation of Tiantan	150,803,870.79	-	-	7,004,967.62	143,798,903.17	Related to assets
Subsidy for environmental protection equipment for Bio-Island project	110,974,234.02	-	-	15,375,917.64	95,598,316.38	Related to assets
Appropriation for mud project of Beijing Cement Plant	18,969,722.20	-	-	2,976,666.68	15,993,055.52	Related to assets
Tangshan Qixin Cement Industry Museum Project	46,245,793.10	-	-	1,360,475.93	44,885,317.17	Related to assets
Grant of Liushui construction garbage project	31,841,333.32	-	-	2,449,333.32	29,392,000.00	Related to assets
Relocation compensation for Jianji Replacement subsidy for Jianyuan	44,218,182.16	-	-	1,842,424.20	42,375,757.96	Related to assets
Zanhuang collaborative disposal of household garbage and sludge project	18,867,924.53	-	-	-	18,867,924.53	Related to assets
Grant of Heilongjiang industrial production project	13,363,500.00	-	-	1,062,000.00	12,301,500.00	Related to assets
Project of the production line with a capacity of 4,600 tonnes of cement clinkers in Hechuan	12,344,096.40	-	-	1,028,674.68	11,315,421.72	Related to assets
Raw material storage tent of Zhenxing	12,481,730.28	-	-	322,109.16	12,159,621.12	Related to assets
Ground source heat pump construction project of BBMG Logistics Park	7,311,333.34	-	-	672,000.00	6,639,333.34	Related to assets
Heat supply renovation project of Liulihe	6,750,000.00	-	6,750,000.00	-	-	Related to assets
	5,374,999.85	-	-	500,000.04	4,874,999.81	Related to assets
	<u>479,546,719.99</u>	<u>-</u>	<u>6,750,000.00</u>	<u>34,594,569.27</u>	<u>438,202,150.72</u>	

43. Other non-current liabilities

	31 December 2022	31 December 2021
Advance payment for rent	<u>310,124.31</u>	<u>4,750,000.01</u>

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Share capital

2022

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

2021

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

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***45. Other equity instruments**

Perpetual bonds	Issuance date	31 December 2022	31 December 2021
2017 First Tranche of Medium-term Notes	11 October 2017	–	2,495,000,000.00
2017 Second Tranche of Medium-term Notes	6 November 2017	–	2,495,000,000.00
2020 First Tranche of Medium-term Notes	22 April 2020	1,500,000,000.00	1,500,000,000.00
2020 Second Tranche of Medium-term Notes	19 June 2020	1,500,000,000.00	1,500,000,000.00
Jiangsu Trust Perpetual Bonds Investment	28 September 2021	4,000,000,000.00	4,000,000,000.00
Jiangsu Trust Perpetual Bonds Investment	29 October 2021	999,000,000.00	999,000,000.00
2021 First Tranche of Renewable Corporate Bonds	12 November 2021	1,500,000,000.00	1,500,000,000.00
2021 Second Tranche of Renewable Corporate Bonds	21 December 2021	1,500,000,000.00	1,500,000,000.00
2022 First Tranche of Renewable Corporate Bonds	6 January 2022	1,000,000,000.00	–
2022 First Tranche of Renewable Corporate Bonds	6 January 2022	500,000,000.00	–
2022 Second Tranche of Renewable Corporate Bonds	17 January 2022	1,500,000,000.00	–
2022 Third Tranche of Renewable Corporate Bonds	22 August 2022	2,000,000,000.00	–
2022 Third Tranche of Renewable Corporate Bonds	22 August 2022	500,000,000.00	–
		16,499,000,000.00	15,989,000,000.00

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

45. Other equity instruments *(continued)*

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

Maturity date	The medium-term notes have no fixed maturity date, 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: <ul style="list-style-type: none"> (1) distributing dividends to ordinary shareholders; (2) reducing the registered capital.
Redemption and purchase	The Company is entitled to redeem the medium-term notes at par value plus payable interest (including all deferred interest) 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; <p>The coupon rate shall be reset every three/five years from the fourth/sixth year of interest calculation;</p> <p>In the event that the issuer does not exercise its redemption right, starting from the fourth/sixth year of interest calculation, the coupon rate shall be adjusted to benchmark interest rate for the current period plus initial spread plus 300 basis points. Thereafter, the coupon interest rates is reset every three/five years to the benchmark interest rate for the current period plus the initial spread plus 300 basis points.</p>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***45. Other equity instruments** *(continued)*

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

45. Other equity instruments *(continued)*

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***45. Other equity instruments** *(continued)***(3) According to the Prospectus, the major terms of the Renewable Corporate Bonds are as follows:**

Maturity date	The basic period of the Bonds shall be 2, 3 or 5 years, with every 2, 3 or 5 interest-bearing years as a cycle (repricing cycle). The Company has the option of renewal at the end of each agreed period, and the Company has the right to choose to extend the period of the Bonds for one cycle, or choose to pay the Bonds in full at the expiration of the repricing cycle.
Deferred distribution	Unless a mandatory interest payment event has occurred, on each interest payment date of the current bonds, the Company can elect to defer payment of interest due and all interest deferred according to the provisions and its fruits to the next interest payment date without any limitation on the number of times of such deferral. The foregoing deferred interest payment does not make the Company fail to pay the interest in full according to the requirement.
Mandatory distribution payment events	If any of the following events occurs within 12 months prior to the interest payment date, the Company shall not defer the payment of interest due or all interest deferred as agreed and its fruits: <ul style="list-style-type: none"> (1) distributing dividends to ordinary shareholders; (2) reducing the registered capital.
Redemption and purchase	The Company has no right or obligation to redeem the Bonds, except that the Company redeems the Bonds due to change of tax policies and change of accounting standards. If the Company redeems the Bonds, it will redeem all the Bonds from the investors with the par value plus the current interest, the deferred interest and its fruits (if any). The payment method of redemption will be the same as the payment method of the principal and interest due for the Bonds. The list of bondholders will be counted according to the relevant regulations of the registration authority of the Bonds, and it will be handled according to the relevant regulations of the registration authority of the Bonds.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

45. Other equity instruments *(continued)*

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

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

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

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

The interest rate of medium-term notes, perpetual bonds investment and renewable corporate bonds of the Group was 2.95%~5.45%, and in 2022, the interest accrued was RMB862,798,631.90 and interest payable to specific investors amounted to RMB767,845,500.01.

46. Capital reserve

31 December 2022

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

31 December 2021

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

The increase in the capital reserve during the year mainly includes the increase in capital reserve of the equity transactions that do not affect control of RMB203,024,926.87. For details, please see the Note VII. 2.

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

47. Other comprehensive income

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

31 December 2022

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

31 December 2021

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

47. Other comprehensive income *(continued)*

Changes in other comprehensive income:

31 December 2022

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

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS***(continued)***47. Other comprehensive income** *(continued)*

31 December 2021

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

48. Specific reserve

31 December 2022

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

31 December 2021

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

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

49. Surplus reserve

31 December 2022

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

31 December 2021

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

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**49. Surplus reserve** (continued)

According to the requirements of the Company Law and the Articles of Association of the Company, the Company shall appropriate 10% of its net profit to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve of the Company has exceeded 50% of the registered capital of the Company, additional appropriation will not be needed. After the appropriation to statutory surplus reserve, the Company may make appropriation to the discretionary surplus reserve. Upon approval, discretionary surplus reserve can be used to make up for losses from previous years or to increase the share capital.

50. General risk reserve

31 December 2022

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

31 December 2021

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

51. Retained earnings

	31 December 2022	31 December 2021
Retained earnings as at the beginning of the year	28,103,717,810.21	26,787,531,577.50
Net profit attributable to the shareholders of the parent company	1,212,673,549.71	2,933,014,544.76
Less: Interest of perpetual bonds	862,798,631.90	767,955,896.34
Less: Appropriation of surplus reserve	149,156,165.39	207,727,037.43
Less: Appropriation of general risk reserve	38,108,381.70	–
Less: Cash dividends payable	1,110,488,197.94	641,145,378.28
	<u>27,155,839,982.99</u>	<u>28,103,717,810.21</u>
Retained earnings at the end of the year	27,155,839,982.99	28,103,717,810.21

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

52. Operating revenue and costs

	2022		2021	
	Revenue	Costs	Revenue	Costs
Principal operations	102,218,691,676.38	87,241,887,244.89	122,624,107,338.15	103,263,395,398.16
Other operations	603,470,420.53	224,765,709.50	1,010,340,773.75	301,201,822.18
	<u>102,822,162,096.91</u>	<u>87,466,652,954.39</u>	<u>123,634,448,111.90</u>	<u>103,564,597,220.34</u>
	102,822,162,096.91	87,466,652,954.39	123,634,448,111.90	103,564,597,220.34

Operating revenue are as follows:

	2022	2021
Revenue from contracts with customers	100,789,101,960.61	121,512,630,872.46
Rental income	1,618,439,463.13	1,818,972,337.88
Including: Rental income from investment properties	1,394,949,965.18	1,702,575,271.67
Other rental income	223,489,497.95	116,397,066.21
Interest income	414,620,673.17	302,844,901.56
	<u>102,822,162,096.91</u>	<u>123,634,448,111.90</u>
	102,822,162,096.91	123,634,448,111.90

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***52. Operating revenue and costs** *(continued)*

Disaggregated operating revenue from contracts with customers is as follows:

	2022	2021
Revenue recognition time		
Revenue recognized at a point in time		
Sale of products	41,060,299,136.34	44,702,085,584.18
Bulk commodity trade	32,649,749,796.92	32,148,422,650.98
Sale of properties	22,867,183,154.57	39,625,866,717.94
Others	<u>1,714,208,001.18</u>	<u>1,740,506,415.38</u>
Revenue recognized over time		
Property management	898,286,002.92	1,027,170,565.44
Hotel operation	299,364,609.08	319,643,831.44
Income from decoration	264,556,229.28	521,005,552.76
Treatment of solid wastes	<u>1,033,851,256.78</u>	<u>1,427,929,554.34</u>
	<u>100,787,498,187.07</u>	<u>121,512,630,872.46</u>

The revenue recognized in the current year and included in the carrying amount of contract liabilities at the beginning of the year is as follow:

	2022	2021
Sale of products	1,205,704,761.13	1,133,155,959.89
Bulk commodity trade	233,609,060.36	214,231,068.20
Sale of properties	24,743,445,750.56	22,333,048,368.17
Property management	242,541,921.34	2,127,089.30
Income from decoration	7,271,501.99	25,650,649.80
Treatment of solid wastes	31,339,478.33	25,135,875.99
Others	<u>59,964,579.50</u>	<u>57,496,859.61</u>
Total	<u>26,523,877,053.21</u>	<u>23,790,845,870.96</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

53. Tax and surcharges

	2022	2021
City maintenance and construction tax	139,260,728.05	184,326,528.69
Education surcharges	113,750,386.34	151,280,992.84
Resource tax	163,632,642.48	133,156,443.35
Land appreciation tax	100,636,320.82	463,576,062.92
Real estate tax	375,033,265.05	393,468,929.22
Land use tax	195,132,705.29	195,516,924.07
Stamp duty	116,201,587.72	104,715,772.24
Green tax	52,930,336.02	65,016,536.67
Others	16,995,675.81	74,319,093.62
	1,273,573,647.58	1,765,377,283.62

54. Selling expenses

	2022	2021
Employee remunerations	951,348,497.37	978,211,171.68
Office expenses	496,513,107.69	492,166,588.73
Lease fee	52,663,243.37	49,570,150.15
Agency intermediary fee	420,089,246.37	632,457,547.00
Advertisement fee	374,485,427.56	358,703,894.00
Others	74,861,559.47	147,918,369.21
	2,369,961,081.83	2,659,027,720.77

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***55. Administrative expenses**

	2022	2021
Employee remunerations	3,016,372,084.23	2,843,365,459.19
Office expenses	975,560,175.76	1,063,545,729.59
Utilities	83,914,482.88	80,529,541.16
Intermediary service fees	299,507,428.92	312,879,856.23
Lease fee	96,357,449.83	89,714,245.14
Sewage and afforestation fees	45,904,810.75	45,941,912.69
Loss on shut down	930,143,973.32	788,524,816.04
Others	1,510,487,581.42	1,617,782,014.86
	6,958,247,987.11	6,842,283,574.90

The above-mentioned administrative expenses included the auditor's remuneration to Ernst & Young Hua Ming LLP for the audit of the annual report of the Company of RMB7,000,000.00 (tax inclusive) (2021: RMB6,300,000.00).

56. Research and development expenses

	2022	2021
Employee remunerations	266,923,247.24	193,181,017.25
Material and equipment cost	73,767,497.13	63,534,280.62
Others	69,448,120.70	90,017,417.64
	410,138,865.07	346,732,715.51

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

57. Finance costs

	2022	2021
Interest expense	4,950,760,660.53	4,970,126,409.42
Including: Interests on bank loans and other loans to be fully repaid within 5 years	2,709,180,938.94	2,691,875,172.80
Interests on bank loans and other loans to be repaid over 5 years	93,176,312.70	114,063,576.88
Interest expense on lease liabilities	27,184,413.54	25,709,133.51
Interest expenses on significant financing component	471,477,258.55	393,766,605.58
Less: Interest income	228,028,363.78	267,349,252.44
Less: Amount of capitalized interest	2,214,405,401.35	2,460,313,949.68
Exchange gains	37,800,460.48	24,295,748.63
Handling charges	103,619,761.22	78,101,914.08
Others	38,198,450.29	26,799,950.55
	2,687,945,567.39	2,371,660,820.56

In 2022, the amount of capitalised borrowing costs has included in construction in progress of RMB22,518,868.44 (2021: RMB55,540,356.44), costs for properties under development of RMB2,176,000,075.13 (2021: RMB2,401,317,931.32) and investment properties in progress of RMB15,886,457.78 (2021: RMB3,455,661.92).

58. Other gains

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

	2022	2021	
Refunds of VAT	338,969,593.74	608,686,687.13	Related to gains
Income from other subsidies	268,031,595.72	252,845,218.19	Related to assets/gains
Grants of sale of heat	6,355,357.73	18,265,086.66	Related to gains
	613,356,547.19	879,796,991.98	

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***59. Investment gains**

	2022	2021
Gains from long-term equity investments under equity method	176,515,901.37	400,369,364.11
Investment (losses)/gains from disposal of subsidiaries	(10,187,433.90)	329,541,352.47
Investment losses from disposal of associates	(7,535,662.60)	-
Investment gains from financial assets held for trading during the holding period	6,527,727.25	6,141,431.78
Investment (losses)/gains from disposal of financial assets held for trading	(1,931,620.65)	12,360,771.94
Investment gains from financial assets measured at amortized cost during the holding period	59,630,691.47	23,662,594.55
Dividend income from investment in other equity instruments during the holding period	18,776,875.92	8,528,010.46
Gains on derecognition of financial assets measured at amortized cost	9,531,664.42	5,750,489.98
Others	155,355.30	6,201,245.46
	251,483,498.58	792,555,260.75

There were no significant restrictions on the repatriation of investment income of the Group as of 31 December 2022. As at 31 December 2022, the investment income from listed share investment among the Group's investment income amounted to RMB13,135,926.21 (2021: RMB802,010.00).

60. Gains from changes in fair value

	2022	2021
Financial assets held for trading	(29,364,411.34)	39,696,150.69
Investment properties measured at fair value	612,425,649.07	652,118,591.28
	583,061,237.73	691,814,741.97

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

61. Credit impairment losses

	2022	2021
Losses on bad debts of bills receivables	(51,501,746.07)	(47,275,382.29)
Losses on bad debts of accounts receivable	233,814,318.58	150,277,365.88
Losses on bad debts of other receivables	(6,355,561.90)	86,800,381.40
Losses on bad debts of long-term receivables	277,506,788.59	165,655,447.83
Others	-	(275,000.00)
	453,463,799.20	355,182,812.82

62. Asset impairment losses

	2022	2021
Losses on decline in value of inventory	695,438,751.88	890,793,381.09
Losses on impairment of contract assets	8,133,330.71	1,190,582.95
Losses on impairment of fixed assets	112,262,120.86	81,352,382.48
Losses on impairment of construction in progress	11,116,316.68	10,278,897.18
Losses on impairment of investment in long-term equity	-	48,320.69
Losses on impairment of goodwill	-	26,595,000.00
Others	817,033.01	(1,605,180.18)
	827,767,553.14	1,008,653,384.21

63. Gains on disposal of assets

	2022	2021
Gains on disposal of fixed assets	114,262,033.30	70,181,804.49
Gains on disposal of intangible assets	1,185,395,338.44	2,940,901.49
Others	7,060,052.77	750,926.51
	1,306,717,424.51	73,873,632.49

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***64. Non-operating income**

	2022	2021	Recognised in non-recurring profit and loss for 2022
Net gains from fines	32,799,044.31	83,982,984.83	32,799,044.31
Relocation compensation/government grants	9,226,874.34	175,949,842.70	9,226,874.34
Unpayable amounts	110,197,000.64	50,835,868.43	110,197,000.64
Gains on disposal of non-current assets	20,694,210.95	340,123,622.48	20,694,210.95
Others	200,530,866.33	452,478,519.41	200,530,866.33
	373,447,996.57	1,103,370,837.85	373,447,996.57

65. Non-operating expenses

	2022	2021	Recognised in non-recurring profit and loss for 2022
Losses on disposal of non-current assets	77,682,007.30	136,686,882.27	77,682,007.30
Including: Losses on disposal of fixed assets	76,599,802.01	134,177,997.92	76,599,802.01
Losses on disposal of other non-current assets	1,082,205.29	2,508,884.35	1,082,205.29
Abnormal losses	44,386.63	89,330,552.34	44,386.63
Expenses on charity donation	19,983,822.91	16,734,082.30	19,983,822.91
Expenses on compensation, penalties and fines	41,454,650.22	53,736,871.23	41,454,650.22
Other expenses	38,290,168.16	85,341,119.28	38,290,168.16
	177,455,035.22	381,829,507.42	177,455,035.22

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

66. Expenses by nature

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

	2022	2021
Consumption of raw materials	21,416,395,081.54	23,611,506,729.35
Procurement costs of tradable goods	33,372,398,992.05	32,734,389,803.79
Cost of sales of real estate	19,023,012,809.92	33,844,752,156.84
Changes in inventory of finished goods and work in progress	1,236,658,069.11	242,658,953.18
Employee remunerations	7,267,372,906.55	7,015,029,892.47
Depreciation and amortisation	4,903,646,718.89	4,631,726,298.20
Rentals	311,946,749.71	315,106,498.57
Maintenance expenses	1,332,526,402.84	1,432,672,622.23
Fuel and energy costs	2,533,926,381.56	3,746,618,682.64
Transportation fee	2,317,597,888.84	1,533,329,183.88
Advertisement fee	415,945,422.12	388,889,746.90
Office expenses	1,472,073,283.45	1,555,712,318.32
Intermediary fee	719,596,675.29	945,337,403.22
Others	881,903,506.53	1,414,910,941.93
	97,205,000,888.40	113,412,641,231.52

67. Income tax expense

	2022	2021
Current income tax expense	1,468,638,232.82	2,345,686,513.65
Deferred income tax expense	116,497,001.31	322,109,773.06
	1,585,135,234.13	2,667,796,286.71

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***67. Income tax expense** *(continued)*

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

	2022	2021
Total profit	3,325,022,310.56	7,880,514,536.79
Income tax expense at the statutory income tax rate	746,261,001.40	1,883,243,473.89
Tax effect of different tax rates of some subsidiaries	(36,507,323.24)	(103,468,360.18)
Adjustments on the current income tax of previous periods	(5,065,915.77)	19,697,556.24
Share of profits and losses of joint ventures and associates	(29,046,657.05)	(132,502,620.58)
Income not subject to tax	(15,925,776.09)	(50,381,513.77)
Expenses not deductible	30,688,978.57	9,135,650.22
Use of deductible losses in prior years	–	1,667,447.58
Deductible temporary difference and deductible losses not recognized	894,730,926.31	1,040,404,653.31
Income tax expense at the effective tax rate of the Group	1,585,135,234.13	2,667,796,286.71

68. Earnings per share

	2022 RMB/share	2021 RMB/share
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	1,212,673,549.71	2,933,014,544.76
Less: Interests on other equity instrument	862,798,631.90	767,955,896.34
Shares		
Weighted average number of ordinary shares in issue of the Company	10,677,771,134.00	10,677,771,134.00
Basic earnings per share – continuing operations	0.03	0.20

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

69. Notes to items of statement of cash flows

	2022	2021
Cash received from other operating activities		
Compensation received	194,478,938.51	351,244,223.93
Interest income received	227,487,004.84	242,999,447.01
Principal and interest on financing sale-leaseback	161,804,472.06	50,048,331.70
Current accounts and other current account	<u>1,918,415,257.70</u>	<u>1,462,732,035.59</u>
	<u>2,502,185,673.11</u>	<u>2,107,024,038.23</u>
Cash paid for other operating activities		
Selling and administrative expenses etc. paid	3,777,574,351.88	4,183,347,735.28
Principal on financing sale-leaseback	600,000,000.00	400,000,000.00
Deposit and other amounts paid	253,580,209.04	5,448,793.98
Other current accounts	<u>1,365,933,326.19</u>	<u>401,434,009.28</u>
	<u>5,997,087,887.11</u>	<u>4,990,230,538.54</u>
Cash received from other investing activities		
Disposal of financial products such as short-term funds or bonds	1,106,909,190.35	932,360,771.94
Collection of the principal and interest of borrowings from associates	1,291,919,133.88	2,482,468,521.62
Collection of the principal and interest of borrowings from third parties	<u>1,660,225,000.00</u>	<u>33,660,000.00</u>
	<u>4,059,053,324.23</u>	<u>3,448,489,293.56</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***69. Notes to items of statement of cash flows** *(continued)*

	2022	2021
Cash paid for other investing activities		
Payment of borrowings from associates	1,576,989,327.52	3,662,956,016.26
Purchase of trust products	3,236,553,787.25	920,000,000.00
Payment of borrowings from third parties	51,471,330.83	–
	4,865,014,445.60	4,582,956,016.26
Cash received from other financing activities		
Borrowings received from minority shareholders	67,620,000.00	2,483,557,388.94
Receipts of borrowing deposits	107,576,689.78	–
	175,196,689.78	2,483,557,388.94
Cash paid for other financing activities		
Repayment of borrowings of minority shareholders	2,730,189,297.71	959,079,000.00
Principal and interest of lease liabilities	381,649,884.12	128,409,750.92
Payment for acquisition of minority interests	299,543,537.79	57,978,636.45
Others	4,160,005.25	–
	3,415,542,724.87	1,145,467,387.37

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

(1) Supplemental information to statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2022	2021
Net profit	1,739,887,076.43	5,212,718,250.08
Add: Losses on credit impairment	453,463,799.20	355,182,812.82
Asset impairment losses	827,767,553.14	1,008,653,384.21
Depreciation of fixed assets	3,888,633,410.90	3,593,249,496.53
Depreciation of right-of-use assets	147,190,797.31	135,892,333.73
Amortisation of intangible assets	540,105,658.43	612,779,821.28
Amortisation of long-term deferred expenses	327,716,852.25	289,804,646.66
Gains from disposal of fixed assets, intangible assets and other long-term assets	(1,383,086,209.98)	(917,806,777.75)
Losses on retirement of non-current assets	56,987,796.35	136,686,882.27
Gains from changes in fair value	(583,061,237.73)	(691,814,741.97)
Finance costs	2,774,155,719.67	2,534,108,208.37
Investment gains	(251,483,498.58)	(792,555,260.75)
(Increase)/decrease in deferred income tax assets	(115,419,813.56)	454,752,166.29
Increase/(decrease) in deferred income tax liabilities	146,247,834.17	(46,400,346.55)
Decrease in inventories	6,748,243,573.10	2,010,019,856.34
(Increase)/decrease in operating receivables	(1,044,488,668.39)	2,339,235,168.46
Decrease in operating payables	(307,817,972.72)	(2,500,637,189.73)
Net cash flows from operating activities	13,965,042,669.99	13,733,868,710.29

Endorsement and transfer of bills:

	2022	2021
Endorsement and transfer of bank acceptance bills received from sale of goods or rendering of services	9,212,243,371.92	12,292,479,727.76

Net changes in cash and cash equivalents:

	2022	2021
Balance of cash at the end of the year	9,775,406,159.73	15,245,962,910.56
Less: Balances of cash equivalents at the beginning of the year	15,245,962,910.56	22,149,845,547.97
Net decrease in cash	(5,470,556,750.83)	(6,903,882,637.41)

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS***(continued)***69. Notes to items of statement of cash flows** *(continued)***(2) Information on acquisition or disposal of subsidiaries and other operating unit**

Information on disposal of subsidiaries and other operating units

	2022	2021
Cash received from disposal of subsidiaries and other operating units	–	53,591,660.36
Less: Cash and cash equivalent held by subsidiaries and other operating units disposed of	<u>18,025,970.00</u>	<u>122,479,666.62</u>
Net cash paid for disposal of subsidiaries and other operating units	<u>(18,025,970.00)</u>	<u>(68,888,006.26)</u>

Information on acquisition of subsidiaries and other operating units

	2022	2021
Price for acquisition of subsidiaries and other operating units		
Cash and cash equivalents received from subsidiaries and other operating units acquired	274,239,310.38	271,813,561.00
Less: Cash and cash equivalents held by subsidiaries and other operating units acquired	<u>135,692,691.13</u>	<u>59,994,666.66</u>
Net cash paid for acquisition of subsidiaries and other operating units	<u>138,546,619.25</u>	<u>211,818,894.34</u>

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

(3) Cash and cash equivalents

	2022	2021
Cash	9,775,406,159.73	15,245,962,910.56
Including: Cash on hand	275,503.49	455,219.88
Bank deposits on demand	9,775,130,656.24	15,217,591,153.40
Other monetary fund on demand	-	27,916,537.28
	<u>9,775,406,159.73</u>	<u>15,245,962,910.56</u>
Balance of cash and cash equivalents at the end of the year	9,775,406,159.73	15,245,962,910.56

70. Assets with restricted titles or right to use

	Notes	2022	2021
Pledged assets			
Cash and bank balances		1,908,204,681.54	1,757,601,265.59
Statutory deposit reserve placement with central bank by finance company	(1)	1,276,840,858.67	1,199,421,376.20
Guarantee deposits for L/C	(1)	25,885,885.11	22,354,507.33
Quality/performance deposits	(1)	397,064,650.72	342,176,075.77
Guarantee deposits for acceptance bills	(1)	208,413,287.04	193,649,306.29
Inventories	(2)	15,775,519,116.62	13,040,956,216.62
Bills receivable	(3)	34,837,071.43	-
Financing receivables	(3)	210,000,000.00	35,879,811.89
Construction in progress	(2)	88,818,500.00	-
Fixed assets	(2)	1,099,342,154.16	1,285,754,432.20
Investment properties	(2)	10,776,804,024.18	10,256,287,356.62
Equity interests	(2)	10,343,176,371.21	10,343,176,371.21
Land use rights	(2)	5,359,397,414.50	48,558,686.00
Cash and bank balances whose titles are restricted for other reasons			
Restricted cash arising from pre-sales of properties	(4)	4,100,592,811.49	4,518,459,281.36
Others		<u>212,232,204.96</u>	<u>399,945,062.43</u>
		49,908,924,350.09	41,686,618,483.92

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

70. Assets with restricted titles or right to use *(continued)*

Note 1: As at 31 December 2022, the total amount of the Group's pledged cash and bank balances was RMB1,908,373,342.95 (31 December 2021: RMB1,757,601,265.59), of which the amount paid by BBMG Finance Co., Ltd. to the People's Bank of China as statutory deposit reserve in accordance with relevant regulations which cannot be used for daily operations was RMB1,276,840,858.67 (31 December 2021: RMB1,199,421,376.20).

Note 2: As at 31 December 2022, the Group obtained long-term borrowings of RMB11,802,533,991.35 (31 December 2021: RMB12,501,712,089.24) secured by inventories with a carrying amount of RMB11,403,112,300.00 (2021: RMB13,040,956,216.26), fixed assets with a carrying amount of RMB1,099,342,154.16 (2021: RMB1,285,754,432.20), investment properties with a carrying amount of RMB10,776,804,024.18 (2021: RMB10,256,287,356.62), land use rights with a carrying amount of RMB5,359,397,414.50 (2021: RMB48,558,686.00), construction in progress with a carrying amount of RMB88,818,500.00 (2021: Nil) and equity investment with a carrying amount of RMB10,343,176,371.21 (2021: RMB10,343,176,371.21).

Note 3: As at 31 December 2022, the Group obtained short-term borrowings of RMB106,868,371.43 by discounting bank acceptance bills with a carrying amount of RMB100,868,371.43 and commercial acceptance bills with a carrying amount of RMB6,000,000.00 (2021: the Group obtained short-term borrowings of RMB3,100,000.00 by discounting bank acceptance bills with a carrying amount of RMB3,100,000.00). As at 31 December 2022, the Group pledged bank acceptance bills for invoicing of RMB10,000,000.00 (2021: RMB32,779,811.89).

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 31 December 2022, there were no bank borrowings obtained from unreleased pledge by land use rights of commodity houses of the Company which had already been delivered to the purchasers.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

71. Foreign currency monetary items

	31 December 2022			31 December 2021		
	Original currency	Exchange rate	As RMB	Original currency	Exchange rate	As RMB
Cash and bank balances						
USD	35,080,614.19	6.9646	244,322,445.57	17,431,833.98	6.3757	111,140,143.91
HKD	179,073.77	0.8933	159,966.60	9,313,920.22	0.8176	7,615,061.17
ZAR	90,606,428.29	0.4113	37,266,423.96	38,696,287.72	0.4004	15,493,993.60
EUR	582,853.78	7.4229	4,326,465.32	-	-	-
Accounts receivable						
USD	93,850,340.40	6.9646	653,630,080.75	1,512,792.70	6.3757	9,645,112.42
ZAR	3,756,062.00	0.4113	1,544,868.30	-	-	-
Other receivables						
USD	12,095,443.02	6.9646	84,239,922.47	14,703,172.40	6.3757	93,743,016.27
ZAR	-	-	-	297,534.00	0.4004	119,132.61
HKD	3,630,711.00	0.8933	3,243,314.14	24,000.00	0.8176	19,622.40
Long-term receivables						
USD	32,296,372.00	6.9646	224,931,312.43	43,481,033.00	6.3757	277,222,022.10
Total foreign currency monetary assets			<u>1,253,664,799.53</u>			<u>514,998,104.48</u>
Accounts payable						
USD	93,850,340.40	6.9646	653,630,080.75	598,693.07	6.3757	3,817,087.41
ZAR	3,756,062.00	0.4113	1,544,868.30	43,148,734.92	0.4004	17,276,753.46
Bills payable						
USD	182,357,143.31	6.9646	1,270,044,559.44	169,082,191.33	6.3757	1,078,017,327.26
Other payables						
USD	-	-	-	2,676,077.01	6.3757	17,061,864.19
ZAR	17,647,815.01	0.4113	7,258,546.31	15,022,308.56	0.4004	6,014,932.35
Long-term payables						
USD	7,649.00	6.9646	53,272.23	-	-	-
Tax payable						
USD	2,132,798.00	6.9646	14,854,084.95	-	-	-
Total foreign currency monetary liabilities			<u>1,947,385,411.98</u>			<u>1,122,187,964.67</u>
Net foreign currency monetary liabilities			<u>693,720,612.45</u>			<u>607,189,860.19</u>

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***72. Hedging*****Fair value hedge***

The Group is engaged in trading of commodities such as non-ferrous metals and ferrous metals (including copper, iron ore, coke and thermal coal futures). These commodities are subject to the risk of price changes. Therefore, the Group uses futures contracts of futures exchanges to manage its exposure to commodity price risks arising from trading commodities it holds. The standard indicators for the industrial products sold by the Group are the same as the corresponding delivery grades in the futures contract. The basic variables of the hedging instrument (futures contract) and the hedged item (certain commodities held by the Group) are all standard parameter prices. Through qualitative analysis, the Group determines that the ratio of the number of hedging instruments to the number of hedged items was 1:1. The ineffective portion of hedging mainly arose from the basis risk, the risk of changes in supply and demand in the spot or futures market, and other risks of uncertainties in the spot or futures market. The amount of ineffective hedges recognized during the period was not significant. The Group adopted fair value hedge for such hedging.

The time distribution and average price of the nominal amount of the hedging instruments are as follows:

2022

	Within 6 months
Nominal amount of copper futures	11,620,200.03
Average price of copper futures	77.47
Nominal amount of iron ore futures	319,701,782.45
Average price of iron ore futures	1,048.20
Nominal amount of coking coal futures	32,083,884.00
Average price of coking coal futures	1,856.71

2021

	Within 6 months
Nominal amount of copper futures	155,424,959.06
Average price of copper futures	67,576.07
Nominal amount of iron ore futures	193,754,106.00
Average price of iron ore futures	625.01
Nominal amount of steel billet futures	4,128,000.00
Average price of steel billet futures	4,128.00

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

72. Hedging *(continued)*

Fair value hedge (continued)

Changes in the carrying amount and fair value of the hedging instruments are as follows:

2022

	Nominal amounts of the hedging instruments	Carrying amounts of the hedging instruments		Items on the balance sheet that contain hedging instruments	Changes in fair value of hedging instruments used as a basis for recognizing the ineffective portion of hedging for the year
		Assets	Liabilities		
Commodity price risk – inventories	363,405,866.48	412,572,008.75	–	Inventories	–

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 year
		Assets	Liabilities		
Commodity price risk – inventories	353,307,065.06	385,139,921.30	–	Inventories	–

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

72. Hedging (continued)**Fair value hedge** (continued)

The carrying amount of hedged items and related adjustments are as follows:

2022

	Carrying amount of hedged items Assets	Cumulative amount of adjustments to fair value hedge of hedged items (included in carrying amount of hedged items) Assets	Items on the balance sheet that contain hedged items	Changes in fair value of hedged items used as a basis for recognizing the ineffective portion of hedging for the year
Commodity price risk – inventories	<u>317,619,234.09</u>	<u>29,934,676.37</u>	<u>Inventories</u>	<u>–</u>

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 year
Commodity price risk – inventories	<u>224,424,514.76</u>	<u>22,736,235.45</u>	<u>Inventories</u>	<u>–</u>

The ineffective portion of hedging in the changes in fair value of hedging instruments is set out below:

2022

	Ineffective portion of hedging included in profit or loss	Ineffective portion of hedging included in other comprehensive income	Items on the income statement that contain ineffective portion of hedging
Inventory price risk	<u>13,826,326.11</u>	<u>–</u>	<u>–</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

VI. CHANGE IN SCOPE OF CONSOLIDATION

1. Business combinations not under common control

On 25 November 2021, Tangshan Jidong Cement Co., Ltd. ("Jidong Cement") held the 12th meeting of the 9th session of the Board of Directors, which considered and approved the Proposal on Bidding for Partial Equity of Shanxi China Resources Fulong Cement Limited, and agreed that Jidong Cement would acquire the 72% equity held by China Resources Cement Investment Co., Ltd. ("China Resources Cement") in Shanxi China Resources Fulong Cement Limited ("China Resources Fulong") with its own funds by bidding or exercising the preemptive right in the China Beijing Equity Exchange. On 1 March 2022, Jidong Cement paid all the acquisition amounts, and on 2 March, it obtained the equity transaction certificate issued by the China Beijing Equity Exchange. Jidong Cement has actually obtained the control right of China Resources Fulong, that is, 2 March 2022 is the purchase date of the 72% equity ("Purchase Date"). After the equity transaction was completed, Jidong Cement held 100% equity of China Resources Fulong (now renamed Shanxi BBGM Jidong Environmental Protection Technology Co., Ltd., hereinafter referred to as "Shanxi BBGM Environmental Protection") and became its controlling shareholder.

The fair value and carrying amount of the identifiable assets and liabilities of Shanxi BBGM Environmental Protection on the acquisition date are as follows:

	Fair value on 2 March 2022	Carrying amount on 2 March 2022
Cash and bank balances	122,577,801.51	122,577,801.51
Prepayments	1,272,504.84	1,272,504.84
Other receivables	8,354,454.48	8,354,454.48
Inventories	44,949,295.26	44,949,295.26
Other current assets	39,585.39	39,585.39
Fixed assets	1,183,321,544.88	1,112,009,569.36
Construction in progress	146,260.90	11,899,471.00
Intangible assets	457,883,022.03	266,114,109.59
Long-term deferred expenditures	1,671,218.02	1,671,218.02
Other non-current assets	47,012,985.90	47,012,985.90
Accounts payable	(20,471,553.24)	(20,471,553.24)
Contract liabilities	(9,548,889.57)	(9,548,889.57)
Wages payable	(8,718,782.08)	(8,718,782.08)
Tax payable	(958,601.40)	(958,601.40)
Other payables	(1,337,978,659.83)	(1,337,978,659.83)
Long-term payables	(32,044,683.38)	(32,044,683.38)
Accrued liabilities	(10,225,243.64)	(10,225,243.64)
Deferred income tax liabilities	(62,477,152.36)	-
Identifiable net assets	<u>384,805,107.71</u>	<u>195,954,582.21</u>
	<u>384,805,107.71</u>	<u>195,954,582.21</u>
Goodwill on acquisition	<u>70,191,522.45</u>	
Consideration paid	<u>454,996,630.16</u>	

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**VI. CHANGE IN SCOPE OF CONSOLIDATION** *(continued)***1. Business combinations not under common control** *(continued)*

Operating results and cash flows of Shanxi BBMG Environmental Protection from the date of acquisition to the end of the year are listed below:

	From 2 March to 31 December 2022
Operating revenue	636,215,757.67
Net profit	36,612,264.93
Net cash flows	19,539,613.54

On 25 October 2022, the natural person shareholder and BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd., (hereinafter referred to as "Concrete Group") signed an equity transfer agreement, which stipulates that Concrete Group will acquire 90% of the equity of Handan Dongfang Risheng Commercial Concrete Co., Ltd. (邯鄲市東方日盛商品混凝土有限公司) (hereinafter referred to as "Dongfang Risheng") at the price of RMB24 million in cash. As of 25 October 2022, the effective conditions stipulated in the above agreement have been fulfilled, and Concrete Group has made payment and completed the relevant equity transfer procedures and change of the articles of association, etc. according to the provisions of such agreement. On 25 October 2022, Concrete Group began to have substantial control over Dongfang Risheng, holding 90% of the equity of Dongfang Risheng and becoming the controlling shareholder of Dongfang Risheng.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

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

1. Business combinations not under common control *(continued)*

The fair value and carrying amount of the identifiable assets and liabilities of Dongfang Risheng on the acquisition date are as follows:

	Fair value on 25 October 2022	Carrying amount on 25 October 2022
Cash and bank balances	4,462,342.23	4,462,342.23
Bills receivable	1,400,000.00	1,400,000.00
Accounts receivable	30,793,231.10	30,793,231.10
Prepayments	30,175.01	30,175.01
Other receivables	150,582.32	150,582.32
Inventories	1,683,910.64	1,683,910.64
Fixed assets	15,702,340.77	8,703,945.79
Right-of-use assets	5,436,516.80	5,436,516.80
Intangible assets	5,629,300.00	–
Accounts payable	(33,483,712.97)	(33,483,712.97)
Contract liabilities	(357.50)	(357.50)
Wages payable	(555,739.04)	(555,739.04)
Tax payable	(707,764.28)	(707,764.28)
Other payables	(883.00)	(883.00)
Lease liabilities	(6,267,460.91)	(6,267,460.91)
Deferred income tax liabilities	(3,156,923.75)	–
Identifiable net assets	<u>21,115,557.42</u>	<u>11,644,786.19</u>
Minority interests	2,111,555.74	1,164,478.62
	<u>19,004,001.68</u>	<u>10,480,307.57</u>
Goodwill on acquisition	<u>4,995,998.32</u>	
Consideration paid	<u>24,000,000.00</u>	

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**VI. CHANGE IN SCOPE OF CONSOLIDATION** *(continued)***1. Business combinations not under common control** *(continued)*

Operating results and cash flows of Dongfang Risheng from the date of acquisition to the end of the year are listed below:

	From 25 October to 31 December 2022
Operating revenue	6,279,637.86
Net profit	1,741,987.90
Net cash flows	(491,745.05)

On 24 June 2022, BBMG Assets Management Co., Ltd. (hereinafter referred to as "Asset Management") and Beijing Building Materials Testing Academy Co., Ltd. (hereinafter referred to as "Testing Academy") signed an equity transfer agreement, which stipulates that Testing Academy will acquire 100% the equity of Beijing Huanke Environmental Protection Technology Co., Ltd. (北京環科環保技術有限責任公司) (hereinafter referred to as "Huanke Environmental Protection") at the price of RMB16.103 million in cash. As of 24 June 2022, the effective conditions stipulated in the above agreement have been fulfilled, and Testing Academy has made payment and completed the relevant equity transfer procedures and change of the articles of association, etc. according to the provisions of such agreement. On 24 June 2022, Testing Academy began to have control over Huanke Environmental Protection, holding 100% of the equity of Huanke Environmental Protection and becoming the controlling shareholder of Huanke Environmental Protection.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

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

1. Business combinations not under common control *(continued)*

The fair value and carrying amount of the identifiable assets and liabilities of Huanke Environmental Protection on the acquisition date are as follows:

	Fair value on 24 June 2022	Carrying amount on 24 June 2022
Cash and bank balances	8,652,547.39	8,652,547.39
Bills receivable	95,000.00	95,000.00
Accounts receivable	3,212,128.32	3,212,128.32
Prepayments	597,027.76	597,027.76
Other receivables	2,673,290.20	2,673,290.20
Inventories	6,591,276.36	6,238,972.20
Other current assets	29,901.23	29,901.23
Fixed assets	1,016,267.01	548,081.78
Right-of-use assets	8,781,761.55	8,781,761.55
Intangible assets	182,600.00	–
Long-term deferred expenditures	882,093.48	882,093.49
Accounts payable	(2,237,699.81)	(2,237,699.81)
Contract liabilities	(3,438,462.14)	(3,438,462.14)
Wages payable	(680,506.54)	(680,506.54)
Tax payable	(330,738.40)	(330,738.40)
Other payables	(331,311.25)	(331,311.25)
Non-current liabilities due within one year	(711,329.79)	(711,329.79)
Other current liabilities	(206,307.75)	(206,307.75)
Lease liabilities	(8,470,530.27)	(8,470,530.27)
Deferred income tax liabilities	(204,007.35)	–
Identifiable net assets	<u>16,103,000.00</u>	<u>15,303,917.97</u>
Consideration paid	<u>16,103,000.00</u>	

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

VI. CHANGE IN SCOPE OF CONSOLIDATION *(continued)***1. Business combinations not under common control** *(continued)*

Operating results and cash flows of Huanke Environmental Protection from the date of acquisition to the end of the year are listed below:

	From 24 June to 31 December 2022
Operating revenue	14,428,749.63
Net loss	(693,468.52)
Net cash flows	1,794,100.76

2. Disposal of subsidiaries

On 23 June 2022, BBMG Vanke Property Development Co., Ltd. (hereinafter referred to as “BBMG Vanke”), a subsidiary of the Group, amended its articles of association with the original statement “the matters considered by the Board of Directors shall be approved by three-fifths of all the directors by poll” amended to the statement “the matters considered by the Board of Directors shall be approved by more than four-fifths (inclusive) of all the directors by poll”. According to the revised articles of association, the Company lost its control over BBMG Vanke since 23 June 2022, which is jointly controlled by the BBMG GEM Real Estate Development Co., Ltd. (a subsidiary of the Group) and Beijing Vanke. The management of the Company considered that BBMG Vanke changed from a subsidiary to a joint venture from 23 June 2022, and shall be excluded from the consolidation, while the long-term equity investments calculated with equity method instead of the cost method.

The financial information of BBMG Vanke is set forth below:

	Carrying amount on 23 June 2022	Carrying amount on 31 December 2021
Current assets	403,521,930.42	404,760,907.48
Non-current assets	661,402.67	597,371.88
Current liabilities	(30,927,678.48)	(32,102,624.78)
	<u>373,255,654.61</u>	<u>373,255,654.58</u>
Minority interests	<u>182,895,270.76</u>	<u>373,255,654.58</u>
Amount of remaining equity	<u>190,360,383.85</u>	<u>190,360,383.84</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

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

2. Disposal of subsidiaries *(continued)*

The operating results included in the scope of consolidation in the year:

	From 1 January to 23 June 2022
Operating revenue	-
Operating cost	-
Net profit	76,825.23

In July 2022, Shenyang Tiexi District People's Court accepted the bankruptcy petition filed by Liaoning Ruifeng Concrete Co., Ltd. (hereinafter referred to as "Liaoning Ruifeng"), a subsidiary of the Company, and designated Liaoning Wang, Wu, Yang & Ma Law Firm (遼寧同方律師事務所) as its bankruptcy administrator. On 27 July 2022, the information handover was completed. The Company lost its control over Liaoning Ruifeng since 27 July 2022. Therefore, the Group no longer included Liaoning Ruifeng in the scope of consolidation since 27 July 2022.

The financial information of Liaoning Ruifeng is set forth below:

	Carrying amount on 27 July 2022	Carrying amount on 31 December 2021
Current assets	18,241,454.36	18,350,683.77
Current liabilities	(8,054,020.46)	(163,212,030.86)
	10,187,433.90	(144,861,347.09)
Investment gains	(10,187,433.90)	
Consideration of disposal	-	

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**VI. CHANGE IN SCOPE OF CONSOLIDATION** *(continued)***2. Disposal of subsidiaries** *(continued)*

The operating results included in the scope of consolidation in the year:

	From 1 January to 27 July 2022
Operating revenue	–
Operating cost	3,712,540.50
Net loss	(3,431,042.80)

3. Deregistration of subsidiaries

The Group deregistered 14 subsidiaries during the year. Information of these subsidiaries is as follows:

	Proportion of shareholding of parent company before deregistration	Reason for not being subsidiary
Hangzhou BBMG Mountain Villa Property Development Co., Ltd.	100.00%	Absorption and merge
Hangzhou BBMG Guanchao Real Estate Development Co., Ltd.	100.00%	Absorption and merge
Tang County Jidong Gas Sales Co., Ltd. (唐縣冀東燃氣銷售有限公司)	100.00%	Deregistration
Tangshan Xinyan Building Materials Co., Ltd. (唐山市鑫研建材有限公司)	100.00%	Deregistration
BBMG Nanjing Real Estate Development Co., Ltd.	100.00%	Deregistration
Beijing BBMG Qianjing Environmental Protection Technology Co., Ltd.	67.00%	Deregistration
BBMG (Qingdao) Property Development Co., Ltd.	100.00%	Deregistration
Tianjin Xingmingtai Plastic Products Co., Ltd. (天津興明泰塑料製品有限公司)	100.00%	Absorption and merge
Tangshan Jishui Property Services Co., Ltd. (唐山冀水物業服務有限公司)	100.00%	Absorption and merge
Tangshan Oulunte High Voltage Porcelain Insulator Co., Ltd. (唐山歐倫特高壓電瓷有限公司)	100.00%	Absorption and merge
Tangshan Chuangying Property Services Co., Ltd. (唐山創贏物業服務有限公司)	100.00%	Absorption and merge
Hebei Taihang Huaxin Building Materials Co., Ltd. (河北太行華信建材有限責任公司)	89.83%	Absorption and merge
Jidong Development Logistics Co., Ltd.	100.00%	Deregistration
BBMG Business and Trading (Langfang) Co., Ltd. (金隅商貿(廊坊)有限公司)	100.00%	Deregistration

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

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

4. Establishment of new subsidiaries

	Acquired method	Percentage of shareholding
Beijing BBMG International Supply Chain Service Co., Ltd. (北京金隅國際供應鏈服務有限公司)	Establishment	100.00%
Jiaozuo Jinyu Jidong New Materials Co., Ltd. (焦作金隅冀東新材料有限公司)	Establishment	70.00%
Chongqing Jinyu Xintuo Hotel Management Co., Ltd. (重慶金隅新拓酒店管理有限公司)	Establishment	100.00%
Tianjin Jinshi Zhilian Technology Co., Ltd. (天津金石智聯科技有限公司)	Establishment	100.00%
Jidong Wanhua (Yantai) Concrete Co., Ltd. (冀東萬華(煙台)混凝土有限公司)	Establishment	51.00%
Chengde Chengjin Environmental Protection Technology Co., Ltd. (承德承金環保科技有限公司)	Establishment	63.00%
Nanjing Jinjiazhuo Decoration Co., Ltd. (南京金嘉卓裝飾有限公司)	Establishment	34.00%
Beijing Yuyang Real Estate Development Co., Ltd. (北京隅陽房地產開發有限公司)	Establishment	100.00%
Beijing BBMG Xisanqi Intelligent Manufacturing Workshop Management Co., Ltd. (北京金隅西三旗智造工場管理有限公司)	Establishment	100.00%
Beijing BBMG Intelligent Manufacturing Workshop Management Co., Ltd. (北京金隅智造工場管理有限公司)	Establishment	100.00%

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

VII. INTERESTS IN OTHER ENTITIES**1. Interests in the subsidiaries**

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment					
Beijing BBMG Concrete Co., Ltd.	Beijing	Processing of commodity concrete etc.	46,541.04	–	100.00
Handan BBMG Taihang Shangtong Technology Co., Ltd.	Hebei	Manufacture and sale of concrete	6,600.00	–	100.00
Wei County BBMG Concrete Co., Ltd.	Hebei	Manufacture and sale of concrete	1,000.00	–	92.00
Handan Hanshan BBMG Concrete Co. Ltd.	Hebei	Manufacture and sale of commercial concrete and crushed stone	3,000.00	–	92.00
Handan Jinyu Chenxiang Concrete Co., Ltd.	Hebei	Manufacture and sale of concrete	3,000.00	–	92.00
Beijing BBMG Coating Co., Ltd.	Beijing	Manufacture of coating; professional contracting	15,720.00	–	100.00
BBMG New Building Materials Industrialization Group Co., Ltd.	Beijing	Manufacture and sale of building materials	336,905.00	100.00	–
Beijing Sanchong Mirror Co., Ltd.	Beijing	Manufacture and sale of glass made spectacle lenses	5,766.00	–	100.00
Beijing Jinyu Energy-Saving Materials & Technology (Dachang) Co., Ltd.	Hebei	Manufacture and sale of building materials	17,000.00	–	100.00
Beijing Jiandu Design and Research Institute Co., Ltd.	Beijing	Design of modern building materials etc.	6,000.00	–	100.00
Beijing Jinyu Aerated Concrete Co., Ltd.	Beijing	Manufacture and sale of aerated concrete products etc.	10,000.00	–	100.00
Beijing BBMG Business and Trading Co., Ltd.	Beijing	Wholesale of building materials and metal materials etc.	66,000.00	–	100.00
BBMG Mortar Co., Ltd.	Beijing	Manufacture and sale of dry and mixed mortar	54,610.52	–	100.00
BBMG (Dachang) Modern Industrial Park Management Co., Ltd.	Hebei	Manufacture of various modern building materials etc.	98,528.00	–	100.00
Beijing BBMG Tiantan Furniture Co., Ltd. (Note 1)	Beijing	Manufacture, processing, and sale of furniture etc.	40,818.28	–	97.81
BBMG Residential Industrialization (Tangshan) Co., Ltd.	Hebei	Manufacture and sale of building materials	35,000.00	–	100.00
Beijing Building Materials Academy Co., Ltd.	Beijing	Development, manufacture and sale of building materials etc.	19,170.00	100.00	–
Beijing Building Materials Testing Academy Co., Ltd.	Beijing	Testing for building material quality etc.	8,136.61	43.38	55.44

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment <i>(continued)</i>					
Beijing BBMG Cement Environmental Protection Technology Co., Ltd.	Beijing	Construction general contracting and ecofriendly technology development, etc.	1,000.00	-	100.00
Beijing Concrete World Magazine Co., Ltd.	Beijing	Releasing and publishing of Concrete World Magazine; advertising design and production	30.00	-	100.00
Beijing Dacheng Changrun Properties Limited	Beijing	Property development and operation	1,000.00	-	91.00
Beijing BBMG Konggang Development Co., Ltd.	Beijing	Property development	10,000.00	-	95.00
BBMG Xingda Real Estate Development Co., Ltd.	Beijing	Property development and operation	5,000.00	-	100.00
Chongqing BBMG Dacheng Property Development Co., Ltd.	Chongqing	Property development and consultation etc.	20,000.00	-	100.00
Chongqing BBMG Dacheng Shanshui Real Estate Co., Ltd.	Chongqing	Property development and sale of housing, etc.	49,250.00	-	100.00
Chongqing BBMG Dacheng New Metropolis Co., Ltd.	Chongqing	Property development; sale of commodity housing etc.	150,000.00	-	100.00
Chengdu BBMG Dacheng Property Development Co., Ltd.	Chengdu	Property development etc.	56,000.00	-	100.00
Chengdu BBMG Yuehuang Real Estate Co., Ltd.	Chengdu	Property development	5,000.00	-	100.00
Shanghai BBMG Dacheng Property Development Co., Ltd.	Shanghai	Property development and operation, etc.	100,000.00	-	100.00
BBMG Jinghua Property Development Hefei Co., Ltd.	Anhui	Property development	50,000.00	-	100.00
Ningbo BBMG Dacheng Property Development Co., Ltd.	Ningbo	Property development and operation, etc.	5,000.00	-	100.00
BBMG Jingyuan (Ningbo) Real Estate Development Co., Ltd.	Ningbo	Property development	20,000.00	-	100.00
Beijing Longyuan Real Estate Development Co., Ltd.	Beijing	Property development and operation	5,000.00	-	100.00
Qingdao Jinyu Chuangzhi Real Estate Development Co., Ltd.	Qingdao	Property development and operation	1,000.00	-	100.00
Tianjin Jinyu Jinli Real Estate Development Co., Ltd.	Tianjin	Property development and operation	5,000.00	-	100.00
BBMG (Tianjin) Property Development Co., Ltd.	Tianjin	Property development and sale etc.	80,000.00	-	100.00
Jinyu Ligang (Tianjin) Property Development Co., Ltd.	Tianjin	Property development and operation, etc.	39,000.00	-	100.00
BBMG Jindian (Tianjin) Property Development Co., Ltd.	Tianjin	Property development and operation	80,000.00	-	100.00

Notes to Financial Statements (continued)

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RMB

VII. INTERESTS IN OTHER ENTITIES (continued)**1. Interests in the subsidiaries** (continued)

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

	Place of registration/ principal business	Business nature	Registered capital RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment (continued)					
Chengdu BBMG Jingfeng Real Estate Development Co., Ltd.	Chengdu	Property development	5,000.00	–	100.00
Chengdu BBMG Wancheng Real Estate Development Co., Ltd.	Chengdu	Property development	5,000.00	–	100.00
BBMG Jiahua Nanjing Real Estate Co., Ltd.	Nanjing	Property development	50,000.00	–	100.00
Jinyu Mengcheng (Ma'anshan) Property Development Co., Ltd.	Anhui	Property development and commodity housing sales etc.	5,000.00	–	100.00
BBMG Real Estate Development (Hefei) Co., Ltd.	Anhui	Property development and operation	150,000.00	–	100.00
BBMG Properties (Anhui) Co., Ltd.	Anhui	Property development and property management, etc.	50,000.00	–	100.00
Hefei BBMG Jinyun Real Estate Development Co., Ltd.	Anhui	Property development and operation	5,000.00	–	100.00
Tianjin Ershiyi Stations Testing Technology Co., Ltd.	Tianjin	Inspection and identification of building materials products and construction engineering, inspection and identification technical services, etc.	3,000.00	–	100.00
Shaanxi Jinyu Energy-Saving Materials & Technology Co., Ltd. (陝西金隅節能保溫科技有限公司)	Weinan	Wholesale industry	12,000.00	–	100.00
Zhuxin (Hebei Xiong'an) Inspection and Testing Co., Ltd. (築信(河北雄安)檢驗檢測有限公司)	Baoding	Professional technical service industry	1,000.00	–	100.00
BBMG (Changzhou) Real Estate Development Co., Ltd. (金隅(常州)房地產開發有限公司)	Changzhou	Property development and operation	10,000.00	–	100.00
BBMG Yuechao (Hangzhou) Real Estate Development Co., Ltd. (金隅悅潮(杭州)房地產開發有限公司)	Hangzhou	Property development and operation	58,418.15	–	100.00
BBMG Technology Innovation Co., Ltd. (北京金隅科技創新有限公司)	Beijing	Business service industry	1,000.00	–	100.00
Ningbo Yinzhou BBMG Property Management Co., Ltd. (寧波鄞州金隅物業管理有限責任公司)	Ningbo	Real estate	100.00	–	100.00
Beijing BBMG Finance Lease Co., Ltd. (北京金隅融資租賃有限公司)	Beijing	Financial leasing	80,000.00	100.00	–
BBMG Tianjian Intelligent Logistics (Tianjin) Co., Ltd. (金隅天建智慧物流(天津)有限公司)	Tianjin	Road transportation	5,000.00	–	70.00
Hefei Jinzhongjingu Real Estate Development Co., Ltd. (合肥金中京湖房地產開發有限公司)	Hefei	Business service industry	71,200.00	–	100.00
Beijing Jincheng Property Investment Co., Ltd. (北京金瑗置業有限公司)	Beijing	Property development and operation	1,000.00	–	100.00

Notes to Financial Statements *(continued)*

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment <i>(continued)</i>					
Hebei Jince Testing and Certification Co., Ltd. (河北金測檢測認證有限公司)	Shijiazhuang	Professional technical service industry	1,000.00	-	100.00
BBMG (Hangzhou) Property Development Co., Ltd.	Hangzhou	Property development and operation	158,600.00	-	100.00
BBMG Jiaxing Nanjing Real Estate Development Co., Ltd.	Nanjing	Property development	10,000.00	-	70.00
Beijing BBMG Dongcheng Real Estate Co., Ltd.	Beijing	Property development	100,000.00	-	90.50
Qingdao BBMG Yangguang Property Development Co., Ltd.	Qingdao	Property development	60,000.00	-	100.00
BBMG China Railway Noble (Hangzhou) Property Development Co., Ltd.	Hangzhou	Property development and operation, etc.	50,000.00	-	51.00
Shanghai BBMG Jingcheng Property Development Co., Ltd.	Shanghai	Property development	5,000.00	-	100.00
BBMG GEM Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	650,000.00	100.00	-
Beijing BBMG Property Development Co., Ltd.	Beijing	Property development and sale etc.	5,000.00	-	100.00
Beijing Jinyu Chaoxin Tiandi Property Investment Co., Ltd.	Beijing	Property development and property management, etc.	1,000.00	-	100.00
Beijing BBMG Changyang GEM Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	237,254.90	-	100.00
Beijing BBMG Property Investment Co., Ltd.	Beijing	Sale of self-developed commercial housing	5,000.00	-	70.00
Inner Mongolia BBMG Property Investment Co., Ltd.	Inner Mongolia	Property development and operation etc.	20,000.00	-	100.00
Tangshan BBMG Julong Property Development Co., Ltd.	Hebei	Property development and operation etc.	5,000.00	-	80.00
Beijing BBMG Chengyuan Property Development Co., Ltd.	Beijing	Property development and sale of commodity housing etc.	45,944.06	-	100.00
Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd.	Beijing	Property rental and development etc.	6,129.76	-	100.00
Beijing BBMG Innovation and Technology Incubator Co., Ltd.	Beijing	Incubating property management and technology enterprise	170,000.00	100.00	-
BBMG Investment Property Management Co., Ltd.	Beijing	Hotel management	58,000.00	100.00	-
Beijing BBMG Culture Technology Development Co., Ltd.	Beijing	Technology development, transfer, consulting, service	3,000.00	-	68.00
BBMG Commercial Management Co., Ltd.	Beijing	Business management	1,000.00	-	100.00
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

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**VII. INTERESTS IN OTHER ENTITIES** *(continued)***1. Interests in the subsidiaries** *(continued)*Information of the Company's major subsidiaries is as follows: *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment <i>(continued)</i>					
Beijing Keshi Hardware Co., Ltd.	Beijing	Manufacture of new products such as construction hardware	30,000.00	–	100.00
BBMG Fengshan Hot Spring Resort Co., Ltd.	Beijing	Accommodation and catering services, etc.	36,818.91	–	100.00
Beijing Jianji Asset Management Co., Ltd.	Beijing	Self-owned property rental, property management etc.	78,732.78	–	100.00
Beijing BBMG Xinggang Technology Development Co., Ltd.	Beijing	Manufacture and sales of aerated concrete panel	27,480.00	55.68	–
Beijing Woodworking Factory Co., Ltd.	Beijing	Manufacture and sale of woodbased panels, etc.	50,443.00	100.00	–
BBMG Finance Co., Ltd.	Beijing	Operation of finance business and financing advisory business etc.	300,000.00	100.00	–
BBMG Finance Lease Co., Ltd.	Tianjin	Finance lease business	65,594.00	60.00	40.00
Beijing Tongda Refractory Engineering Technology Co., Ltd.	Beijing	Development and manufacture of various new refractory materials etc.	5,000.00	–	100.00
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	Henan	Manufacture and distribution of refractory materials	4,000.00	–	100.00
Yangquan BBMG Tongda Fire-resistant Materials Co., Ltd.	Yangquan	Manufacture and sale of refractory ceramic etc.	13,500.00	–	100.00
Cheng'an BBMG Taihang Concrete Co., Ltd.	Hebei	Manufacture and sale of commodity concrete	1,000.00	–	100.00
Daming BBMG Taihang Concrete Co., Ltd.	Hebei	Sales of concrete and mortar	1,000.00	–	90.00
Guantao BBMG Yuzhen Concrete Co., Ltd.	Hebei	Sales of prefabricated part	1,000.00	–	100.00
Jinyu Han Chao (Hangzhou) Real Estate Development Co., Ltd.	Hangzhou	Property development and operation, etc.	5,000.00	–	100.00
Beijing Yucheng Real Estate Co., Ltd.	Beijing	Property development and operation, etc.	1,000.00	–	100.00
Beijing Jianyuan Hotel Co., Ltd.	Beijing	Accommodation and catering services	1,000.53	–	100.00
BBMG Badaling Hot Spring Resort Co., Ltd.	Beijing	Room rental	65,420.00	–	100.00
Beijing Chengyuan Real Estate Co., Ltd.	Beijing	Property development	10,000.00	–	100.00
Tangshan Jinyu Tiancai Pipe Technology Co., Ltd.	Tianjin	Manufacturing and sales of steel and iron pipes	50,000.00	–	100.00
Huanbohai (Tianjin) International Economic and Trade Co., Ltd.	Tianjin	Import or export of goods or technologies	20,000.00	–	100.00
Tianjin Jinyu Jinchun Real Estate Development Co., Ltd.	Tianjin	Property development and operation, etc.	50,000.00	–	100.00
Beijing BBMG Wangjing Real Estate Co., Ltd.	Beijing	Property management	5,000.00	–	100.00

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment (continued)					
Beijing BBMG Hotel Management Co., Ltd.	Beijing	Hotel management	1,000.00	-	100.00
BBMG (Tianjin) Investment Partnership (Limited Partnership) (Note 1)	Beijing	Investment	800,000.00	-	20.00
Chengde BBMG Real Estate Development Co., Ltd.	Chengde	Property development and operation	5,000.00	-	100.00
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan (Note 1)	Beijing	Investment	2,500,000.00	20.00	-
Ningbo BBMG Jingsheng Real Estate Development Co., Ltd.	Zhejiang	Property development and operation, etc.	5,000.00	-	100.00
Fuzhou Fuhua Concrete Co., Ltd.	Fujian	Manufacture of cement products, etc.	3,000.00	-	56.00
Shaanxi Jinyu Aerated Assembly Parts Co., Ltd. (陝西金隅加氣裝配式部品有限公司)	Shaanxi	Manufacture and sale of aerated concrete products etc.	20,000.00	-	100.00
Beijing Yutai Real Estate Development Co., Ltd. (北京隅泰房地產開發有限公司)	Beijing	Property development and operation, etc.	5,000.00	-	60.00
Nanjing Jinjiarui Real Estate Development Co., Ltd. (南京金嘉瑞房地產開發有限公司)	Jiangsu	Property development and operation, etc.	10,000.00	-	34.00
Zanhuang BBMG Cement Co., Ltd.	Hebei	Manufacture and sales of cement and clinker	70,000.00	-	100.00
BBMG Cement Trading Co., Ltd.	Beijing	Wholesale cement and cement products, etc.	50,000.00	-	100.00
Beijing BBMG International Supply Chain Service Co., Ltd. (北京金隅國際供應鏈服務有限公司)	Beijing	Supply chain management services, etc.	50,000.00	-	100.00
Chongqing Jinyu Xintuo Hotel Management Co., Ltd. (重慶金隅新拓酒店管理有限公司)	Chongqing	Accommodation services, etc.	10,000.00	-	100.00
Nanjing Jinjiazhuo Decoration Co., Ltd. (南京金嘉卓裝飾有限公司)	Nanjing	Building decoration and decoration services, etc.	200.00	-	34.00
Beijing Yuyang Real Estate Development Co., Ltd. (北京隅陽房地產開發有限公司)	Beijing	Property development and operation	10,000.00	-	100.00
Beijing BBMG Xisanqi Intelligent Manufacturing Workshop Management Co., Ltd. (北京金隅西三旗智造工場管理有限公司)	Beijing	Rental, park management services, conference and exhibition services, etc.	100.00	100.00	-
Beijing BBMG Intelligent Manufacturing Workshop Management Co., Ltd. (北京金隅智造工場管理有限公司)	Beijing	Rental, park management services, conference and exhibition services, etc.	100.00	100.00	-
Beijing Nanyuan Jiasheng Real Estate Co., Ltd. (北京南苑嘉盛置業有限公司)	Beijing	Real estate	60,000.00	-	100.00
Shanghai BBMG Jingpu Real Estate Development Co., Ltd.	Shanghai	Real estate	5,000.00	-	100.00

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**VII. INTERESTS IN OTHER ENTITIES** *(continued)***1. Interests in the subsidiaries** *(continued)*Information of the Company's major subsidiaries is as follows: *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control					
Tianjin BBMG Concrete Co., Ltd.	Tianjin	Concrete project construction and manufacturing, etc.	39,590.51	-	100.00
Beijing BBMG Xingfa Science and Technology Co., Ltd.	Beijing	Manufacture of cement and clinker, etc.	131,500.00	95.70	-
Jinyu Jingti (Beijing) Sports Culture Co., Ltd.	Beijing	Project operation of sports	300.00	66.67	-
Beijing Doors and Windows Co., Ltd.	Beijing	Manufacture and process of plastics-steel doors and windows	100.00	100.00	-
Guantao BBMG Taihang Concrete Co., Ltd.	Hebei	Manufacture and sale of commodity concrete	4,000.00	-	100.00
Jidong Development Group Co., Ltd.	Hebei	Building materials industry	247,950.41	55.00	-
Tangshan Jidong Cement Co., Ltd. (Note 1)	Hebei	Manufacture and sales of cement, clinker, relevant building materials and cement equipment, etc.	265,821.28	44.34	17.22
Jidong Sand Gravel Aggregate Co., Ltd.	Hebei	Aggregate	25,000.00	-	100.00
Tangshan High Voltage Porcelain Insulator Co., Ltd.	Hebei	Manufacture and sales of high voltage porcelain insulator	28,000.00	-	100.00
Hebei Building Material Industry Design & Research Institution	Hebei	Building materials industry engineering design	3,387.92	-	100.00
Tangshan Qixin Cement Industry Museum	Hebei	Cultural relic collection and exhibition to promote national culture, etc.	15,624.00	-	100.00
Tangshan Qixin Jiye Property Services Co., Ltd.	Hebei	Property service, retail of daily necessities, etc.	500.00	-	100.00
Tangshan Jidong Equipment & Engineering Co., Ltd. (Note 1)	Hebei	Machinery equipment and spare parts and civil installation	22,700.00	-	30.00
Tangshan Jidong Development Machinery and Equipment Manufacturing Co., Ltd.	Hebei	Manufacture and sales of machinery equipment and accessories	76,000.00	-	100.00
Jidong Rizhang Energy-Conserving Fan Manufacture Co., Ltd.	Hebei	State-owned enterprise (machinery manufacturing industry)	21,400.00	-	100.00
Tangshan Jidong Development Yan Dong Construction Co., Ltd.	Hebei	Construction industry	20,000.00	-	59.00
Jidong Development International Trading Co., Ltd.	Beijing	Import and export and bulk commodity trade	43,000.00	-	100.00
Jidong Development (HK) International Co., Ltd.	Hong Kong	Commodities trading	6,294.36	-	100.00
Tangshan Dunshi Real Estate Development Co., Ltd.	Hebei	Real estate	60,000.00	-	100.00
Tangshan Jidong Cement Nanhu Property Development Co., Ltd.	Hebei	Real estate	75,000.00	-	100.00
Tangshan Jidong Property Services Co., Ltd.	Hebei	Property service	300.00	-	100.00

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

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

	Place of registration/ principal business	Business nature	Registered capital RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control <i>(continued)</i>					
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 service	20,000.00	-	90.00
Tangshan Jinyu Dunshi Real Estate Development Co., Ltd.	Hebei	Real estate development and operation and property management services	35,000.00	-	100.00
China-Africa Jidong Building Materials Investment Co., Ltd.	Hebei	Investment in building materials industry	34,830.00	-	60.00
Tianjin Building Materials (Holding) Co., Ltd.	Tianjin	Manufacture and sales of building and decorative materials, etc.	508,222.35	55.00	-
Tianjin Jianyu Energy Development Co., Ltd.	Tianjin	Building materials and commerce and logistics	20,000.00	-	51.00
Tianjin Tiancai Hengye Building Materials Co., Ltd.	Tianjin	Building materials and commerce and logistics	16,526.32	-	100.00
Huanbohai Jinan (Tianjin) Group Holding Co., Ltd. (Note 1)	Tianjin	Property investment management	19,634.40	-	51.66
Tianjin Xincai Property Development Co., Ltd.	Tianjin	Real estate	32,549.81	-	100.00
Tianjin Cement Stone Mine Co., Ltd.	Tianjin	Cement and ready-mixed concrete	119,937.67	-	100.00
Tianjin Tiancai Xingchen Building Material Co., Ltd.	Tianjin	Property investment management	42,798.30	-	100.00
Tianjin Stone Mine Co., Ltd.	Tianjin	Property investment management	44,081.24	-	100.00
Beijing Bengpu Construction Machinery Operation Co., Ltd.	Beijing	Professional contracting; construction general contracting	6,450.00	-	100.00
Tianjin Binhai New Area Haoyu Investment Co., Ltd.	Tianjin	Real estate development and operation and property management	10,000.00	-	100.00
Beijing Mingzhu Glass Products Co., Ltd.	Beijing	Manufacturing, design and installment of glass products	50.00	-	100.00
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd.	Tangshan	Manufacturing and sale of concrete and concrete-based products	401,584.26	55.00	45.00
Beijing Jidong Haiqiang Concrete Co., Ltd.	Beijing	Ready-mix commodity concrete, etc.	2,980.00	-	70.00
Beijing Chengwu Concrete Co., Ltd.	Beijing	Manufacturing of concrete and concrete-based products, etc.	2,000.00	-	66.00
Beijing Hanxin Concrete Co., Ltd.	Beijing	Production of concrete, etc.	4,509.97	-	70.00

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**VII. INTERESTS IN OTHER ENTITIES** *(continued)***1. Interests in the subsidiaries** *(continued)*Information of the Company's major subsidiaries is as follows: *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control <i>(continued)</i>					
Beijing Hengkun Concrete Co., Ltd.	Beijing	Special goods transportation (in tank), etc.	5,000.00	–	100.00
Tianjin Jidong Haifeng Concrete Co., Ltd.	Tianjin	Wholesale and retail of commodity concrete, etc.	2,500.00	–	100.00
Tianjin Jidong Jinpujiye Concrete Co., Ltd.	Tianjin	Processing, sales and pouring of ready-mixed concrete	2,900.00	–	100.00
Jidong Concrete (Tianjin) Co., Ltd.	Tianjin	Production, processing and sale of ready-mixed concrete	3,000.00	–	100.00
Tangshan Jidong Cement Xujian Concrete Co., Ltd.	Tangshan	Production of ready-mixed concrete, etc.	3,500.00	–	70.00
Tangshan Qianxi Jidong Concrete Co., Ltd.	Tangshan	Production of commodity concrete etc.	1,200.00	–	100.00
Tangshan Jidong Xingang Concrete Co., Ltd.	Tangshan	Manufacture and sales of commercial concrete, etc.	3,360.00	–	100.00
Chengde Jidong Hengsheng Concrete Co., Ltd.	Chengde	Construction equipment templates lease, etc.	2,000.00	–	100.00
Hohhot Jidong Cement Concrete Co., Ltd.	Hohhot	Special goods transportation (in tanks)	6,000.00	–	100.00
Shenyang Aohuaxing Concrete Co., Ltd.	Shenyang	Special goods transportation (tank, pump), etc.	3,100.00	–	100.00
Shenyang Landing Concrete Co., Ltd.	Shenyang	Special goods transportation (tank, pump), etc.	2,008.00	–	100.00
Jilin Jidong Concrete Co., Ltd.	Jilin	Production of concrete components and products, etc.	2,000.00	–	100.00
Chongqing Jushi New Building Materials Co., Ltd.	Chongqing	Class III Qualification for ready-mixed commodity concrete professional contracting	2,100.00	–	100.00
Xinxingzhan (Chongqing) Building Materials Co., Ltd.	Chongqing	Manufacture and sale of commodity concrete	7,563.07	–	100.00
Jidong Cement (Chongqing) Concrete Co., Ltd.	Chongqing	Special goods transportation (in tank), etc.	3,000.00	–	100.00
Baoji Jidong Dunshi Concrete Co., Ltd.	Baoji	Ready-mixed concrete and pouring projects	6,000.00	–	100.00
Shenzhou Jidong Concrete Co., Ltd.	Shenzhou	Manufacture and sales of ready-mixed commercial concrete, etc.	3,000.00	–	100.00

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control (continued)					
Datong Dunshi Concrete Co., Ltd.	Datong	Sales and transportation of ready-mixed concrete, etc.	3,600.00	-	100.00
Datong Jinlong Commodity Concrete Co., Ltd.	Datong	Sales and transportation of ready-mixed concrete, etc.	3,000.00	-	100.00
Changchun Jidong Cement & Concrete Co., Ltd.	Changchun	Production of concrete, etc.	1,000.00	-	100.00
Huanghua BBMG Jidong Concrete Co., Ltd.	Huanghua	Sales and transportation of ready-mixed concrete, etc.	2,500.00	-	100.00
Cangzhou Lingang BBMG Jidong Concrete Co., Ltd.	Cangzhou	Sales and transportation of ready-mixed concrete, etc.	2,500.00	-	100.00
Shijiazhuang BBMG Concrete Co., Ltd.	Shijiazhuang	Sales and transportation of ready-mixed concrete, etc.	20,000.00	-	100.00
Tianjin Binhai BBMG Concrete Co., Ltd.	Tianjin	Manufacturing and sale of cement-based products, etc.	12,000.00	-	100.00
Jiayu Shangpin Property Management (Tianjin) Co., Ltd.	Tianjin	Property management, etc.	1,000.00	-	100.00
Hebei BBMG Dingxin Cement Co., Ltd.	Hebei	Manufacture and sales of cement and clinker, etc.	131,700.00	-	100.00
Tangshan Caofeidian Jidong Equipment Mechanical Hotworking Co., Ltd. (唐山曹妃甸冀東裝備機械熱加工有限公司)	Tangshan	Ferrous metal casting and sales of metal structure, etc.	39,125.00	-	85.00
Beijing BBMG Decoration Engineering Co., Ltd. (北京金隅裝飾工程有限公司)	Beijing	Construction and design of construction work and sales of building decoration materials, etc.	5,882.35	-	100.00
Beijing Huanke Environmental Protection Technology Co., Ltd. (北京環科環保技術有限責任公司)	Beijing	Sales of environmental protection equipment, pollution treatment and technical services, etc.	1,574.16	-	100.00
Beijing Jingcai Talent Development Center Co., Ltd. (北京京才人才開發中心有限公司)	Beijing	Human resources services, labor dispatch and intermediary services for studying abroad, etc.	12,953.80	100.00	-
Beijing Jingcai Industrial Development Co., Ltd. (北京市京才實業開發有限公司)	Beijing	Collection, release and consultation services of talent supply and demand information, etc.	300.00	-	100.00
Beijing Toward the World Study Abroad Consulting Center Co., Ltd. (北京走向世界留學諮詢中心有限公司)	Beijing	Intermediary services for studying abroad, human resources services, etc.	50.00	-	100.00

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

VII. INTERESTS IN OTHER ENTITIES (continued)**1. Interests in the subsidiaries** (continued)

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

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control (continued)					
Beijing Wuhu Sihai Human Resources Co., Ltd. (北京五湖四海人力资源有限公司)	Beijing	Human resources services, information consultation services, etc.	440.00	-	100.00
Handan Dongfang Risheng Commercial Concrete Co., Ltd. (邯郸市東方日盛商品混凝土有限公司)	Handan	Manufacture and sale of concrete	1,200.00	-	90.00
Beijing Jingu Zhitong Lulian Technology Co., Ltd. (北京金谷智通綠鏈科技有限公司)	Beijing	Logistics information technology development; logistics data technology services, etc.	15,333.33	-	85.00
Handan BBMG Taihang Cement Co., Ltd.	Hebei	Cement manufacturing	66,434.29	-	92.04
Laishui BBMG Jidong Environmental Protection Technology Co., Ltd. (涑水金隅冀東環保科技有限公司)	Hebei	Ecofriendly technology development; technical services; technical consultation; solid waste treatment, etc.	37,000.00	-	100.00
Subsidiaries acquired in business combination under common control					
Beijing Building Decoration and Design Engineering Co., Ltd.	Beijing	Design of projects' decoration and furniture decoration, etc.	20,000.00	-	100.00
Beijing BBMG Doudian Technology Corporate Management Co., Ltd.	Beijing	Manufacture of insulation and energy-saving building materials, etc.	15,037.66	-	100.00
Beijing BBMG Property Development Group Co., Ltd.	Beijing	Property development and operation	771,500.00	100.00	-
Haikou Dacheng Property Investment Co., Ltd.	Haikou	Property development, etc.	1,600.00	-	100.00
BBMG Dacheng Property Management Co., Ltd.	Beijing	Property management	1,000.00	-	100.00
BBMG Hongye Ecological Science and Technology Co., Ltd.	Beijing	Rental and property management, etc.	200.00	-	100.00
BBMG Hong Kong Limited	Hong Kong	Rental of properties held	(HK\$)100.00	100.00	-
Beijing Yanshui Asset Management Co., Ltd.	Beijing	Production of concrete	6,266.85	100.00	-
Beijing BBMG Tongda Fire-resistant Technology Co., Ltd.	Beijing	R&D and manufacture of various new refractory materials etc.	28,517.14	100.00	-
Jidong Cement Tongchuan Co., Ltd.	Shaanxi	Manufacturing and sale of cement and cement-based products	130,000.00	-	100.00

Note 1: Among the subsidiaries of the Group, Beijing BBMG Tiantan Furniture Co., Ltd., Tangshan Jidong Cement Co., Ltd., Tangshan Jidong Equipment & Engineering Co., Ltd., Huanbohai Jinan (Tianjin) Group Holding Co., Ltd. and Beijing Building Materials Testing Academy Co., Ltd. are joint stock companies (股份有限公司), BBMG (Tianjin) Investment Partnership (Limited Partnership) is a limited partnership (有限合夥企業). Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan is a trust plan, and other subsidiaries are limited liability companies (有限責任公司).

Note 2: Due to the large number of subsidiaries of the Group, the above tables only list the subsidiaries that have a significant impact on the income statement or equity attributable to the shareholders, and do not list all subsidiaries one by one.

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

Subsidiaries with significant minority interests are as follows:

31 December 2022

	Percentage of minority shareholding	Profit or loss attributable to minority shareholders	Dividend payment to minority shareholders	Accumulated equity attributable to minority shareholders at the end of the year
Jidong Development Group Co., Ltd.	45%	(158,675,870.79)	1,000,000.00	338,880,751.36
Tianjin Building Materials (Holding) Co., Ltd.	45%	(219,202,523.38)	21,202,237.92	4,483,826,509.33
Tangshan Jidong Cement Co., Ltd.	46%	615,734,789.12	883,630,732.15	17,040,672,631.98
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan	80%	89,966,106.96	89,067,162.61	2,000,902,893.22
BBMG (Tianjin) Investment Partnership (Limited Partnership)	80%	271,982,643.98	271,982,643.98	6,400,000,000.00

31 December 2021

	Percentage of minority shareholding	Profit or loss attributable to minority shareholders	Dividend payment to minority shareholders	Accumulated equity attributable to minority shareholders at the end of the year
Jidong Development Group Co., Ltd.	45%	(47,781,062.99)	8,196,942.83	530,956,119.75
Tianjin Building Materials (Holding) Co., Ltd.	45%	(29,109,689.30)	12,477,946.17	4,718,971,209.34
Tangshan Jidong Cement Co., Ltd.	46%	1,882,617,209.64	657,514,129.31	17,681,825,284.30
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan	80%	89,070,788.93	89,068,349.53	2,000,003,948.87
BBMG (Tianjin) Investment Partnership (Limited Partnership)	80%	271,077,460.40	271,077,460.40	6,400,000,000.00

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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VII. INTERESTS IN OTHER ENTITIES *(continued)***1. Interests in the subsidiaries** *(continued)*

The following table sets forth the major financial information of the above-mentioned subsidiaries. Relevant figures represent amounts before intragroup offsetting:

31 December 2022

	Jidong Development Group Co., Ltd.	Tianjin Building Materials (Holding) Co., Ltd.	Tangshan Jidong Cement Co., Ltd.	Jiangsu Trust- Longyuan No.2 Assemble Fund Trust Plan	BBMG (Tianjin) Investment Partnership (Limited Partnership)
Current assets	14,812,622,800.14	9,984,252,788.55	15,443,306,255.35	2,501,128,616.53	3,502,154.45
Non-current assets	7,258,115,328.46	10,959,747,797.18	49,573,626,248.34	-	8,006,874,231.82
Total assets	22,070,738,128.60	20,944,000,585.73	65,016,932,503.69	2,501,128,616.53	8,010,376,386.27
Current liabilities	20,843,260,398.00	10,386,565,413.92	13,485,110,912.92	-	10,376,386.27
Non-current liabilities	637,829,728.83	1,705,453,980.57	16,616,374,170.16	-	-
Total liabilities	21,481,090,126.83	12,092,019,394.49	30,101,485,083.08	-	10,376,386.27
Operating revenue	29,276,618,109.01	7,705,173,901.44	33,749,578,280.08	116,506,617.01	345,544,635.01
Net profit/(loss)	(209,236,423.75)	(534,980,478.35)	1,299,747,050.29	112,457,633.70	339,978,304.98
Total comprehensive income	(205,255,262.47)	(535,080,478.35)	1,091,469,882.78	112,457,633.70	339,978,304.98
Net cash flows from operating activities	99,585,640.61	(546,769,198.10)	2,269,213,488.67	112,459,117.35	319,310,706.05

Notes to Financial Statements (continued)

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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

31 December 2021

	Jidong Development Group Co., Ltd.	Tianjin Building Materials (Holding) Co., Ltd.	Tangshan Jidong Cement Co., Ltd.	Jiangsu Trust- Longyuan No.2 Assemble Fund Trust Plan	BBMG (Tianjin) Investment Partnership (Limited Partnership)
Current assets	13,306,824,342.73	8,855,451,608.16	15,934,726,765.25	2,500,004,936.09	14,533,342.57
Non-current assets	<u>7,314,128,957.58</u>	<u>11,756,882,154.19</u>	<u>47,767,348,891.74</u>	-	<u>7,985,466,657.43</u>
Total assets	<u>20,620,953,300.31</u>	<u>20,612,333,762.35</u>	<u>63,702,075,656.99</u>	<u>2,500,004,936.09</u>	<u>8,000,000,000.00</u>
Current liabilities	19,269,706,363.64	7,114,410,760.31	13,718,720,676.43	-	-
Non-current liabilities	<u>552,461,172.98</u>	<u>4,094,113,335.66</u>	<u>13,798,610,699.76</u>	-	-
Total liabilities	<u>19,822,167,536.62</u>	<u>11,208,524,095.97</u>	<u>27,517,331,376.19</u>	-	-
Operating revenue	29,994,706,501.26	7,735,416,456.42	36,369,371,510.07	116,508,087.10	344,404,201.46
Net profit/(loss)	(162,329,947.22)	(144,479,814.35)	3,915,709,180.08	111,338,486.16	338,846,825.50
Total comprehensive income	(185,288,558.65)	(143,670,814.35)	3,928,165,445.00	111,338,486.16	338,846,825.50
Net cash flows from operating activities	<u>(1,141,433,708.85)</u>	<u>(1,684,560,180.12)</u>	<u>6,211,451,232.26</u>	<u>111,338,486.16</u>	<u>319,321,858.87</u>

2. Transactions resulting in changes in equity attributable to shareholders in subsidiaries with no effect on right of control

- a. On 22 June 2022, Hefei Jinzhongjinghu Real Estate Development Co., Ltd., a subsidiary of Beijing BBGM Property Development Group Co., Ltd. ("BBGM Property"), received the capital increase amounts from shareholders, of which the capital increase amount of the parent company BBGM Property was RMB313,444,392.32, and the capital increase amount of the minority shareholder CCCG Real Estate Corporation Limited was RMB349,241,439.68. After the completion of this transaction, the proportion of the equity held by BBGM Property in Hefei Jinzhongjinghu Real Estate Development Co., Ltd. was changed from 100% to 51%. This transaction resulted in the increase of the minority shareholders' equity of the Group by RMB349,241,439.68.
- b. On 17 February 2022, Nanjing Jinjiarui Real Estate Development Co., Ltd., a subsidiary of Beijing BBGM Property Development Group Co., Ltd. ("BBGM Property"), received capital increase amounts from shareholders, of which the capital increase amount of the parent company BBGM Property was RMB29,450,655.00, the capital increase amount of the minority shareholder Anhui Zhuorui Real Estate Co., Ltd. was RMB23,074,740.00, and the capital increase amount of the minority shareholder Nanjing Junfa Real Estate Development Co., Ltd. was RMB28,438,605.00. After the completion of this transaction, the shareholding ratio of BBGM Property was changed from 25% to 34%. This transaction resulted in the increase of the minority shareholders' equity of the Group by RMB51,513,345.00.

Notes to Financial Statements *(continued)*

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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** *(continued)*

- c. On 27 May 2022, Jidong Development International Trading Co., Ltd. (“Jidong International Trading”) acquired 41% equity of Inner Mongolia Dunshi Yuanzhihan Coal Industry Co., Ltd. (“Yuanzhihan”) at the agreed price of RMB15,358,789.63. After the completion of this transaction, Yuanzhihan became a wholly-owned subsidiary of Jidong International Trading. This transaction resulted in the decrease of the minority shareholders’ equity of the Group by RMB22,331,911.67 and the increase of the capital reserves of the Group by RMB6,973,122.04.
- d. In June 2022, Tangshan Jidong Cement Co., Ltd. (“Jidong Cement”) repurchased 26,580,000 A-share public shares by means of centralized bidding, with a total repurchase amount of RMB279,344,753.96. This transaction resulted in the decrease of the minority shareholders’ equity of the Group by RMB474,475,061.75 and the increase of the capital reserves of the Group by RMB195,130,307.79.

3. Interests in joint ventures and associates

	Place of registration/ principal business	Business nature	Registered capital (RMB'000)	Percentage of shareholding (%)	
				Direct	Indirect
Joint ventures					
STAR-USG Building Materials Co., Ltd.	Dachang County	Production of mineral wool acoustic board, etc.	(USD)54,520	50.00	–
BBMG TUS Technology Incubator Co., Ltd.	Beijing	Incubating technology business, enterprise management, etc.	8,000.00	–	50.00
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Baoji	Manufacture and sales of cement and clinker, etc.	489,875.00	–	48.11
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Xianyang	Manufacture and sales of cement and clinker, etc.	458,960.00	–	50.00
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Tangshan	Manufacture and sales of slag fine powder and by-product	200,000.00	–	50.00
Anshan Jidong Cement Co., Ltd.	Anshan	Manufacture and sales of cement and clinker, etc.	300,000.00	–	50.00
Cross Point Trading 274 (Pty) Ltd (RF)	South Africa	Investment in building materials industry, etc.	(ZAR)300,000	–	56.10
Hebei Xiongan Zhitong Technology Co., Ltd.	Baoding	New material technology promotion service and concrete technology development, etc.	20,000.00	–	51.00
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	Beijing	Property development and sale of self-developed commercial housing	1,000,000.00	–	60.00
Beijing Jinyu Vanke Real Estate Development Co., Ltd. (北京金隅萬科房地產開發有限公司)	Beijing	Property development and sale of self-developed commercial housing	190,000.00	–	51.00

Notes to Financial Statements (continued)

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VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

	Place of registration/ principal business	Business nature	Registered capital (RMB'000)	Percentage of shareholding (%)	
				Direct	Indirect
Associates					
Zehnder (China) Indoor Climate Co., Ltd.	Beijing	Production of radiators, etc.	(USD)27,500	26.73	–
OCV Reinforcements (Beijing) Co., Ltd.	Beijing	Complete non-standard control of concrete and pumping	276,003.00	20.00	–
Beijing Sinobaide Technology Co., Ltd.	Beijing	Design and production of equipment	10,000.00	–	23.00
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	Chengde	Technology research and testing for comprehensive utilization of solid waste, etc.	53,739.00	–	44.17
Tangshan Conch Profiles Co., Ltd.	Tangshan	Manufacture and sales of architectural profiles	160,000.00	40.00	–
Beijing 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.	5,500,000.00	–	49.00
Toto Machinery (Beijing) Company Limited	Beijing	Production of sanitary ceramics, etc.	(USD)24,000	20.00	–
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	Tangshan	Property development and operation, etc.	10,000.00	–	40.00
Jidong Cement Fufeng Transportation Co., Ltd.	Baoji	Automobile transportation, etc.	16,000.00	–	23.75
Jilin Changjitu Investment Co., Ltd.	Jilin city	Service industry, etc.	500,000.00	–	30.00
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Tianjin	Undertaking the construction of various types of projects, etc.	100,000.00	–	30.00
Tianjin Yaopi Glass Co., Ltd.	Tianjin	Manufacture and sale of various types of plate glass, etc.	736,166.00	–	22.75
Beijing Innovation Industry Investment Co., Ltd.	Beijing	Investment management, asset management, etc.	2,000,000.00	10.00	–
Liaoning Yunding Cement Group Co., Ltd.	Shenyang	Production and sales of cement clinker	32,990.00	–	2.49
Nanjing Huayu Real Estate Development Co., Ltd. (南京緯隅房地產開發有限公司)	Nanjing	Property development and sale of self-developed commercial housing	1,000,000.00	–	50.00

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**VII. INTERESTS IN OTHER ENTITIES** *(continued)***3. Interests in joint ventures and associates** *(continued)*

	Place of registration/ principal business	Business nature	Registered capital (RMB'000)	Percentage of shareholding (%)	
				Direct	Indirect
Associates (continued)					
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	Beijing	Property development and sale of self-developed commercial housing, etc.	1,830,000.00	–	35.00
Beijing Jinhaicheng Management Consulting Partnership LLP (北京金海誠管理諮詢合夥企業(有限合夥))	Beijing	Business management	2,000.00	–	30.00
Beijing Jinhaicheng Technology Innovation Investment Partnership LLP (北京金海誠科創投資合夥企業(有限合夥))	Beijing	Asset management, investment consultation	198,000.00	–	50.51
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. (北京京西生態文旅投資有限公司)	Beijing	Cultural industry investment, project development and operation	1,000,000.00	–	10.00
Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司)	Beijing	Property development and operation; sale of self-developed commercial housing	1,800,000.00	–	34.00
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	Tianjin	Manufacturing and processing of plastic pipes and pipe fittings, composite pipes and pipe fittings, as well as mining pipes and pipe fittings	50,000.00	–	15.00
Tianjin Shubulok Cement Block Co., Ltd.	Tianjin	Development, production and sales of new building materials	(USD)4,350	–	21.38
Nanjing Huayu Decoration Engineering Co., Ltd. (南京鐔隅裝飾工程有限公司)	Nanjing	Licensed items: residential interior decoration; construction engineering construction	2,000.00	–	50.00
Hebei Jiaotou Green Building Materials Co., Ltd. (河北交投綠色建材有限公司)	Baoding	Manufacture and sales of cement products, etc.	100,000.00	–	12.00
Beijing Jinzhu Xingye Real Estate Development Co., Ltd. (北京金住興業房地產開發有限公司)	Beijing	Property development and operation	1,500,000.00	–	49.00

The Group adopts the equity method for interests in joint ventures and associates.

Notes to Financial Statements *(continued)*

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

3. Interests in joint ventures and associates *(continued)*

The following table sets forth the consolidated financial information on joint ventures and associates which are not individually significant to the Group:

	2022	2021
Joint ventures		
Total carrying amount of investments	1,873,082,952.56	1,844,340,891.05
Total amount calculated based on shareholding		
Net profit	249,696,367.41	436,629,119.85
Total comprehensive income	243,638,598.84	425,274,909.28
Associates		
Total carrying amount of investments	5,863,595,230.80	4,579,808,028.50
Total amount calculated based on shareholding		
Net loss	(73,180,466.04)	(36,259,755.71)
Total comprehensive income	(73,180,466.04)	(36,259,755.71)
Total carrying amount of long-term equity investments	7,736,678,183.35	6,484,148,919.54
Total investment gains of long-term equity investments	176,515,901.37	400,369,364.11
Total comprehensive income of long-term equity investments	170,458,132.80	400,369,364.11

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS**1. Financial instruments by category**

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised costs	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	-	15,996,435,857.72	-	15,996,435,857.72
Financial assets held for trading	1,116,954,484.86	-	-	1,116,954,484.86
Bills receivable	-	422,263,122.28	-	422,263,122.28
Accounts receivable	-	7,618,174,146.44	-	7,618,174,146.44
Financing receivables	-	-	1,496,573,941.98	1,496,573,941.98
Other receivables	-	6,842,585,280.30	-	6,842,585,280.30
Long-term receivables due within one year	-	269,845,114.30	-	269,845,114.30
Debt investments	-	1,155,764,072.96	-	1,155,764,072.96
Long-term receivables	-	2,851,242,784.44	-	2,851,242,784.44
Investment in other equity instruments	-	-	773,948,747.65	773,948,747.65
	1,116,954,484.86	35,156,310,378.44	2,270,522,689.63	38,543,787,552.93

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

1. Financial instruments by category *(continued)*

2022 *(continued)*

Financial liabilities

	Financial liabilities at amortised costs
Short-term loans	25,482,825,771.43
Bills payable	3,633,062,025.07
Accounts payable	19,027,359,975.08
Other payables	8,471,632,427.41
Non-current liabilities due within one year	16,724,946,325.58
Short-term financing bonds	5,000,000,000.00
Long-term loans	32,637,155,002.48
Bonds payable	26,493,958,938.44
Long-term payables	299,650,814.94
Lease liabilities	481,532,950.83
	138,252,124,231.26

2021

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised costs	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	–	21,921,968,519.94	–	21,921,968,519.94
Financial assets held for trading	1,152,240,648.45	–	–	1,152,240,648.45
Bills receivable	–	705,691,610.82	–	705,691,610.82
Accounts receivable	–	7,523,927,513.40	–	7,523,927,513.40
Financing receivables	–	–	2,514,575,159.07	2,514,575,159.07
Other receivables	–	7,913,946,527.77	–	7,913,946,527.77
Long-term receivables due within one year	–	127,377,276.90	–	127,377,276.90
Debt investments	–	490,902,028.26	–	490,902,028.26
Long-term receivables	–	1,004,712,317.80	–	1,004,712,317.80
Investment in other equity instruments	–	–	596,774,849.44	596,774,849.44
	1,152,240,648.45	39,688,525,794.89	3,111,350,008.51	43,952,116,451.85

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS** *(continued)***1. Financial instruments by category** *(continued)*2021 *(continued)*

Financial liabilities

	Financial liabilities at amortised costs
Short-term loans	25,140,608,000.00
Bills payable	3,217,498,008.45
Accounts payable	19,796,622,282.33
Other payables	9,309,630,643.31
Non-current liabilities due within one year	15,125,801,960.37
Short-term financing bonds payable	7,500,000,000.00
Long-term loans	29,001,712,449.80
Bonds payable	33,499,674,504.50
Lease liabilities	395,211,550.60
Long-term payables	345,169,768.56
	<u>143,331,929,167.92</u>

2. Transfers of financial assets***Financial assets transferred but not yet fully derecognised***

As at 31 December 2022, the Group endorsed undue bank acceptance bills and commercial acceptance bills with a carrying amount of RMB20,653,374.00 and RMB303,761,469.21 respectively (31 December 2021: RMB86,561,875.68 and RMB193,990,605.34) to its suppliers for settlement of accounts payable, and discounted bank acceptance bills and commercial acceptance bills with a carrying amount of RMB200,000,000.00 and RMB34,837,071.43 (31 December 2021: bank acceptance bills of RMB3,100,000.00) to the banks. The Group is of the opinion that the Group has retained substantially all their risks and rewards, including the default risk associated, the Group continues to recognise them in full and the settled accounts payable or short-term loans associated therewith. After the endorsement or discount, the Group no longer reserves the rights to use these financial assets, including the rights to sell, transfer or pledge to any other third parties. As at 31 December 2022, the carrying amount of accounts payable settled or short-term loans secured by the Group through these financial assets amounted to RMB324,414,843.21 and RMB234,837,071.43 respectively (31 December 2021: RMB280,552,481.02 and RMB3,100,000.00).

Notes to Financial Statements *(continued)*

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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 31 December 2022, the carrying amount of undue bank acceptance bills endorsed to its suppliers for settlement of accounts payable or discounted to the banks by the Group was RMB4,539,999,230.84 (31 December 2021: bank acceptance bills of RMB6,645,552,460.43, including the portion included in bills receivable and financing receivables). As at 31 December 2022, the maturities ranged from 1 to 12 months. Pursuant to relevant provisions of the "Law of Negotiable Instruments", the holders of commercial instruments shall have the right of recourse against the Group ("Continuing Involvement") if the relevant acceptance bank defaults. As the Group is of the opinion that the Group has transferred substantially all their risks and rewards, the Group has derecognised them and the settled accounts payable associated therewith (carrying amounts). The maximum exposure to loss from the Continuing Involvement and repurchase and the undiscounted cash flows equal to their carrying amounts. The Group is of the opinion that the fair value of the Continuing Involvement is insignificant.

As at 31 December 2022, no gains or losses were recognised on their dates of transfer by the Group. No income or expenses were recognised for the current year or on an accumulative basis as a result of the Group's Continuing Involvement in derecognised financial assets. Endorsements were incurred basically evenly during the year.

3. Financial Instruments Risks

The Group is exposed to various types of risks from financial instruments during its ordinary course of business, mainly including credit risk, liquidity risk and market risk with foreign exchange risk and interest rate risk inclusive. Financial instruments of the Group is mainly comprised of cash and bank balances, borrowings and bonds payables, bills receivable and accounts receivable and bills payable and accounts payable, etc. Risks related to these financial instruments and the Group's risk management policies adopted to reduce such risks are described as follows.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who request to trade on credit terms are subject to credit verification procedures. In addition, balances of accounts receivable are monitored on an ongoing basis to ensure that the Group's exposure to bad debt is not significant. For transactions that are not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control of the Group.

As the counterparties of cash and bank balances and bank acceptance bills receivable are banks with good reputations and higher credit ratings, these financial instruments have lower credit risk.

The credit risk of the Group's other financial assets, which comprise other receivables, long-term receivables and other non-current financial assets, etc. arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note XI. Contingencies.

The maximum credit risk exposure of the Group on each balance sheet date is the total amount charged to customers less the amount after deducing impairment provision.

Notes to Financial Statements *(continued)*

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Credit risk *(continued)*

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.

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;

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Credit risk *(continued)*

Definition of credit-impaired asset (continued)

- (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.

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.

Notes to Financial Statements (continued)

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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:

31 December 2022

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term loans	27,512,192,840.92	-	-	-	27,512,192,840.92
Bills payable	3,633,062,025.07	-	-	-	3,633,062,025.07
Accounts payable	19,027,359,975.08	-	-	-	19,027,359,975.08
Other payables	8,471,632,427.41	-	-	-	8,471,632,427.41
Short-term financing bonds	5,060,000,000.00	-	-	-	5,060,000,000.00
Long-term loans	9,215,826,177.51	17,905,417,816.09	19,764,150,879.46	10,591,912,734.32	57,477,307,607.38
Bonds payable	9,224,027,646.00	11,287,630,000.00	21,102,250,000.00	-	41,613,907,646.00
Lease liabilities	132,950,115.10	59,309,631.48	229,043,677.19	298,004,721.89	719,308,145.66
Long-term payables	39,919,859.47	65,811,596.14	137,450,925.88	96,388,292.92	339,570,674.41
	82,316,971,066.56	29,318,169,043.71	41,232,895,482.53	10,986,305,749.13	163,854,341,341.93

31 December 2021

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term loans	25,753,881,661.17	-	-	-	25,753,881,661.17
Bills payable	3,217,498,008.45	-	-	-	3,217,498,008.45
Accounts payable	19,796,622,282.33	-	-	-	19,796,622,282.33
Other payables	9,309,630,643.31	-	-	-	9,309,630,643.31
Short-term financing bonds	7,626,687,671.23	-	-	-	7,626,687,671.23
Long-term loans	16,056,217,165.82	15,184,751,403.18	15,996,854,423.29	13,121,026,029.18	60,358,849,021.47
Bonds payable	5,991,636,782.00	9,199,626,782.00	25,608,880,000.00	4,679,550,000.00	45,479,693,564.00
Lease liabilities	153,239,068.57	93,131,715.59	148,461,058.91	272,656,297.32	667,488,140.39
Long-term payables	40,040,615.47	68,318,215.69	167,025,711.18	109,825,841.69	385,210,384.03
	87,945,453,898.35	24,545,828,116.46	41,921,221,193.38	18,183,058,168.19	172,595,561,376.38

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Market risk

Interest rate risk

The Group's exposure to the changes in market interest rates is mainly related to the floating-rate long-term liabilities of the Group. The Group manages its interest cost by maintaining an appropriate mix of fixed- and floating-rate debts.

The table below demonstrates the sensitivity analysis of interest rate risk that reflects the impact on net profit or loss (through the impact on floating-rate borrowings) and net other comprehensive income after tax when a reasonably possible change in interest rates occurs, with all other variables held constant.

31 December 2022

	Increase/(decrease) in basis points	Increase/(decrease) in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/(decrease) in total shareholders' equity
RMB	100.00	(23,835,398.75)	-	(23,835,398.75)

31 December 2021

	Increase/(decrease) in basis points	Increase/(decrease) in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/(decrease) in total shareholders' equity
RMB	100.00	(20,567,775.35)	-	(20,567,775.35)

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 Financial Statements (continued)

For the year ended 31 December 2022
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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)**3. Financial Instruments Risks** (continued)**Market risk** (continued)**Foreign exchange risk** (continued)**2022**

	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	(5,321,965.59)	-	(5,321,965.59)
HKD appreciation against RMB	1.00	25,524.61	4,812,018.91	4,837,543.51

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	(4,553,594.88)	-	(4,553,594.88)
HKD appreciation against RMB	1.00	57,260.13	4,278,983.27	4,336,243.40

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 31 December 2022 and 31 December 2021, there was no change in the capital management objectives, policies or procedures.

The Group controls its capital using debt ratio, which is calculated by dividing total liabilities by total assets. As at the balance sheet date, the debt ratio of the Group was as follows:

	31 December 2022	31 December 2021
Total liabilities	186,624,115,819.93	190,823,004,007.16
Total assets	281,520,054,328.32	286,356,810,441.58
Debt ratio	66.29%	66.64%

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

Hierarchies of fair value

31 December 2022

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets held for trading	11,992,200.00	1,104,962,284.86	–	1,116,954,484.86
Financing receivables	–	1,496,573,941.98	–	1,496,573,941.98
Other non-current financial assets	263,969,459.46	–	–	263,969,459.46
Investment in other equity instruments	575,913,238.44	–	198,035,509.21	773,948,747.65
Investment properties	–	1,165,127,345.61	34,217,044,026.95	35,382,171,372.56
	851,874,897.90	3,766,663,572.45	34,415,079,536.16	39,033,618,006.51

31 December 2021

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets held for trading	11,663,300.00	1,140,577,348.45	–	1,152,240,648.45
Financing receivables	–	2,514,575,159.07	–	2,514,575,159.07
Investment in other equity instruments	352,567,696.00	–	244,207,153.44	596,774,849.44
Investment properties	–	1,086,888,156.55	31,899,582,686.71	32,986,470,843.26
	364,230,996.00	4,742,040,664.07	32,143,789,840.15	37,250,061,500.22

Notes to Financial Statements (continued)For the year ended 31 December 2022
RMB**IX. DISCLOSURE OF FAIR VALUE** (continued)**2. Assets and liabilities disclosed at fair value (financial instruments measured at amortised cost)**

31 December 2022

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Debt investments	–	–	1,155,764,072.96	1,155,764,072.96
Long-term receivables (including amounts due within one year)	–	–	3,121,087,898.74	3,121,087,898.74
Long-term loans	–	–	32,637,155,002.48	32,637,155,002.48
Bonds payable	–	–	26,493,958,938.44	26,493,958,938.44
Lease liabilities	–	–	481,532,950.83	481,532,950.83
Long-term payables	–	–	299,650,814.94	299,650,814.94
	–	–	64,189,149,678.39	64,189,149,678.39

31 December 2021

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Debt investments	–	–	490,902,028.26	490,902,028.26
Long-term receivables (including amounts due within one year)	–	–	1,132,089,594.70	1,132,089,594.70
Long-term loans	–	–	29,001,712,449.80	29,001,712,449.80
Bonds payable	–	–	33,499,674,504.50	33,499,674,504.50
Lease liabilities	–	–	395,211,550.60	395,211,550.60
Long-term payables	–	–	345,169,768.56	345,169,768.56
	–	–	64,864,759,896.42	64,864,759,896.42

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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IX. DISCLOSURE OF FAIR VALUE *(continued)*

3. Valuation of fair value

Management has assessed that the fair values of the short-term financial assets and financial liabilities, such as cash and bank balances, bills receivable, accounts receivable, financing receivables, other receivables, short-term loans, short-term financing bonds payable, bills payable, accounts payable, other payables and non-current liabilities due within one year, approximate their carrying amounts due to the short residual term of these instruments.

The Group's finance team is led by the manager of the finance and capital department, and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial officer and the Audit Committee. As at each balance sheet date, the finance team analyses changes in the values of financial instruments and determines the main inputs applicable to the valuation, and the valuation must be reviewed and approved by the chief accountant. 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 loans, 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 31 December 2022, 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.

The fair value of investment properties measured through fair value model

The following table sets forth the changes in Level 2 and Level 3 fair value of the investment properties of the Group as at 31 December 2022:

	Commercial properties Level 2	Commercial properties Level 3
Value as at 31 December 2021	1,086,888,156.55	31,899,582,686.71
Acquisition for the year	-	33,307,725.85
Transfer from intangible assets	-	1,720,078,486.15
Transfer from inventories	-	85,000,000.00
Disposal for the year	-	(55,111,331.77)
Changes in fair value	<u>78,239,189.06</u>	<u>534,186,460.01</u>
Value as at 31 December 2022	<u>1,165,127,345.61</u>	<u>34,217,044,026.95</u>

Notes to Financial Statements (continued)

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IX. DISCLOSURE OF FAIR VALUE (continued)**3. Valuation of fair value** (continued)**The fair value of investment properties measured through fair value model** (continued)

Details of removed from investment properties are set out in Note V. 17.

In 2022, there was no change between different fair value levels of investment properties of the Group.

The following sets forth the valuation method and key inputs used for the valuation of fair value of the investment properties for 2022:

Valuation method	Significant unobservable inputs	Range of variation
Income approach	Unit rental (RMB/sq.m./day)	0.34-17.96
	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.

4. Adjustment on fair values measurement

Information on adjustment of persistent measurement of level-3 fair value is as follows:

31 December 2022

	Opening balance	Transfer into level 3	Transfer out of level 3	Total profit or loss for the current period			Purchase	Sale	Closing balance
				Included in profit or loss	Included in other comprehensive income				
Equity instrument investment	244,207,153.44	-	-	-	(45,114,545.00)	-	(1,057,099.23)	198,035,509.21	
Investment properties	31,899,582,686.71	1,805,078,486.15	-	534,186,460.01	-	33,307,725.85	(55,111,331.77)	34,217,044,026.95	
	32,143,789,840.15	1,805,078,486.15	-	534,186,460.01	(45,114,545.00)	33,307,725.85	(56,168,431.00)	34,415,079,536.16	

Notes to Financial Statements (continued)

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IX. DISCLOSURE OF FAIR VALUE (continued)

4. Adjustment on fair values measurement (continued)

31 December 2021

	Opening balance	Transfer into level 3	Transfer out of level 3	Total profit or loss for the current period		Purchase	Sale	Closing balance
				Included in profit or loss	Included in other comprehensive income			
Equity instrument investment	244,081,146.61	-	-	-	196,006.83	-	(70,000.00)	244,207,153.44
Investment properties	28,381,891,596.64	2,501,271,740.00	-	608,157,684.73	-	627,744,989.52	(219,483,324.18)	31,899,582,686.71
	28,625,972,743.25	2,501,271,740.00	-	608,157,684.73	196,006.83	627,744,989.52	(219,553,324.18)	32,143,789,840.15

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent company

Parent company name	Place of registration	Business nature	Registered capital RMB'000	Over the Company	
				Proportion of shareholding (%)	Proportion of votes (%)
Beijing State-owned Capital Operation and Management Company Limited* (北京國有資本運營管理有限公司)	Beijing	Investment and investment management, assets management, as well as the organization of the restructuring or merger of assets of enterprises	50,000,000.00	44.93	44.93

* As at 30 July 2021, Beijing State-owned Capital Operation and Management Center (北京國有資本經營管理中心) was renamed as Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司), hereinafter referred to as "BSCOMC".

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.

Notes to Financial Statements (continued)

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)**4. Other related parties**

	Relationship with related parties
Beijing XinYuan Concrete Co., Ltd.	Associates
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Subsidiary of a joint venture
Mamba Cement Company (Pty) Ltd (RF)	Subsidiary of a joint venture

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	2022	2021
Transactions with joint ventures and associates			
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Purchase of goods/ receipt of services	8,850,020.93	3,239,171.09
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Purchase of goods/ receipt of services	8,864,914.16	8,293,469.92
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Purchase of goods/ receipt of services	6,556,239.74	6,000,000.00
Tangshan Conch Profiles Co., Ltd.	Purchase of goods/ receipt of services	6,111,224.44	7,926,396.51
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	Purchase of goods/ receipt of services	1,863,972.40	4,218,290.24
Jidong Cement Fufeng Transportation Co., Ltd.	Purchase of goods	1,272,184.79	2,156,360.71
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Purchase of goods/ receipt of services	250,424.23	2,292,614.17
Zehnder (China) Indoor Climate Co., Ltd.	Receipt of services	29,564.79	8,331,076.59
Beijing Sinobaide Technology Co., Ltd.	Receipt of services	28,000.00	281,011.20
Zhangjiakou Xingpai Youshiji Building Materials Co., Ltd.	Purchase of goods/ receipt of services	-	35,840.71
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Purchase of goods/ receipt of services	-	2,213,308.15
Anshan Jidong Cement Co., Ltd.	Purchase of goods/ receipt of services	-	44,668,336.18
		33,826,545.48	89,655,875.46

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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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	2022	2021
Transactions with joint ventures and associates			
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Sale of goods/rendering of services	470,411,611.41	383,662,143.49
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Sale of goods/rendering of services	387,291,517.84	387,367,152.11
Anshan Jidong Cement Co., Ltd.	Sale of goods/rendering of services	117,279,864.36	133,204,205.23
Zehnder (China) Indoor Climate Co., Ltd.	Rendering of services	8,192,864.50	–
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Sale of goods/rendering of services	7,078,141.91	7,034,014.42
Mamba Cement Company (Pty) Ltd (RF) (南非曼巴水泥有限公司)	Sale of goods/rendering of services	6,376,784.90	13,240,124.13
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Sale of goods/rendering of services	2,131,479.11	74,402.67
Toto Machinery (Beijing) Company Limited	Sale of goods/rendering of services	2,016,144.41	–
STAR-USG Building Materials Co., Ltd.	Sale of goods	147,179.17	24,274.34
Jidong Cement Fufeng Transportation Co., Ltd.	Sale of goods/rendering of services	1,485,318.52	1,414,319.25
BBMG TUS Technology Incubator Co., Ltd.	Rendering of services	1,330,851.07	–
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	Sale of goods	170,828.17	–
OCV Reinforcements (Beijing) Co., Ltd.	Sale of goods	29,036.29	53,110.62
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Sale of goods/rendering of services	23,008.85	436,182.56
Nanjing Huayu Real Estate Development Co., Ltd. (南京鉅隅房地產開發有限公司)	Sale of goods	20,945.99	–
Beijing Gaoqiang Concrete Co., Ltd.	Sale of goods	–	2,092,754.04
Tianjin Yaopi Glass Co., Ltd.	Sale of goods	–	345,830.00
		1,003,985,576.50	928,948,512.86

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 Financial Statements *(continued)*For the year ended 31 December 2022
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	2022 Rental income	2021 Rental income
STAR-USG Building Materials Co., Ltd.	Building	9,077,317.02	9,068,286.41

As lessee

Name of the lessor	Category of leased assets	2022 Leasing expenses	2021 Leasing expenses
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Building	237,958.49	501,947.22
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Building	402,807.24	556,531.81
Jidong Cement Fufeng Transportation Co., Ltd.	Building	-	15,929.24
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Building	-	15,044.26
		640,765.73	1,089,452.53

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 Financial Statements (continued)

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and related parties (continued)

(3) Guarantees received from/provided to related parties

Guarantees provided to related parties

2022

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
Jidong Cement	Anshan Jidong Cement Co., Ltd.	32,000,000.00	26 August 2022	25 August 2023	No
Jidong Cement	Anshan Jidong Cement Co., Ltd.	20,000,000.00	29 November 2022	29 November 2023	No
BBMG	Nanjing Huayu Real Estate Development Co., Ltd. (南京緯陽房地產開發有限公司)	726,787,500.00	21 March 2022	21 March 2025	No
Beijing BBMG Real Estate Development Group Co., Ltd.	Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司)	38,843,301.70	11 October 2022	10 October 2025	No
		<u>817,630,801.70</u>			

2021

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
Jidong Cement	Anshan Jidong Cement Co., Ltd.	32,000,000.00	29 July 2021	28 July 2022	No
Jidong Cement	Anshan Jidong Cement Co., Ltd.	<u>20,000,000.00</u>	28 December 2021	21 December 2022	No
		<u>52,000,000.00</u>			

Notes to Financial Statements *(continued)*

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)***5. Major transactions between the Group and related parties** *(continued)***(4) Lending to/borrowing from related parties***Borrowings***2022**

	Amount of lending/borrowing	Commencement date	Maturity date
BSCOMC	110,000,000.00	28 June 2022	28 June 2023
BSCOMC	70,000,000.00	22 September 2022	22 September 2023
BSCOMC	300,760,000.00	28 December 2022	26 December 2023
BSCOMC	<u>20,550,000.00</u>	20 October 2022	20 October 2023
	501,310,000.00		

2021

	Amount of lending/borrowing	Commencement date	Maturity date
BSCOMC	20,550,000.00	20 October 2021	20 October 2022
BSCOMC	110,000,000.00	30 June 2021	28 June 2022
BSCOMC	40,000,000.00	29 July 2021	29 July 2022
BSCOMC	158,260,000.00	17 December 2021	17 December 2022
BSCOMC	<u>142,500,000.00</u>	29 December 2021	28 December 2022
	471,310,000.00		

Lending:

In 2022, there was no new lending to Cross Point Trading 274 (Pty) Ltd (RF). As at 31 December 2022, the balance of outstanding lending amounted to RMB224,931,312.43, and the annual interest rate was 7.25%-10.5% per annum (2021: RMB213,922,154.55 at an annual interest rate of 9%-10.5%).

In 2022, the balance of outstanding lending by the Group to Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司) amounted to RMB233,758,000.00, with an annual interest rate of 6.00%.

In 2022, the balance of outstanding lending by the Group to Nanjing Huayu Real Estate Development Co., Ltd. (南京鉅隅房地產開發有限公司) amounted to RMB246,916,913.00, with an annual interest rate of 6.00%.

In 2022, the balance of outstanding lending by the Group to Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司) amounted to RMB278,303,307.26, with an annual interest rate of 6.00%.

Notes to Financial Statements *(continued)*

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(4) Lending to/borrowing from related parties *(continued)*

Interest income from lending

	2022	2021
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	32,319,916.87	–
Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司)	46,947,265.56	–
Nanjing Huayu Real Estate Development Co., Ltd. (南京鐔隅房地產開發有限公司)	22,924,632.29	–
Cross Point Trading 274 (Pty) Ltd (RF)	19,480,921.67	14,470,712.19
Mamba Cement Company (Pty) Ltd (RF)	1,442,237.75	4,284,023.03
STAR-USG Building Materials Co., Ltd.	1,487,349.75	1,966,821.77
	124,602,323.89	20,721,556.99

Interest expenses from borrowing

	2022	2021
BSCOMC	15,614,238.00	8,962,768.03

Assets transfer of related party

	2022	2021
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	1,098,926,500.20	–
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	603,995,427.80	–
	1,702,921,928.00	–

Other related party transactions

	2022	2021
Beijing Chenyu Real Estate Development Co., Ltd.	416,500,000.00	–

Note 1: Disbursements previously made by related party

Notes to Financial Statements *(continued)*

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)***6. Balances of receivables from/payment to related parties****(1) Financing receivables**

	2022		2021	
	Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
Due from associates				
Jidong Cement Fufeng Transportation Co., Ltd.	-	-	200,000.00	-
Due from joint ventures				
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	1,316,713.82	-	2,170,000.00	-
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	-	-	300,000.00	-
Anshan Jidong Cement Co., Ltd.	-	-	100,000.00	-
	<u>1,316,713.82</u>	<u>-</u>	<u>2,570,000.00</u>	<u>-</u>
	<u>1,316,713.82</u>	<u>-</u>	<u>2,770,000.00</u>	<u>-</u>

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. Balances of receivables from/payment to related parties (continued)

(2) Accounts receivable

	2022		2021	
	Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
Due from associates				
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	19,556,629.64	2,542,223.66	18,332,458.54	1,838,842.88
OCV Reinforcements (Beijing) Co., Ltd.	-	-	11,379.00	341.37
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	142,377.45	5,230.06	387,535.00	-
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	11,974.00	-	11,974.00	-
Nanjing Huayu Real Estate Development Co., Ltd. (南京緯陽房地產開發有限公司)	44,685.00	446.85	-	-
Toto Machinery (Beijing) Company Limited	2,700.00	1,728.00	-	-
	<u>19,758,366.09</u>	<u>2,549,628.57</u>	<u>18,743,346.54</u>	<u>1,839,184.25</u>
Due from joint ventures				
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	5,316,815.88	-	4,305,769.66	-
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	8,568,959.66	-	5,311,195.38	-
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	537,286.86	-	232,583.35	-
Anshan Jidong Cement Co., Ltd.	8,605,136.33	-	1,166,433.62	75,000.00
STAR-USG Building Materials Co., Ltd.	40,400.09	-	3,600.00	-
Mamba Cement Company (Pty) Ltd (RF) (南非曼巴水泥有限公司)	2,291,250.40	1,663,802.83	-	-
BBMG TUS Technology Incubator Co., Ltd.	208,798.87	2,087.99	212,800.02	2,087.99
Beijing XinYuan Concrete Co., Ltd.	1,249,790.11	1,249,790.11	1,369,790.11	1,369,790.11
	<u>26,818,438.20</u>	<u>2,915,680.93</u>	<u>12,602,172.14</u>	<u>1,446,878.10</u>
	<u>46,576,804.29</u>	<u>5,465,309.50</u>	<u>31,345,518.68</u>	<u>3,286,062.35</u>

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** *(continued)***6. Balances of receivables from/payment to related parties** *(continued)***(3) Prepayments**

	2022		2021	
	Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
Prepayments to associates				
Zehnder (China) Indoor Climate Co., Ltd.	30,795.00	-	31,849.58	-
Prepayments to joint ventures				
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	2,000.00	-	602,207.80	-
Anshan Jidong Cement Co., Ltd.	129,030.06	-	155,433.96	-
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	51,649.14	-	20,000.00	-
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	741,294.20	-	8,912,453.80	-
	923,973.40	-	9,690,095.56	-
	954,768.40	-	9,721,945.14	-

Notes to Financial Statements (continued)

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. Balances of receivables from/payment to related parties (continued)

(4) Other receivables

	2022		2021	
	Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
Due from associates				
Beijing Chenyu Real Estate Development Co., Ltd.	219,076.78	-	1,385,625.82	
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	441,407,949.15	4,414,079.49	440,299,082.10	-
Beijing XinYuan Concrete Co., Ltd.	97,632,500.43	97,630,861.87	97,546,481.69	97,546,481.69
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	10,353,000.00	-	10,353,000.00	-
Tangshan Conch Profiles Co., Ltd.	-	-	336,551.12	-
Zehnder (China) Indoor Climate Co., Ltd.	7,484,400.00	-	9,500.00	
Nanjing Huayu Real Estate Development Co., Ltd. (南京緯陽房地產開發有限公司)	24,300,110.23	-	1,043,375,251.26	-
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	42,998,946.76	-	896,164,329.85	-
Tianjin Huanbohai Technology Development Co., Ltd. (天津市環渤海科技發展有限公司)	340,000.00	-	340,000.00	-
Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司)	335,906,084.75	2,783,033.07	-	-
Tianjin Shubulok Cement Block Co., Ltd.	-	-	9,804,220.70	9,804,220.70
Toto Machinery (Beijing) Company Limited	7,872.80	-	-	-
Fuxin Jidong Xianghe Concrete Co., Ltd.	-	-	84,298,723.45	84,298,723.45
	960,649,940.90	104,827,974.43	2,583,912,765.99	191,649,425.84
Due from joint ventures				
STAR-USG Building Materials Co., Ltd.	27,818,713.00	9,113,985.00	34,753,292.00	9,113,985.00
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	271,000.00	-	603,034.40	-
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	961,000.00	-	3,592,324.20	-
Anshan Jidong Cement Co., Ltd.	19,000.00	-	78,000.00	-
BBMG Landao Commercial Operation Management Co., Ltd.	1,162,500.00	1,162,500.00	1,162,500.00	825,375.00
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	5,000.00	-	50,000.00	-
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門北京建設發展有限公司)	803,048,297.14	-	-	-
Hebei Xiongan Zhitong Technology Co., Ltd.	19,588,484.70	-	-	-
	852,873,994.84	10,276,485.00	40,239,150.60	9,939,360.00
	1,813,523,935.74	115,104,459.43	2,624,151,916.59	201,588,785.84

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** *(continued)***6. Balances of receivables from/payment to related parties** *(continued)***(5) Long-term receivables**

	2022		2021	
	Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
Due from joint ventures				
Cross Point Trading 274 (Pty) Ltd (RF)	224,931,312.43	–	213,922,154.55	–
Nanjing Huayu Real Estate Development Co., Ltd. (南京緯陽房地產開發有限公司)	246,916,913.00	2,469,169.13	–	–
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	233,758,000.00	2,337,580.00	–	–
Mamba Cement Company (Pty) Ltd (RF)	–	–	63,299,867.55	–
	705,606,225.43	4,806,749.13	277,222,022.10	–

(6) Accounts payable

	31 December 2022	31 December 2021
Due to associates		
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	3,221,017.06	3,531,615.31
Beijing Sinobaide Technology Co., Ltd.	4,533,949.70	2,995,619.38
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	15,333,496.65	21,898,736.39
Beijing XinYuan Concrete Co., Ltd.	96,015.25	96,015.25
Zehnder (China) Indoor Climate Co., Ltd.	1,848,445.53	2,604,216.67
Jidong Cement Fufeng Transportation Co., Ltd.	2,887.08	–
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	185,326.14	185,326.14
Tangshan Conch Profiles Co., Ltd.	8,956,775.74	6,677,522.03
	34,177,913.15	37,989,051.17
Due to joint ventures		
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	3,751,452.59	503,034.40
Anshan Jidong Cement Co., Ltd.	1,639,027.94	2,639,027.94
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	–	14,744.70
Sinoma (Henan) Environmental Protection Co., Ltd.	–	1,247,040.00
Sinoma International Engineering Co. Ltd.	–	70,000.00
	5,390,480.53	4,473,847.04
	39,568,393.68	42,462,898.21

Notes to Financial Statements *(continued)*

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from/payment to related parties *(continued)*

(7) Contract liabilities

	31 December 2022	31 December 2021
Associates		
Beijing Gaoqiang Concrete Co., Ltd.	–	103,318.33
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	1,126.70	–
Toto Machinery (Beijing) Company Limited	3,100.00	–
Beijing Chenyu Real Estate Development Co., Ltd.	6,900.00	–
	<u>11,126.70</u>	<u>103,318.33</u>
Joint ventures		
Anshan Jidong Cement Co., Ltd.	–	1,149,292.52
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	3,438,145.34	24,139,538.45
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	1,438,253.99	7,442,190.69
Jidong Cement Fufeng Transportation Co., Ltd.	44,963.57	–
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	603,698.12	–
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	476,637.17	–
	<u>6,001,698.19</u>	<u>32,731,021.66</u>
	<u>6,012,824.89</u>	<u>32,834,339.99</u>

(8) Other payables

	31 December 2022	31 December 2021
Due to associates		
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	–	10,910,000.00
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	–	1,386,323.95
Tianjin Gangbei Concrete Industry Co., Ltd.	–	2,226,329.86
OCV Reinforcements (Beijing) Co., Ltd.	134,200.00	134,200.00
Jidong Cement Fufeng Transportation Co., Ltd.	–	50,000.00
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	30,000.00	60,000.00
Zehnder (China) Indoor Climate Co., Ltd.	–	18,711,000.00
Beijing Chenyu Real Estate Development Co., Ltd.	416,500,000.00	–
	<u>416,664,200.00</u>	<u>33,477,853.81</u>
Due to joint ventures		
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	–	53,394.66
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	–	50,000.00
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	604,058.32	152,316.67
Beijing Jinyu Vanke Real Estate Development Co., Ltd. (北京金隅萬科房地產開發有限公司)	25,752,358.12	–
	<u>26,356,416.44</u>	<u>255,711.33</u>
	<u>443,020,616.44</u>	<u>33,733,565.14</u>

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** *(continued)***6. Balances of receivables from/payment to related parties** *(continued)***(9) Short-term loans**

	31 December 2022	31 December 2021
Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司)	501,310,000.00	471,310,000.00

As at 31 December 2022, except for the balances of short-term loans and the balances of amounts due from STAR-USG Building Materials Co., Ltd. and Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司) in other receivables, and the balances of amounts due from Cross Point Trading 274 (Pty) Ltd (RF), Nanjing Huayu Real Estate Development Co., Ltd. (南京鉞隅房地產開發有限公司) and Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司) in long-term receivables, other amounts due from and due to related parties are interest free, unsecured and have no fixed terms of repayment.

(10) Bills payable

	31 December 2022	31 December 2021
Zehnder (China) Indoor Climate Co., Ltd.	710,000.00	–
Tangshan Conch Profiles Co., Ltd.	500,000.00	–
	1,210,000.00	–

(11) Advances from customers

	31 December 2022	31 December 2021
BBMG TUS Technology Incubator Co., Ltd.	550.45	–
Toto Machinery (Beijing) Company Limited	1,314,285.68	–
	1,314,836.13	–

7. Remuneration for key management personnel

	2022	2021
Remuneration for key management personnel	8,455,646.00	12,157,398.54

Notes to Financial Statements (continued)

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XI. CONTINGENCIES

		31 December 2022	31 December 2021
Provision of guarantee on housing mortgage to third parties	Note 1	6,289,946,154.12	9,453,598,185.99
Provision of guarantee on loans and others to third parties	Note 2	840,000,000.00	890,000,000.00
Provision of guarantee on loans and others to related parties	Note 3	817,630,801.70	52,000,000.00
		7,947,576,955.82	10,395,598,185.99

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

Note 2: Jidong Group, a subsidiary of the Group, provided guarantee with joint obligations on the borrowings of RMB840,000,000.00 for Tangshan Culture & Tourism Investment Group Co., Ltd. (唐山市文化旅遊投資集團有限公司). The guarantee will expire on 21 May 2029.

Note 3: BBMG Corporation provided secured guarantee for the bank loan projects of Nanjing Huayu Real Estate Development Co., Ltd. (南京鐔隅房地產開發有限公司), an associate of the Group, amounting to RMB726,787,500.00, and such guarantee will expire on 21 March 2025. Tangshan Jidong Cement Co., Ltd., a subsidiary of the Group, provided guarantees with joint obligations on two borrowings of RMB32,000,000.00 and RMB20,000,000.00 for Anshan Jidong Cement Co., Ltd., which will expire on 25 August 2023 and 29 November 2023, respectively. Beijing BBMG Property Development Group Co., Ltd., a subsidiary of the Group, provided unconditional and irrevocable guarantees with joint obligations on letter of cash guarantee issued by Beijing Branch of CHINA BOHAI BANK CO., LTD. (渤海銀行股份有限公司) for Beijing Zhongtai Jinjian Real Estate Development Co., Ltd. (北京中泰金建房地產開發有限公司) with guarantee amount of RMB38,843,301.70, which will expire on 10 October 2025.

XII. COMMITMENTS

	31 December 2022	31 December 2021
Asset acquisition or construction contracts entered into but not completed	699,644,218.25	268,713,794.64
Property development contracts entered into and being executed or will be executed	7,100,337,988.90	9,126,628,410.92
	7,799,982,207.15	9,395,342,205.56

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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XIII. EVENTS AFTER BALANCE SHEET DATE

- As considered and approved by the twenty-third meeting of the sixth session of the Board of Directors held on 29 March 2023, the Company intended to distribute a cash dividend of RMB0.67 (tax inclusive) per 10 shares, amounting to RMB715,410,665.98 in total, to all shareholders based on total share capital of 10,677,771,134 shares as at the end of 2022.
- As considered and approved by the twenty-fourth meeting of the ninth session of the board of directors held on 28 March 2023, Tangshan Jidong Cement Co., Ltd., a subsidiary of the Group, intended to distribute a cash dividend of RMB1.50 (tax inclusive) per 10 shares based on the total share capital as at the date of record, and no bonus share to the shareholders and would capitalize no reserve.

XIV. OTHER SIGNIFICANT MATTERS**1. Lease****(1) As lessor**

Operating leases

The profit or loss relating to operating leases is as follows:

	2022	2021
Rental income	1,618,439,463.13	1,818,972,337.90

According to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable leases are as follows:

	31 December 2022	31 December 2021
Within 1 year (inclusive of 1 year)	530,486,476.59	342,320,496.49
1 to 2 years (inclusive of 2 years)	495,307,748.80	347,324,158.70
2 to 3 years (inclusive of 3 years)	450,903,714.80	350,153,864.02
3 to 4 years (inclusive of 4 years)	687,286,450.46	339,221,307.50
4 to 5 years (inclusive of 5 years)	184,793,987.71	341,700,561.26
Over 5 years	775,331,770.94	1,240,142,779.10
	3,124,110,149.30	2,960,863,167.07

Please refer to Note V. 17 and Note V. 18 for details of investment properties and fixed assets leased under operating leases.

Notes to Financial Statements *(continued)*

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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

1. Lease *(continued)*

(1) As lessor *(continued)*

Finance leases

The profit or loss relating to finance leases is as follows:

	2022	2021
Finance income on the net investment in the lease	31,070,406.61	9,214,357.93

As at 31 December 2022, the balance of unearned finance income was RMB80,807,709.18 (31 December 2021: RMB31,214,253.24), which was allocated to each period during the lease term using the effective interest rate method. According to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable leases are as follows:

	2022	2021
Within 1 year (inclusive of 1 year)	342,581,130.33	158,591,530.11
1 to 2 years (inclusive of 2 years)	223,130,127.11	136,862,083.12
2 to 3 years (inclusive of 3 years)	163,403,804.95	86,100,091.02
3 to 4 years (inclusive of 4 years)	89,262,657.85	–
4 to 5 years (inclusive of 5 years)	34,433,134.45	–
	852,810,854.69	381,553,704.25
Less: Unearned finance income	80,807,709.18	31,214,253.24
Net investment in the lease	772,003,145.51	350,339,451.01

(2) As lessee

	2022	2021
Interest expense of leasing liabilities	30,356,394.56	14,136,595.05
Expenses relating to short-term leases accounted for current profit or loss under the simplified approach	303,265,477.44	308,943,860.77
Lease expenses relating to low value asset accounted for current profit or loss under the simplified approach (other than short-term leases)	9,727,124.79	6,162,637.80
Variable lease payments that are not included in the measurement of the lease liabilities	4,042.00	–
Total cash outflow for leases	713,409,997.60	469,269,758.37

Renewal option and termination option

From January to December 2022, the Group recognized decrease in lease liabilities of RMB36,593,000.80 (2021: decrease of RMB21,220,451.30), which was due to changes in lease term resulting from actual exercise.

Notes to Financial Statements *(continued)*

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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

2. Segment reporting

For management purposes, the Group is organised into business units based on their products and services. In order to highlight the advantage and realise an industrial synergy effect, the Group adjusted reportable segments in 2022 from four reportable segments (i.e. cement segment, building materials and commerce and logistics segment, property development segment, and property investment and management segment) to two segments (i.e. green building materials segment and property development and operation segment). The former cement segment and building materials and commerce and logistics segment were mainly consolidated into the new green building materials segment, and the former property development segment and property investment and management segment were consolidated into the new property development and operation segment. The comparative figures in 2021 have been restated, and particulars of the two reportable segments after adjustment are as follows:

- (1) green building materials segment engages in the manufacture and sale of cement and concrete, the manufacture and sale of building materials and furniture and commerce logistics and services.
- (2) property development and operation segment engages in property development and sales, investments in properties for their potential rental income and/or for capital appreciation, and provision of management and security services to residential and commercial properties.

The management manages the operating results of each operating segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment results are evaluated based on the profits of reportable segment. It represents the indicator after adjustments have been made to total profit, and other than the exclusion of overheads attributable to the headquarters, the indicator is consistent with the Group's total profit.

Segment assets and segment liabilities exclude unallocated assets and liabilities 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 Financial Statements *(continued)*

For the year ended 31 December 2022
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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

2. Segment reporting *(continued)*

2022

	Green building materials	Property development and operation	Unallocated assets/liabilities/expenses of the Headquarters	Adjustments and eliminations	Total
Revenue from external transactions	77,286,042,288.59	25,536,119,808.32	-	-	102,822,162,096.91
Revenue from inter-segment transactions	1,311,468,032.46	654,582,660.88	-	(1,966,050,693.34)	-
	78,597,510,321.05	26,190,702,469.20	-	(1,966,050,693.34)	102,822,162,096.91
Gains on investment in joint ventures and associates	257,577,493.59	(81,061,592.22)	-	-	176,515,901.37
Asset impairment losses	(135,509,490.58)	(692,258,062.56)	-	-	(827,767,553.14)
Credit impairment losses	(82,981,982.64)	(370,481,816.56)	-	-	(453,463,799.20)
Depreciation and amortisation cost	4,394,818,509.04	421,215,216.73	87,612,993.12	-	4,903,646,718.89
Total profits	2,657,625,713.51	1,611,811,900.03	(931,451,421.59)	(12,963,881.39)	3,325,022,310.56
Income tax expense	565,932,976.27	1,255,306,083.61	(232,862,855.40)	(3,240,970.35)	1,585,135,234.13
Total assets	122,243,602,526.58	205,365,513,346.07	176,567,787.08	(46,265,629,331.41)	281,520,054,328.32
Total liabilities	63,316,058,758.88	142,189,491,465.89	27,268,622,924.57	(46,150,057,329.41)	186,624,115,819.93
Long-term equity investment in joint ventures and associates	1,802,492,705.28	5,934,185,478.07	-	-	7,736,678,183.35
Increase in other non-current assets, excluding long-term equity investments	7,582,004,364.63	2,258,754,976.54	-	-	9,840,759,341.17

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**XIV. OTHER SIGNIFICANT MATTERS** *(continued)***2. Segment reporting** *(continued)*

2021

	Green building materials	Property development and operation	Unallocated assets/ liabilities/expenses of the Headquarters	Adjustments and eliminations	Total
Revenue from external transactions	80,115,406,552.63	43,519,041,559.27	-	-	123,634,448,111.90
Revenue from inter-segment transactions	<u>2,000,464,910.09</u>	<u>663,726,557.87</u>	-	<u>(2,664,191,467.96)</u>	-
	<u>82,115,871,462.72</u>	<u>44,182,768,117.14</u>	-	<u>(2,664,191,467.96)</u>	<u>123,634,448,111.90</u>
Gains on investment in joint ventures and associates	432,327,477.70	(31,958,113.59)	-	-	400,369,364.11
Asset impairment losses	(140,862,727.90)	(867,790,656.31)	-	-	(1,008,653,384.21)
Credit impairment losses	(104,865,939.27)	(250,316,873.55)	-	-	(355,182,812.82)
Depreciation and amortisation costs	4,166,210,587.40	386,311,560.36	79,204,150.44	-	4,631,726,298.20
Total profits	6,302,716,716.64	2,767,440,197.60	(1,168,700,740.82)	(20,941,636.63)	7,880,514,536.79
Income tax expense	1,328,364,210.43	1,636,842,670.65	(292,175,185.21)	(5,235,409.16)	2,667,796,286.71
Total assets	120,393,375,703.10	210,911,446,788.07	218,785,418.21	(45,166,797,467.80)	286,356,810,441.58
Total liabilities	60,410,700,499.02	155,321,116,927.98	19,948,988,602.00	(44,857,802,021.84)	190,823,004,007.16
Long-term equity investment in joint ventures and associates	2,000,883,350.47	4,483,265,569.08	-	-	6,484,148,919.55
Increase in other non-current assets, excluding long-term equity investments	<u>6,871,095,479.63</u>	<u>2,163,931,280.77</u>	-	-	<u>9,035,026,760.40</u>

Other information*Information on products and labour services*

Operating revenue by product/service is set out in Note V. 52.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

2. Segment reporting *(continued)*

Other information (continued)

Geographic information

	2022	2021
Asia	102,594,681,725.82	123,052,637,175.55
Europe	104,018,176.45	561,279,352.16
Africa	17,353,506.07	20,531,584.19
Others	106,108,688.57	–
	102,822,162,096.91	123,634,448,111.90

Revenues from external transactions are attributable to the geographic locations where the customers are located.

Major non-current assets of the Group are located in the PRC.

Information about major customers

In 2022 and 2021, none of the sales income arising from any single customer of the Group exceeds 10% of the Group's revenues.

3. Remuneration for key management personnel

Directors' and supervisors' remuneration for the year, 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:

	2022	2021
Fees	750,000.00	675,000.00
Salaries, allowances and benefits in kind	1,976,361.00	2,499,376.00
Performance related bonuses	5,182,885.64	8,404,735.82
Pension scheme contributions	546,399.36	578,286.72
	8,455,646.00	12,157,398.54

There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration in 2022 and 2021. In addition, no emoluments were paid by the Group to any of the directors or supervisors or the five highest paid individuals as an inducement to join, or upon joining the Group or as a compensation for loss of office in 2022 and 2021.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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XIV. OTHER SIGNIFICANT MATTERS *(continued)***3. Remuneration for key management personnel** *(continued)***(1) Independent non-executive directors**

The fees paid to independent non-executive directors during the year are as follows:

	2022	2021
Mr. Yu Fei	150,000.00	75,000.00
Mr. Liu Taigang	150,000.00	75,000.00
Ms. Li Xiaohui	150,000.00	75,000.00
Mr. Hong Yongmiao	150,000.00	75,000.00
Mr. Tam Kin Fong	150,000.00	75,000.00
Mr. Wang Guangjin	–	75,000.00
Mr. Tian Lihui	–	75,000.00
Mr. Tang Jun	–	75,000.00
Mr. Ngai Wai Fung	–	75,000.00
	750,000.00	675,000.00

(2) Executive directors, non-executive directors and supervisors

The remuneration details of each director and supervisor as of 31 December 2022 are disclosed as follows:

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
Executive directors					
Mr. Zeng Jin*	–	60,948.00	470,764.00	13,546.08	545,258.08
Mr. Jiang Yingwu*	–	241,992.00	651,808.00	57,700.80	951,500.80
Mr. Wu Dong	–	205,778.00	554,112.00	57,700.80	817,590.80
Mr. Zheng Baojin	–	205,778.00	565,182.40	57,700.80	828,661.20
	–	714,496.00	2,241,866.40	186,648.48	3,143,010.88
Non-executive director					
Mr. Wang Zhaojia	–	205,778.00	537,506.40	57,700.80	800,985.20
Mr. Gu Tiemin	–	–	–	–	–
	–	205,778.00	537,506.40	57,700.80	800,985.20

Notes to Financial Statements (continued)

For the year ended 31 December 2022
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XIV. OTHER SIGNIFICANT MATTERS (continued)

3. Remuneration for key management personnel (continued)

(2) Executive directors, non-executive directors and supervisors (continued)

The remuneration details of each director and supervisor as of 31 December 2022 are disclosed as follows: (continued)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
Supervisors					
Mr. Guo Yanming*	-	51,887.00	386,024.84	13,546.08	451,457.92
Mr. Zhang Qicheng	-	210,000.00	417,200.00	57,700.80	684,900.80
Mr. Gao Jinliang	-	198,000.00	399,600.00	57,700.80	655,300.80
Mr. Qiu Peng	-	198,000.00	388,688.00	57,700.80	644,388.80
Mr. Wang Guijiang	-	200,200.00	416,400.00	57,700.80	674,300.80
Mr. Yu Kaijun	-	-	-	-	-
Mr. Gao Junhua	-	198,000.00	395,600.00	57,700.80	651,300.80
	-	1,056,087.00	2,403,512.84	302,050.08	3,761,649.92

* On 26 April 2022, Mr. Zeng Jin resigned as the chairman of the Company, and Mr. Jiang Yingwu, the executive Director and general manager of the Company, took up the responsibilities of the chairman and legal representative of the Company temporarily.

* On 31 March 2022, Mr. Guo Yanming retired and resigned as the chairman and supervisor of the Company's sixth session of the Supervisory Board.

(3) Five highest paid employees

The remuneration details of the five highest paid employees for the year are as follows:

	2022	2021
Salaries, allowances and benefits in kind	1,740,000.00	1,809,876.00
Performance related bonuses	6,052,066.48	6,296,264.89
Pension scheme contributions	257,895.36	189,806.04
	8,049,961.84	8,295,946.93

The remuneration distribution of the non-director highest paid employees was as follows:

Remuneration amount of employees	2022	2021
Hong Kong dollar 1,000,001 – 1,500,000	-	-
Hong Kong dollar 1,500,001 – 2,000,000	4	3
Hong Kong dollar 2,000,001 – 2,500,000	1	-
Hong Kong dollar 2,500,001 – 3,000,000	-	-
	5	3

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS****1. Other receivables**

	31 December 2022	31 December 2021
Interests receivable	1,166,904,323.97	702,117,150.94
Dividends receivable	92,503,525.28	88,656,882.41
Amounts due from subsidiaries	65,050,793,606.14	74,564,937,553.11
Due from associates and joint ventures	27,818,713.00	34,753,292.00
Other current account	191,736,781.50	224,957,788.81
	66,529,756,949.89	75,615,422,667.27
Less: Provision for bad debts of other receivables	23,606,351.62	23,606,351.62
	66,506,150,598.27	75,591,816,315.65

An aging analysis of other receivables is as follows:

	31 December 2022	31 December 2021
Within 1 year	17,283,027,072.74	31,345,657,022.94
1 to 2 years	15,846,108,542.01	26,501,758,586.30
2 to 3 years	18,585,621,156.11	8,471,600,286.00
3 to 4 years	6,245,528,486.00	2,556,980,000.00
4 to 5 years	2,446,980,000.00	6,676,906,065.97
Over 5 years	6,122,491,693.03	62,520,706.06
	66,529,756,949.89	75,615,422,667.27
Less: Provision for bad debts of other receivables	23,606,351.62	23,606,351.62
	66,506,150,598.27	75,591,816,315.65

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

1. Other receivables *(continued)*

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

2022:

	Stage one expected credit loss for the next 12 months	Stage two lifetime expected credit loss	Stage three credit-impaired financial assets (lifetime expected credit loss)	Total
Opening and closing balance	–	–	23,606,351.62	23,606,351.62

2021:

	Stage one expected credit loss for the next 12 months	Stage two lifetime expected credit loss	Stage three credit-impaired financial assets (lifetime expected credit loss)	Total
Opening and closing balance	–	–	23,606,351.62	23,606,351.62

As at 31 December 2022, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons for provision
First	27,818,713.00	9,113,985.00	32.76	Partly uncollectible

As at 31 December 2021, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons for provision
First	34,753,292.00	9,113,985.00	26.22	Partly uncollectible

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS*(continued)***1. Other receivables** *(continued)*

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

	Closing balance	Proportion (%)	Nature	Aging
First	14,278,875,949.08	21.46	Amounts due from subsidiaries	Within 1 year, 1-2 years
Second	6,565,977,184.07	9.87	Amounts due from subsidiaries	Within 1 year, 1-2 years
Third	5,191,711,595.35	7.80	Amounts due from subsidiaries	1-2 years, 2-3 years
Fourth	4,757,363,143.02	7.15	Amounts due from subsidiaries	Within 1 year, over 5 years
Fifth	3,812,804,539.57	5.73	Amounts due from subsidiaries	Within 1 year
	34,606,732,411.09	52.01		

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

	Closing balance	Proportion (%)	Nature	Aging
First	14,188,768,271.81	18.76	Amounts due from subsidiaries	Within 1 year
Second	6,717,734,269.85	8.88	Amounts due from subsidiaries	Within 1 year, 1-2 years
Third	5,652,518,792.00	7.48	Amounts due from subsidiaries	Within 1 year, 2-3 years
Fourth	5,087,494,804.41	6.73	Amounts due from subsidiaries	Within 1 year, 1-2 years, 2-3 years
Fifth	4,375,000,000.00	5.79	Amounts due from subsidiaries	4-5 years
	36,021,516,138.07	47.64		

2. Other current assets

	31 December 2022	31 December 2021
Entrusted loans	632,310,000.00	591,650,000.00

Notes to Financial Statements (continued)

For the year ended 31 December 2022
RMB

XV. 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 year	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the year
Beijing BBMG Qianjing Environmental Protection Technology Co., Ltd.	67,600,000.00	67,600,000.00	(67,600,000.00)	-	67.00	67.00	33,500,000.00
Beijing BBMG Xingfa Science and Technology Co., Ltd.	464,740,918.29	1,421,740,918.29	-	1,421,740,918.29	96.00	96.00	-
Beijing Woodworking Factory Co., Ltd.	54,556,261.17	342,001,954.50	-	342,001,954.50	100.00	100.00	-
Tongda Refractory Technology Co., Ltd.	537,421,261.73	537,421,261.73	-	537,421,261.73	100.00	100.00	-
BBMG New Building Materials Industrialization Group Co., Ltd.	3,428,029,200.49	5,067,859,192.79	-	5,067,859,192.79	100.00	100.00	-
Beijing BBMG Xinggang Technology Development Co., Ltd.	166,166,021.38	166,166,021.38	-	166,166,021.38	68.00	68.00	1,861,737.18
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	214,000,000.00
BBMG Investment Property Management Co., Ltd.	2,746,329,327.93	2,746,329,327.93	-	2,746,329,327.93	100.00	100.00	-
Beijing BBMG Real Estate Development Group Co., Ltd.	6,608,721,838.38	8,323,721,838.38	-	8,323,721,838.38	100.00	100.00	28,000,000.00
Beijing Yanshui Asset Management Co., Ltd.	32,707,342.45	32,707,342.45	-	32,707,342.45	100.00	100.00	40,000,000.00
BBMG Hong Kong Limited	288,057,387.91	288,057,387.91	-	288,057,387.91	100.00	100.00	2,000,000.00
Beijing BBMG Innovation and Technology Incubator Co., Ltd.	1,000,000,048.47	1,700,000,048.47	-	1,700,000,048.47	100.00	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	300,000,000.00
BBMG Finance Lease Co., Ltd.	393,876,000.00	393,876,000.00	-	393,876,000.00	30.00	30.00	6,000,000.00
Jidong Development Group Co., Ltd.	5,225,000,000.00	5,225,000,000.00	-	5,225,000,000.00	55.00	55.00	-
Beijing Doors and Windows Co., Ltd.	430,370,700.00	430,370,700.00	-	430,370,700.00	100.00	100.00	3,000,000.00
Jinyu Jingdi (Beijing) Sports Culture Co., Ltd.	25,359,900.00	25,359,900.00	-	25,359,900.00	67.00	67.00	-
Tangshan Jidong Cement Co., Ltd.	1,091,264,397.20	9,535,955,770.27	-	9,535,955,770.27	24.00	24.00	883,983,792.75
Tianjin Building Materials Group (Holding) Co., Ltd.	5,118,176,371.21	5,118,176,371.21	-	5,118,176,371.21	55.00	55.00	-
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd.	1,419,515,156.27	1,419,515,156.27	-	1,419,515,156.27	45.00	45.00	-
Jiangsu Trust-Longquan No.2 Assemble Fund Trust Plan	500,000,000.00	500,000,000.00	-	500,000,000.00	20.00	75.00	22,267,087.40
Beijing Jingcai Talent Development Center Co., Ltd. (北京京才人才開發中心有限公司)	141,480,261.00	141,480,261.00	-	141,480,261.00	100.00	100.00	3,000,000.00
Beijing Building Materials Testing Academy Co., Ltd.	68,139,760.78	68,139,760.78	-	68,139,760.78	60.00	60.00	-
Beijing BBMG Finance Lease Co., Ltd. (北京金樞租賃有限公司)	800,000,000.00	800,000,000.00	-	800,000,000.00	100.00	100.00	-
Beijing BBMG Intelligent Manufacturing Workshop Management Co., Ltd. (北京金樞智造工場管理有限公司)	1,000,000.00	-	1,000,000.00	1,000,000.00	100.00	100.00	-
Beijing BBMG Xisanqi Intelligent Manufacturing Workshop Management Co., Ltd. (北京金樞西三旗智造工場管理有限公司)	1,000,000.00	-	1,000,000.00	1,000,000.00	100.00	100.00	-
Total under cost method	39,968,818,350.79	53,710,785,409.49	(65,600,000.00)	53,645,185,409.49			1,537,612,617.33

Notes to Financial Statements (continued)For the year ended 31 December 2022
RMB**XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS** (continued)**3. Long-term equity investments** (continued)

Equity method:

	Movements during the year						Carrying value at the end of the year
	Opening balance	Increase investment	Decrease investment	Investment profit or loss under equity method	Cash dividend declared	Provisions for impairment	
Joint ventures	55,211,000.26	-	-	277,455.73	-	-	55,488,455.99
STAR-JSG Building Materials Co., Ltd.							
Associates	106,132,496.24	-	-	(221,313.29)	(31,541,400.00)	-	74,369,782.95
Zehnder (China) Indoor Climate Co., Ltd.	82,357,852.02	-	-	1,324,190.84	-	-	83,682,042.86
OCV Reinforcements (Beijing) Co., Ltd.	174,715,216.10	-	-	(5,609,480.13)	(2,800,000.00)	-	166,305,735.97
Tangshan Conch Profiles Co., Ltd.	151,716,557.93	-	-	(3,023,688.19)	-	-	148,692,869.74
Toto Machinery (Beijing) Company Limited	86,398,625.63	-	(80,850,000.00)	303,599.12	(5,852,224.75)	-	-
Beijing Toto Co., Ltd.	208,198,341.14	-	-	15,193,901.91	-	-	223,392,243.05
Beijing Innovation Industry Investment Co., Ltd.	10,000,503.03	-	-	(2,372,209.13)	-	-	7,628,293.90
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd.							
Subtotal for associates	819,519,592.09	-	(80,850,000.00)	5,595,001.13	(40,193,624.75)	-	704,070,968.47
Total under equity method	874,730,592.35	-	(80,850,000.00)	5,872,456.86	(40,193,624.75)	-	759,559,424.46

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
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XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

4. Investment properties

Measured subsequently through fair value model:

31 December 2022

	Buildings
Opening balance	13,068,045,425.39
Changes in fair value	<u>362,417,894.49</u>
Closing balance	<u>13,430,463,319.88</u>

31 December 2021

	Buildings
Opening balance	12,453,723,312.06
Changes in fair value	<u>614,322,113.33</u>
Closing balance	<u>13,068,045,425.39</u>

All the above investment properties are located in the PRC, and leased out in form of operating leases.

As at 31 December 2022 and 31 December 2021, there was no investment property for which the procedures for obtaining title certificates were incomplete.

5. Operating revenue and cost

	2022		2021	
	Revenue	Cost	Revenue	Cost
Rental income	934,444,706.57	100,911,727.44	985,813,628.94	94,431,591.84
Others	<u>10,838,206.81</u>	<u>4,060,407.43</u>	4,132,018.76	1,291,464.90
	<u>945,282,913.38</u>	<u>104,972,134.87</u>	989,945,647.70	<u>95,723,056.74</u>

Notes to Financial Statements *(continued)*For the year ended 31 December 2022
RMB**XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS***(continued)***6. Investment gains**

	2022	2021
Gains from long-term equity investments under cost method	1,570,963,319.54	2,106,518,465.01
Gains from long-term equity investments under equity method	5,362,169.43	20,638,411.54
Investment gains from financial assets held for trading during the holding Period	2,097,369.25	-
	1,578,422,858.22	2,127,156,876.55

7. Notes to items of statement of cash flows

	2022	2021
Cash received from other operating activities		
Cash received from superior units	33,388,475,303.89	62,610,847,221.79
Cash received from internal borrowings among subsidiaries	4,076,237,308.91	4,351,187,473.83
Interest income	163,232,947.87	125,313,162.57
	37,627,945,560.67	67,087,347,858.19
Cash paid for other operating activities		
Cash paid to subordinate units	24,251,420,000.00	52,874,539,106.00
Current accounts of subsidiaries	1,801,837,321.07	7,432,505,622.89
Expenses of the headquarters	275,435,832.76	202,234,266.22
	26,328,693,153.83	60,509,278,995.11

Notes to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

XV. 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:

	2022	2021
Net profit	1,491,561,653.86	2,077,270,374.27
Add: Losses on credit impairment	(119,331.29)	–
Depreciation of fixed assets	68,756,346.13	67,917,877.53
Amortisation of intangible assets	16,664,217.53	14,263,901.83
Amortisation of long-term deferred expenses	2,192,429.46	3,500,862.60
Gains from disposal of fixed assets, intangible assets and other long-term assets	(109,385.06)	–
Losses on retirement of fixed assets	157,915.03	84,069.05
Gains from changes in fair value	(335,037,366.70)	(614,322,113.33)
Finance costs	3,452,007,863.62	3,765,399,547.09
Investment gains	(1,578,422,858.22)	(2,127,156,876.55)
Increase in deferred income tax liabilities	90,604,473.62	153,580,528.33
Decrease in operating receivables	8,991,229,369.18	1,378,639,758.30
(Decrease)/increase in operating payables	(301,573,136.81)	2,723,090,143.78
Net cash flows from operating activities	11,897,912,190.35	7,442,268,072.90

(2) Cash and cash equivalents

	31 December 2022	31 December 2021
Cash	5,576,380,941.68	7,179,017,853.85
Including: Bank deposits on demand	5,576,380,941.68	7,179,017,853.85

Supplementary Information to Financial Statements

For the year ended 31 December 2022

RMB

I. SUPPLEMENTARY INFORMATION

1. Breakdown of Non-recurring Profit and Loss Item

	2022
Net income from disposal of non-current assets	1,249,729,628.16
Investment losses from disposal of subsidiaries, associates and joint ventures	(17,723,096.49)
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)	277,258,470.06
Capital occupancy fee from non-financial enterprises recognized through profit or loss for the current period	20,640,448.44
Profit or loss from debt restructuring	37,735,946.35
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	(39,011,782.07)
Reversal of provisions for impairment of receivables that are individually tested for impairment	205,345,484.97
Profit and loss from fair value change of investment properties measured subsequently through fair value model	612,425,649.07
Other non-operating income and expenses other than the above items	<u>206,017,937.02</u>
Total non-recurring profit and loss	2,552,418,685.51
Less: Impact of income tax	596,969,260.32
Less: Impact of minority interests	<u>203,260,769.19</u>
	<u>1,752,188,656.00</u>

Supplementary Information to Financial Statements *(continued)*

For the year ended 31 December 2022
RMB

I. SUPPLEMENTARY INFORMATION *(continued)*

2. Return on Net Assets and Earnings per Share

2022

	Weighted average return on net assets (%)	Earnings per share Basic and diluted
After deducting other equity instrument indicators:		
Net profit attributable to ordinary shareholders of the Company	0.73	0.03
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	(2.94)	(0.13)
Before deducting other equity instrument indicators:		
Net profit attributable to ordinary shareholders of the Company	1.83	0.11
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	(0.81)	(0.05)

2021

	Weighted average return on net assets (%)	Earnings per share Basic and diluted
After deducting other equity instrument indicators:		
Net profit attributable to ordinary shareholders of the Company	4.51	0.20
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	1.90	0.09
Before deducting other equity instrument indicators:		
Net profit attributable to ordinary shareholders of the Company	4.70	0.27
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	2.69	0.16

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.

Five Years Financial Summary

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years is set out below:

RESULTS

	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
OPERATING REVENUE	102,822,162	123,634,448	108,004,884	91,829,311	83,116,733
NET PROFIT	1,739,887	5,212,718	5,155,906	5,178,148	4,281,425
NET PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	1,212,674	2,933,015	2,843,773	3,693,583	3,260,449
DIVIDEND	715,411	1,110,488	640,666	1,281,333	587,277
DIVIDEND PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY (BEFORE DEDUCTING OTHER EQUITY INSTRUMENT INDICATORS)	RMB0.067	RMB0.104	RMB0.060	RMB0.120	RMB0.055
	RMB0.11	RMB0.27	RMB0.27	RMB0.35	RMB0.31

ASSETS, LIABILITIES AND MINORITY INTERESTS

	31 December	31 December	31 December	31 December	31 December
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS	124,695,698	116,398,079	108,682,751	107,627,898	99,118,153
CURRENT ASSETS	156,824,356	169,958,731	182,669,632	174,495,858	169,157,938
TOTAL ASSETS	281,520,054	286,356,810	291,352,383	282,123,756	268,276,092
CURRENT LIABILITIES	118,844,662	119,733,796	118,810,244	127,706,358	129,202,330
NON-CURRENT LIABILITIES	67,779,454	71,089,208	78,085,953	71,886,047	59,859,259
TOTAL LIABILITIES	186,624,116	190,823,004	196,896,197	199,592,405	189,061,589
MINORITY INTERESTS	31,266,023	31,816,314	31,080,251	21,400,151	21,549,031
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	63,629,915	63,717,492	63,375,936	61,131,200	57,665,471



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