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北 京 金 隅 集 團 股 份 有 限 公 司
BBMG Corporation*

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

(Stock Code: 2009)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

- Operating revenue of RMB40,928.1 million, decreased by 8.3% from the interim period of 2019
- Gross profit margin from principal business of 22.9%, decreased by 4.7 percentage points from the interim period of 2019
- Net profit of RMB2,187.6 million, decreased by 44.8% from the interim period of 2019
- Net profit attributable to shareholders of the parent company of RMB1,523.6 million, decreased by 50.0% from the interim period of 2019
- Core net profit attributable to the shareholders of the parent company (excluding the net gains after tax on the fair value of investment properties) of RMB1,338.0 million, decreased by RMB1,378.5 million or 50.7% from the interim period of 2019
- Basic earnings per share attributable to the shareholders of the parent company was RMB0.14

The board of directors (the "**Board**") of BBMG Corporation (the "**Company**" or "**BBMG**") is pleased to announce the unaudited interim financial results and financial position of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020 (the "**Reporting Period**"), prepared in accordance with the China Accounting Standards for Business Enterprises, together with the comparative figures for the corresponding period of 2019. These interim financial results have been reviewed by the audit committee of the Company (the "**Audit Committee**") and Ernst & Young Hua Ming LLP, the auditor of the Company.

* *For identification purposes only*

RESULTS OF OPERATIONS

During the Reporting Period, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB1,523.6 million, representing a decrease of approximately 50.0% over the corresponding period last year; basic earnings per share was approximately RMB0.14 (for the six months ended 30 June 2019: RMB0.29), representing a decrease of approximately RMB0.15 per share over the corresponding period last year; total equity attributable to the shareholders of the parent company was approximately RMB63,489.1 million at the end of the Reporting Period, representing an increase of approximately RMB2,357.9 million from the beginning of the Reporting Period.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend in respect of the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).

UNAUDITED CONSOLIDATED INCOME STATEMENT

Unit: RMB

	Notes	**For the six months ended 30 June 2020 (Unaudited)**	For the six months ended 30 June 2019 (Unaudited)
Operating revenue	*3*	**40,928,098,134.64**	44,611,088,630.66
Less: Operating costs	*4*	**31,513,755,189.53**	32,233,081,668.80
Tax and surcharges		**797,689,781.43**	1,876,770,916.69
Selling expenses	*5*	**1,302,239,165.35**	1,390,471,643.71
Administrative expenses	*6*	**2,860,480,846.42**	3,193,509,354.13
Research and development expenses	*7*	**138,524,427.00**	120,614,864.67
Finance costs	*8*	**1,694,837,346.02**	1,414,421,704.70
Including: Interest expense		***1,757,088,862.95***	*1,709,474,654.52*
Interest income		***253,487,917.73***	*445,148,683.74*
Add: Other gains	*9*	**285,851,134.84**	339,144,246.14
Investment gains	*10*	**211,678,187.29**	254,789,279.12
Including: Gains from investment in associates and joint ventures		***158,492,876.08***	*201,772,767.47*
Gains from changes of fair value	*11*	**252,221,568.61**	500,972,469.63
Credit impairment losses	*12*	**(158,664,388.39)**	(148,435,766.41)
Asset impairment losses	*13*	**(10,710,430.49)**	(66,991,361.63)
Gains on disposal of assets		**24,993,675.24**	2,579,915.26
Operating profit		**3,225,941,125.99**	5,264,277,260.07
Add: Non-operating revenue	*3*	**233,719,984.38**	120,848,872.17
Less: Non-operating expenses	*4*	**94,440,588.62**	120,488,103.75
Total profit		**3,365,220,521.75**	5,264,638,028.49
Less: Income tax expenses	*14*	**1,177,626,556.08**	1,299,665,306.11
Net profit		**2,187,593,965.67**	3,964,972,722.38
Classified by continuing operations			
Net profit from continuing operations		**2,187,593,965.67**	3,964,972,722.38
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		**1,523,592,114.58**	3,045,574,008.22
Minority interests		**664,001,851.09**	919,398,714.16

UNAUDITED CONSOLIDATED INCOME STATEMENT (Continued)

Unit: RMB

	Note	**For the six months ended 30 June 2020 (Unaudited)**	For the six months ended 30 June 2019 (Unaudited)
Net other comprehensive income after tax			
Net other comprehensive income after tax attributable to shareholders of the parent company		**(25,635,198.35)**	(1,083,524.13)
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		**(8,524,914.00)**	(5,000.00)
Changes in fair value of investment in other equity instruments		**(5,348,706.32)**	(1,248,349.60)
Other comprehensive income to be reclassified into profit or loss			
Other comprehensive income that may be reclassified into profit or loss under the equity method		**(8,734,689.30)**	399,789.66
Exchange differences on foreign currency translation		**(3,026,888.73)**	(229,964.19)
Net other comprehensive income after tax attributable to minority interests		**(42,836,485.65)**	(3,193,721.80)
Total comprehensive income		**2,119,122,281.67**	3,960,695,476.45
Including:			
Total comprehensive income attributable to the shareholders of the parent company		***1,497,956,916.23***	*3,044,490,484.09*
Total comprehensive income attributable to minority interests		***621,165,365.44***	*916,204,992.36*
Earnings per share	*15*		
Basic earnings per share (RMB/share)		**0.14**	0.29
Diluted earnings per share (RMB/share)		**0.14**	0.29

UNAUDITED CONSOLIDATED BALANCE SHEET

Unit: RMB

	Notes	**As at 30 June 2020 (Unaudited)**	As at 31 December 2019 (Audited)
Current Assets			
Cash and bank balances		**33,241,536,646.77**	21,325,042,578.37
Financial assets held for trading		**1,019,907,801.08**	1,015,278,286.73
Bills receivable	*17*	**631,065,293.97**	5,202,609,351.30
Accounts receivable	*18*	**8,644,064,329.10**	8,001,473,532.63
Receivables financing		**3,907,669,819.53**	501,846,392.39
Prepayments		**1,960,493,783.58**	1,524,225,471.45
Other receivables		**8,621,312,597.48**	9,067,357,777.42
Inventories		**123,786,301,663.54**	121,531,025,336.50
Contract assets		**37,147,095.89**	42,952,083.21
Other current assets		**7,170,161,203.56**	6,284,046,698.11
Total current assets		**189,019,660,234.50**	174,495,857,508.11
Non-current assets			
Debt investments		**782,487,853.43**	206,933,697.53
Long-term receivables		**810,282,362.23**	1,021,971,024.22
Long-term equity investments		**3,821,481,200.35**	3,988,531,537.26
Investment in other equity instruments		**351,710,927.94**	382,047,682.07
Investment properties		**29,878,169,538.84**	29,632,244,749.53
Fixed assets		**43,857,680,989.82**	44,512,207,458.24
Construction in progress		**2,286,915,817.55**	2,279,231,800.75
Right-of-use assets		**608,164,961.93**	589,176,549.64
Intangible assets		**16,470,155,368.39**	16,625,761,408.49
Goodwill		**2,591,468,983.05**	2,591,468,983.05
Long-term deferred expenditures		**1,385,118,193.28**	1,276,284,193.48
Deferred income tax assets		**4,035,605,251.74**	3,988,640,507.00
Other non-current financial assets		**575,254,833.74**	533,398,608.96
Total non-current assets		**107,454,496,282.29**	107,627,898,200.22
Total assets		**296,474,156,516.79**	282,123,755,708.33

UNAUDITED CONSOLIDATED BALANCE SHEET (Continued)

Unit: RMB

	Notes	**As at 30 June 2020 (Unaudited)**	As at 31 December 2019 (Audited)
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	*19*	**35,045,118,750.00**	37,217,682,474.50
Bills payable	*20*	**1,743,516,966.36**	1,976,142,322.65
Accounts payable	*21*	**16,572,152,922.36**	17,701,948,542.45
Receipts in advance		**320,934,858.39**	334,666,882.90
Contract liabilities		**26,224,948,449.30**	24,557,147,374.24
Wages payable		**268,751,558.20**	490,892,896.45
Tax payable		**2,518,307,195.51**	2,515,633,050.02
Other payables		**10,804,230,790.42**	8,517,423,661.65
Non-current liabilities due within one year		**18,783,090,079.78**	20,319,530,862.57
Short-term financing bonds	*22*	**4,396,868,375.88**	3,298,801,089.25
Other current liabilities		**10,824,224,601.99**	10,776,488,930.30
Total current liabilities		**127,502,144,548.19**	127,706,358,086.98
Non-current liabilities			
Long-term loans	*23*	**37,639,595,784.47**	35,787,401,022.47
Bonds payable	*22*	**29,651,078,179.40**	27,460,996,718.14
Lease liabilities		**334,356,667.15**	317,196,853.52
Long-term payables		**19,712,220.69**	17,818,306.88
Long-term wages payable		**647,847,827.02**	647,490,892.12
Accrued liabilities		**874,199,995.41**	803,168,068.27
Deferred income		**834,642,493.54**	837,416,381.95
Deferred income tax liabilities		**5,949,495,381.53**	5,992,070,007.93
Other non-current liabilities		**21,775,903.94**	22,488,938.80
Total non-current liabilities		**75,972,704,453.15**	71,886,047,190.08
Total liabilities		**203,474,849,001.34**	199,592,405,277.06

UNAUDITED CONSOLIDATED BALANCE SHEET (Continued)

Unit: RMB

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Equity attributable to shareholders		
Share capital	**10,677,771,134.00**	10,677,771,134.00
Other equity instruments	**17,512,000,000.00**	14,962,000,000.00
Including: Perpetual bonds	***17,512,000,000.00***	*14,962,000,000.00*
Capital reserve	**6,421,285,817.02**	6,434,307,002.11
Other comprehensive income	**206,632,714.69**	232,267,913.04
Specific reserve	**47,512,477.25**	32,250,174.13
Surplus reserve	**1,926,994,968.55**	1,926,994,968.55
General risk reserve	**359,957,564.90**	359,957,564.90
Retained earnings	**26,336,978,514.22**	26,505,650,840.60
Total equity attributable to the shareholders of the parent company	**63,489,133,190.63**	61,131,199,597.33
Minority interests	**29,510,174,324.82**	21,400,150,833.94
Total equity attributable to shareholders	**92,999,307,515.45**	82,531,350,431.27
Total liabilities and equity attributable to shareholders	**296,474,156,516.79**	282,123,755,708.33

Notes:

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

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

The financial statements are presented on a going concern basis.

Except for certain financial instruments and investment properties, the financial statements have been prepared under the historical cost convention. The prices of disposal groups held for sale shall be the lower of the book value and the net amount of fair value less disposal expenses. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant provisions.

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

The interim financial statements are in compliance with the requirements of Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting, and truly and completely reflect the financial position of the Company and the Group as at 30 June 2020 and the results of operations and cash flow for the six months ended 30 June 2020. Save where newly issued or amended accounting standards were implemented, the accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted in the financial statements for the previous year which were prepared in accordance with Accounting Standards for Business Enterprises.

2. OPERATING SEGMENT INFORMATION

Operating segments

For management purposes, the Group is organized into business units based on their products and services and has four reportable operating segments as follows:

(a) the cement and ready-mixed concrete segment engages in the manufacture and sale of cement and concrete;

(b) the modern building materials and commerce and logistics segment engages in the manufacture and sale of building materials and furniture and commerce and logistics;

(c) the property development segment engages in property development and sales;

(d) the property investment and management segment invests in properties for their rental income potential and/or for capital appreciation, and provides management and security services to residential and commercial properties.

The management manages the results of each operating segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment results are evaluated based on the profits of reportable segment. It represents the indicator after adjustments have been made to total profit, and other than the exclusion of overheads attributable to the headquarters, the indicator is consistent with the Group's total profit.

Segment assets and liabilities exclude unallocated assets and liabilities attributable to headquarters as these assets and liabilities are under integrated management by the Group.

The prices for transfers between operating segments are determined with reference to the fair prices adopted for transactions with third parties and by negotiation between the parties.

For the six months ended 30 June 2020 (Unaudited)

Unit: RMB

	Cement and Ready-mixed Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Assets/ Liabilities/ Expenses of Headquarters	Elimination on Consolidation	Total
Revenues from external transactions	16,635,723,516.79	13,305,763,284.22	9,452,236,815.21	1,534,374,518.42	-	-	40,928,098,134.64
Revenues from inter-segment transactions	622,312,269.03	658,044,073.75	2,046,246.48	467,947,694.37	-	(1,750,350,283.63)	-
	17,258,035,785.82	13,963,807,357.97	9,454,283,061.69	2,002,322,212.79	-	(1,750,350,283.63)	40,928,098,134.64
Gains/(losses) on investments in joint ventures and associates	167,224,863.93	12,303,163.01	(10,073,054.40)	(10,962,096.46)	-	-	158,492,876.08
Asset impairment losses	(9,213,331.78)	(1,497,098.71)	-	-	-	-	(10,710,430.49)
Credit impairment losses	(114,431,597.07)	(29,832,298.55)	(1,834,461.97)	(12,788,910.80)	-	222,880.00	(158,664,388.39)
Depreciation and amortization	1,837,530,896.86	152,777,187.70	36,260,340.33	188,076,577.84	42,202,548.76	-	2,256,847,551.49
Total profit/(loss)	2,014,413,206.09	(203,898,288.03)	1,490,816,097.15	788,536,657.29	(727,934,958.63)	3,287,807.88	3,365,220,521.75
Income tax expenses	567,812,325.45	30,326,229.31	467,695,482.21	294,222,293.13	(181,983,739.66)	(446,034.36)	1,177,626,556.08
Total assets	79,346,877,052.07	14,216,184,293.76	140,692,493,609.06	85,009,655,133.15	3,476,279,819.98	(26,267,333,391.23)	296,474,156,516.79
Total liabilities	44,224,446,856.26	10,378,493,794.21	122,046,440,940.06	23,840,602,100.42	29,221,877,559.74	(26,237,012,249.35)	203,474,849,001.34
Other disclosure							
Long-term equity investment in joint ventures and associates	1,893,258,151.75	(57,076,587.18)	973,301,139.63	1,011,998,496.15	-	-	3,821,481,200.35
Increase in other non-current assets (excluding long-term equity investments)	1,264,925,219.76	341,330,455.32	21,913,512.23	199,739,576.18	-	-	1,827,908,763.49

For the six months ended 30 June 2019 (Unaudited)

Unit: RMB

	Cement and Ready-mixed Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Assets/ Liabilities/ Expenses of Headquarters	Elimination on Consolidation	Total
Revenues from external transactions	18,997,858,835.69	12,442,920,304.16	11,152,958,419.74	2,017,351,071.07	–	–	44,611,088,630.66
Revenues from inter-segment transactions	887,913,475.01	436,849,335.70	2,458,962.27	658,539,239.27	–	(1,985,761,012.25)	–
	19,885,772,310.70	12,879,769,639.86	11,155,417,382.01	2,675,890,310.34	–	(1,985,761,012.25)	44,611,088,630.66
Gains/(losses) on investments in joint ventures and associates	184,518,471.19	13,124,835.24	(1,847,327.52)	5,976,788.56	–	–	201,772,767.47
Asset impairment losses	(44,510,797.92)	(150,575.80)	–	(22,329,987.91)	–	–	(66,991,361.63)
Credit impairment losses	(121,610,078.32)	(74,097,103.77)	(1,256,082.31)	35,393,983.36	–	13,133,514.63	(148,435,766.41)
Depreciation and amortization	1,910,038,804.61	133,866,049.86	23,987,469.19	226,346,165.18	42,578,496.18	–	2,336,816,985.02
Total profit/(loss)	2,747,214,507.28	(56,412,817.40)	1,986,156,437.36	1,039,914,636.36	(447,128,449.54)	(5,106,285.57)	5,264,638,028.49
Income tax expenses	533,887,118.85	60,689,289.73	520,425,533.85	297,722,047.46	(111,782,112.39)	(1,276,571.39)	1,299,665,306.11
Total assets	80,370,763,301.29	15,711,955,903.94	130,153,417,814.60	86,867,998,011.22	568,778,943.77	(36,350,029,851.05)	277,322,884,123.77
Total liabilities	47,434,922,506.16	10,595,288,621.44	108,119,496,339.09	40,274,212,095.16	27,613,707,213.72	(38,334,009,792.01)	195,703,616,983.56
Other disclosure							
Long-term equity investment in joint ventures and associates	1,421,543,202.53	34,054,755.09	26,027,097.33	1,432,367,062.69	–	–	2,913,992,117.64
Increase in other non-current assets (excluding long-term equity investments)	1,646,262,544.03	628,394,590.62	19,556,546.58	119,414,498.62	–	–	2,413,628,179.85

Geographical information

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
	RMB	*RMB*
	(Unaudited)	(Unaudited)
Operating revenue		
Asia	**40,876,016,801.69**	44,430,840,416.36
Europe	**42,539,817.23**	165,101,030.79
Africa	**9,541,515.72**	13,777,248.41
Others	**–**	1,369,935.10
	40,928,098,134.64	44,611,088,630.66

Revenues from external transactions are attributable to the geographic locations where the customers are located.

Major non-current assets of the Group are located in the PRC.

Information about major customers

For the six months ended 30 June 2020 and the six months ended 30 June 2019, none of sales income arising from any single customer of the Group exceeds 10% of the Group's total revenues.

3. OPERATING REVENUE AND NON-OPERATING REVENUE

Unit: RMB

Operating revenue is presented as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Operating revenue from principal business	**40,714,935,190.25**	44,210,815,455.45
Operating revenue from other business	**213,162,944.39**	400,273,175.21
	40,928,098,134.64	44,611,088,630.66

Operating revenue is presented as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Revenue from contracts with customers	**39,921,749,941.78**	43,599,665,767.08
Rental income	**844,604,909.02**	898,879,811.57
Including: Rental income from investment properties	***750,725,792.41***	*791,362,190.23*
Other rental income	***93,879,116.61***	*107,517,621.34*
Interest income	**161,743,283.84**	112,543,052.01
	40,928,098,134.64	44,611,088,630.66

Disaggregated operating revenue from contracts with customers is as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Revenue recognition time		
Revenue recognized at a point in time		
Sale of products	**17,207,525,786.68**	20,315,963,107.78
Bulk commodity trade	**11,343,505,485.74**	9,730,978,383.33
Sale of properties	**9,403,202,011.87**	11,135,581,975.84
Others	**453,715,294.86**	758,450,068.69
Revenue recognized over time		
Property management	**428,848,843.34**	464,644,807.29
Hotel operation	**87,844,343.35**	200,156,036.14
Income from decoration	**278,702,619.22**	295,085,232.07
Treatment of solid wastes	**718,405,556.72**	698,806,155.94
	39,921,749,941.78	43,599,665,767.08

Non-operating revenue is presented as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Net income from fines	**21,105,976.67**	15,854,606.09
Unpayable amounts	**31,243,430.14**	15,554,063.64
Relocation compensation	**124,559,247.55**	13,512,198.84
Government grants unrelated to the ordinary activities	**26,411,908.18**	5,175,888.63
Others	**30,399,421.84**	70,752,114.97
	233,719,984.38	120,848,872.17

4. OPERATING COSTS AND NON-OPERATING EXPENSES

Unit: RMB

Operating costs are presented as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Operating costs for principal business	**31,389,023,411.39**	31,999,887,116.95
Operating costs for other business	**124,731,778.14**	233,194,551.85
	31,513,755,189.53	32,233,081,668.80

Non-operating expenses are presented as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Expenses on compensation, penalties and various fines	**9,573,975.40**	85,139,940.59
Expenses on donation	**16,579,425.31**	422,000.00
Losses on retirement of non-current assets	**49,971,496.38**	14,268,510.53
Other expenses	**18,315,691.53**	20,657,652.63
	94,440,588.62	120,488,103.75

5. SELLING EXPENSES

Unit: RMB

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Employee remuneration	**398,709,607.40**	440,542,199.07
Office and service expenses	**160,746,795.95**	129,574,263.49
Lease fee	**35,011,072.30**	57,649,447.17
Agency intermediary fee	**143,271,573.24**	170,265,487.73
Advertisement fee	**105,921,811.25**	151,250,961.52
Transportation expenses	**449,133,583.17**	421,616,522.05
Others	**9,444,722.04**	19,572,762.68
	1,302,239,165.35	1,390,471,643.71

6. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Employee remuneration	**1,091,160,403.97**	1,215,893,776.93
Office and service expenses	**458,401,333.92**	533,192,330.15
Intermediary service fees	**110,889,809.57**	129,124,893.22
Lease and utilities fees	**113,645,576.61**	122,127,846.12
Sewage and afforestation fees	**27,285,789.31**	18,297,643.63
Losses on suspension of operations	**457,740,395.27**	449,377,346.60
Others	**601,357,537.77**	725,495,517.48
	2,860,480,846.42	3,193,509,354.13

7. RESEARCH AND DEVELOPMENT EXPENSES

Unit: RMB

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Employee remunerations	**73,782,440.13**	76,555,362.94
Material and equipment cost	**37,504,812.47**	29,015,195.03
Travel expenses	**941,725.40**	2,162,726.89
Others	**26,295,449.00**	12,881,579.81
	138,524,427.00	120,614,864.67

8. FINANCE COSTS

Unit: RMB

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Interest expenses	**3,438,047,817.59**	3,510,684,819.86
Including: Interests on bank loans and other loans fully repayable within five years	***2,807,454,517.71***	*3,001,595,628.88*
Interests on bank loans and other loans fully repayable over five years	***250,517,328.48***	*47,217,330.64*
Interest expenses on lease liabilities	***14,217,203.47***	*28,294,944.23*
Interest expenses on significant financing component	***365,858,767.93***	*433,576,916.11*
Less: Interest income	**253,487,917.73**	445,148,683.74
Less: Amount of interest capitalized	**1,680,958,954.64**	1,801,210,165.34
Exchange losses	**57,044,925.34**	12,997,514.67
Handling charges	**81,850,364.15**	95,340,526.23
Others	**52,341,111.31**	41,757,693.02
	1,694,837,346.02	1,414,421,704.70

Note: From January to June in 2020, the amount of capitalised borrowing costs has been included in construction in progress of RMB8,274,530.24 (from January to June in 2019: RMB11,736,541.04) and costs for properties under development of RMB1,672,684,424.40 (from January to June in 2019: RMB1,789,473,624.30).

The breakdown of interest income was as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Cash and bank balances	**77,924,824.83**	76,073,756.46
Interest income from financing component	**61,728,234.19**	40,814,931.82
Other debt investments	**113,834,858.71**	328,259,986.46
Total	**253,487,917.73**	445,148,683.74

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

9. OTHER GAINS

Unit: RMB

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)	Related to assets/gains
Refunds of VAT	**208,401,609.26**	270,426,897.64	Related to gains
Income from relocation compensation	**4,400,059.52**	2,469,182.12	Related to assets/gains
Income from other subsidies	**69,679,266.06**	65,068,856.34	Related to assets/gains
Grants of sale of heat	**3,370,200.00**	1,179,310.04	Related to gains
	285,851,134.84	339,144,246.14	

10. INVESTMENT GAINS

Unit: RMB

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Gains from long-term equity investments under equity method	**158,492,876.08**	201,772,767.47
Investment gains from disposal of subsidiaries	**30,430,655.25**	9,142,289.61
Investment losses from disposal of associates and joint ventures	**–**	(617,210.75)
Investment gains from other debt investments during the period of holding	**4,333,285.46**	3,127,797.28
Investment gains from disposal of financial assets held for trading	**17,140,215.51**	30,240,332.66
Gains on re-measurement of equity interests in the acquiree held before the date of acquisition at fair value	**–**	9,248,144.36
Others	**1,281,154.99**	1,875,158.49
	211,678,187.29	254,789,279.12

There were no significant restrictions on the repatriation of investment income of the Group as of 30 June 2020. For the six months ended 30 June 2020, there were no gains from listed share investment among the Group's investment income (2019: net loss of RMB20,146,588.49).

11. GAINS FROM CHANGES OF FAIR VALUE

Unit: RMB

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Financial assets held for trading	**4,782,760.86**	62,272,088.26
Investment properties measured at fair value	**247,438,807.75**	438,700,381.37
	252,221,568.61	500,972,469.63

12. CREDIT IMPAIRMENT LOSSES

Unit: RMB

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Reversal of provision for/(losses on) bad debt of bills receivable	**69,526,275.88**	(3,580,770.89)
Bad debt losses on accounts receivable	**(179,350,094.49)**	(198,799,772.99)
(Losses on)/reversal of provision for bad debt of other accounts receivable	**(52,120,963.48)**	63,433,699.30
Reversal of provision for/(losses on) bad debt loss on long-term accounts receivable	**3,593,519.97**	(9,488,921.83)
Losses on impairment of contract assets	**(313,126.27)**	–
	(158,664,388.39)	(148,435,766.41)

13. ASSET IMPAIRMENT LOSSES

Unit: RMB

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Losses on decline in value of inventory	**(9,861,148.14)**	(13,979,440.57)
Losses on impairment of fixed assets	**(639,917.87)**	(52,039,795.80)
Losses on impairment of construction in progress	**–**	(1,211,151.26)
(Losses on)/reversal of provision for impairment of prepayments	**(209,364.48)**	239,026.00
	(10,710,430.49)	(66,991,361.63)

14. INCOME TAX EXPENSES

Unit: RMB

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Current income tax expenses	**1,274,973,914.06**	1,664,967,448.51
Deferred income tax expenses	**(97,347,357.98)**	(365,302,142.40)
	1,177,626,556.08	1,299,665,306.11

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

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Total profit	**3,365,220,521.75**	5,264,638,028.49
Income tax expenses at the statutory tax rate	**841,305,130.43**	1,316,159,507.09
Effect of different tax rates applicable to some subsidiaries	**(36,019,462.91)**	(64,483,276.73)
Adjustments on the current income tax of previous periods	**(6,110,383.92)**	(21,056,545.98)
Share of profits and losses of joint ventures and associates	**(45,838,830.63)**	(54,990,910.66)
Income not subject to tax	**(7,317,345.16)**	–
Expenses not deductible	**8,884,062.36**	8,246,553.39
Use of deductible losses in prior years	**(52,398,494.81)**	(55,706,976.12)
Impact of deductible temporary difference and deductible tax losses not recognized	**475,121,880.72**	171,496,955.12
Income tax expenses at the effective tax rate of the Group	**1,177,626,556.08**	1,299,665,306.11

15. BASIC EARNINGS PER SHARE

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

The calculation of basic earnings per share is as follows:

	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Earnings		
Net profit of the current period attributable to ordinary shareholders of the Company (RMB)	**1,523,592,114.58**	3,045,574,008.22
Shares		
Weighted average number of issued ordinary shares of the Company	**10,677,771,134.00**	10,677,771,134.00
Basic earnings per share	**0.14**	0.29

The calculation of the basic earnings per share is based on the net profit of the current period attributable to ordinary shareholders of the Company divided by the weighted average number of outstanding ordinary shares in issue.

The Company did not have potentially dilutive ordinary shares and diluted earnings per share and basic earnings per share are the same.

16. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend (for the six months ended 30 June 2019: Nil).

17. BILLS RECEIVABLE

Unit: RMB

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Bank acceptance bills	**–**	4,518,509,076.66
Commercial acceptance bills	**702,488,936.06**	825,050,192.61
	702,488,936.06	5,343,559,269.27
Less: Provision for bad debts of bills receivable	**71,423,642.09**	140,949,917.97
	631,065,293.97	5,202,609,351.30

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

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Balance at the beginning of the period/year	**140,949,917.97**	65,855,058.00
(Reversal)/provision for the period/year	**(69,526,275.88)**	75,094,859.97
Balance at the end of the period/year	**71,423,642.09**	140,949,917.97

18. ACCOUNTS RECEIVABLE

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

An aging analysis of accounts receivable is as follows:

Unit: RMB

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Within 1 year	**6,157,716,721.24**	6,025,933,817.48
1 to 2 years	**2,316,678,069.15**	1,812,861,436.65
2 to 3 years	**857,192,130.18**	875,311,528.23
3 to 4 years	**647,047,940.45**	482,639,054.25
4 to 5 years	**298,151,512.49**	456,696,773.03
Over 5 years	**1,120,309,351.32**	968,507,647.38
	11,397,095,724.83	10,621,950,257.02
Less: Provision for bad debts of accounts receivable	**2,753,031,395.73**	2,620,476,724.39
	8,644,064,329.10	8,001,473,532.63

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

Unit: RMB

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Opening balance for the period/year	**2,620,476,724.39**	2,423,525,518.45
Provision for the period/year	**194,974,896.74**	376,975,737.13
Transferred in upon acquisition of subsidiaries	**–**	15,437,643.47
Reversal for the period/year	**(15,624,802.25)**	(51,395,447.89)
Write-off for the period/year	**(136,693.61)**	(24,878,817.44)
Removed from upon disposal of subsidiaries	**(46,658,729.54)**	(38,992,282.51)
Other transfers	**–**	(80,195,626.82)
Closing balance for the period/year	**2,753,031,395.73**	2,620,476,724.39

	As at 30 June 2020			
	Balance of carrying amount	**Proportion (%)**	**Provision for bad debts amount**	**Proportion (%)**
Separate provision for bad debts	**1,168,147,737.48**	**10.25**	**526,413,743.34**	**45.06**
Provision for bad debts by credit risk characteristics group	**10,228,947,987.35**	**89.75**	**2,226,617,652.39**	**21.77**
	11,397,095,724.83	**100.00**	**2,753,031,395.73**	**24.16**

	As at 31 December 2019			
	Balance of carrying amount	Proportion (%)	Provision for bad debts amount	Proportion (%)
Separate provision for bad debts	1,010,803,184.21	9.52	612,293,506.18	60.57
Provision for bad debts by credit risk characteristics group	9,611,147,072.81	90.48	2,008,183,218.21	20.89
	10,621,950,257.02	100.00	2,620,476,724.39	24.67

19. SHORT-TERM LOANS

Unit: RMB

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Guaranteed loans *(Note)*	**2,520,000,000.00**	1,669,000,000.00
Credit loans	**32,498,990,000.00**	35,456,630,000.00
Pledged loans	**26,128,750.00**	92,052,474.50
	35,045,118,750.00	37,217,682,474.50

Note: As at 30 June 2020, the guaranteed loans were guaranteed by entities within the Group.

As at 30 June 2020, the interest rates of the above short-term loans were 3.10%-5.22% per annum (as at 31 December 2019: 3.96%-7.00%).

All short-term loans would be due within one year. As at 30 June 2020, the Group had no outstanding loans that were due.

20. BILLS PAYABLE

Unit: RMB

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Bank acceptance bills	**1,735,792,706.45**	1,958,755,385.87
Commercial acceptance bills	**7,724,259.91**	17,386,936.78
	1,743,516,966.36	1,976,142,322.65

At 30 June 2020, there were no outstanding bills payable (31 December 2019: nil).

21. ACCOUNTS PAYABLE

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

An aging analysis of accounts payable is as follows:

Unit: RMB

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Within 1 year (including 1 year)	**12,549,571,883.28**	14,362,144,476.30
1 to 2 years (including 2 year)	**1,669,618,031.22**	1,648,614,458.46
2 to 3 years (including 3 year)	**1,509,922,063.28**	828,401,100.74
Over 3 years	**843,040,944.58**	862,788,506.95
	16,572,152,922.36	17,701,948,542.45

22. SHORT-TERM FINANCING BONDS AND BONDS PAYABLE

Unit: RMB

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Short-term financing bonds	**4,396,868,375.88**	3,298,801,089.25
Bonds payable		
Corporate bonds	**26,158,049,942.47**	20,401,835,819.73
Medium-term notes	**11,000,000,000.00**	11,000,000,000.00
Debt financing plan	**2,500,000,000.00**	3,000,000,000.00
Balance at the end of the period/year	**39,658,049,942.47**	34,401,835,819.73
Less: Bonds payable within one year	**10,006,971,763.07**	6,940,839,101.59
Non-current portion	**29,651,078,179.40**	27,460,996,718.14
Analysis of maturity of bonds payable:		
Current or within one year	**10,006,971,763.07**	6,940,839,101.59
Over one year but not more than two years	**3,691,802,167.38**	7,186,009,296.87
Over two years but not more than five years	**25,959,276,012.02**	18,779,591,863.34
Over five years	**–**	1,495,395,557.93
	39,658,049,942.47	34,401,835,819.73

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

(1) Pursuant to the document (Zheng Jian Xu Ke [2011] No. 1179)（《證監許可[2011]1179號》文件）issued by the China Securities Regulatory Commission, Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2011 on 20 March 2012, totalling RMB900,000,000 with a term of 8 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 5.58%. The total sale back amount as announced on 17 March 2017 was RMB481,305,000.00 (exclusive of interests) with the remaining amount of RMB418,695,000.00 (exclusive of interests) due on 20 March 2020.

(2) Pursuant to the document (Fa Gai Cai Jin [2012] No. 2810)（發改財金[2012]2810號文件）issued by National Development and Reform Commission, Jidong Group issued the first tranche of corporate bonds of Jidong Development Group Co., Ltd. for 2012 on 15 October 2012, totalling RMB800,000,000 with a term of 10 years and a coupon rate of 6.3%.

(3) Pursuant to the document [2016] No. 35 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) of BBMG Corporation for 2016 to qualified investors by way of public issuance on 14 March 2016, totalling RMB3,200,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and an initial coupon rate of 3.12%. As announced on 22 January 2019, the coupon rate of the bonds was increased to 3.9% for the next two years (i.e., from 14 March 2019 to 13 March 2021). The sale back amount as announced on 12 March 2019 was RMB6,065,000 (exclusive of interests) with the remaining amount of RMB3,193,935,000 (exclusive of interests); 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, 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%.

(4) Pursuant to the document [2017] No. 46 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) of BBMG Corporation for 2017 to qualified investors by way of public issuance on 19 May 2017, totalling RMB3,500,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.2%. As announced on 25 March 2020, the coupon rate of the bonds was lowered to 3.2% for the next two years (i, e., from 19 May 2020 to 18 May 2022). The total sale back amount as announced on 19 May 2020 was RMB319,107,000 (exclusive of interests). As announced on 19 May 2020, part of the sale-back bonds were resold with an amount of RMB319,107,000 (exclusive of interests). The Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of public issuance on 19 May 2017, 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%.

(5) Pursuant to the No-Objection Letter Regarding the Compliance with Transfer Conditions of Shenzhen Stock Exchange by the Non-Public Issuance of Corporate Bonds of Tangshan Jidong Cement Co., Ltd. for 2016 (Shen Zheng Han [2016] No. 471) (《關於唐山冀東水泥股份有限公司2016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[2016]471號)) issued by the Shenzhen Stock Exchange, Jidong Cement issued the first tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2017 by way of non-public issuance on 3 July 2017, totalling RMB500,000,000 with a term of 3 years (with the issuer's option to adjust the coupon rate at the end of the second year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.98%. The sale back amount as announced on 25 May 2019 was RMB185,000,000 (exclusive of interests) with the remaining amount of RMB315,000,000 (exclusive of interests) was due for payment on 30 June 2020.

(6) Pursuant to the relevant requirements for bonds listing on the Shanghai Stock Exchange, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2017 to qualified investors by way of non-public issuance on 13 July 2017, totalling RMB1,250,000,000 with a term of 3 years (with the issuer's option to raise the coupon rate at the end of the second year and the investors' entitlement to sell back the bonds) and coupon rate of 5.20%; the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of non-public issuance on 13 July 2017, totalling RMB1,750,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.30%.

(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 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, totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 5.85%.

(8) Pursuant to the Notice of Acceptance of Filing (Debt Financing Plan [2017] No. 0192)（《接受備案通知書》(債權融資計劃[2017]第0192號））issued by Beijing Financial Assets Exchange Limited, the Company issued the first tranche of debt financing plan for 2018 on 27 February 2018, totalling RMB500,000,000 with a term of 2+3 years and a coupon rate of 5.80%, which was due for payment maturity on 24 February 2020.

(9) Pursuant to the Notice of Acceptance of Filing (Debt Financing Plan [2018] No. 0312)（《接受備案通知書》(債權融資計劃[2018]第0312號））issued by Beijing Financial Assets Exchange Limited, the Company issued the second tranche of debt financing plan for 2018 on 25 June 2018 totalling RMB2,500,000,000 with a term of 3 years and a coupon rate of 6.30%,

(10) 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, totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.7%; and the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018, 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%.

(11) 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, totalling RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.70%.

(12) Pursuant to the Zheng Jian Xu Ke document [2018] No. 884（《證監許可[2018]884號》文件）issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2019 to qualified investors by way of public issuance on 9 January 2019, totalling RMB500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.73%; the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2019 to qualified investors by way of public issuance on 9 January 2019, 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%.

(13) 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, totalling RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.35%.

(14) Pursuant to the No Objection Letter Regarding the Compliance with Transfer Conditions of Shenzhen Stock Exchange in the Non-Public Issuance of Corporate Bonds for 2018 of Tangshan Jidong Cement Co., Ltd. (Shen Zheng Han [2018] No. 810) (《關於唐山冀東水泥股份有限公司2018年非公開發行公司債券符合深交所轉讓條件的無異議函》(深證函[2018]810號)) issued by the Shenzhen Stock Exchange, Jidong Cement issued the first tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 19 March 2019, totalling RMB1,200,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.97%. Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 28 October 2019, 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%.

(15) 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, 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, totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 4.13%.

(16) Pursuant to the Replies (Zheng Jian Xu Ke [2019] No. 2255) (中國證券監督管理委員會出具的批復(證監許可[2019]2255號)) issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2020 to qualified investors by way of public issuance on 10 January 2020, 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, 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%.

(17) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. SCP16) (《接受註冊通知書》(中市協註[2019]SCP16號) 文件) issued by the NAFMII, Jidong Cement issued the second tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2019 on 26 July 2019, totalling RMB800,000,000 with a term of 270 days and a coupon rate of 3.34%; and Jidong Cement issued the third tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2019 on 25 September 2019, totalling RMB500,000,000 with a term of 270 days and a coupon rate of 3.30%.

(18) 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 ultrashort financing bonds of BBMG Corporation for 2019 on 12 October 2019, totalling RMB2,000,000,000 with a term of 177 days and a coupon rate of 2.80%.

(19) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DFI6) (《接受註冊通知書》(中市協註[2019]DFI6號)) issued by the NAFMII, the Company successfully issued the first tranche of ultrashort financing bonds of BBMG Corporation for 2020 on 12 March 2020, totalling RMB2,000,000,000 with a term of 240 days and a coupon rate of 2.54%.

(20) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. SCP 16) (《接受註冊通知書》(中市協註[2019]SCP16號)) issued by the NAFMII, Jidong Cement issued the first tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2020 on 13 March 2020, totalling RMB800,000,000 with a term of 270 days and a coupon rate of 2.68%; and Jidong Cement issued the second tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2020 on 19 March 2020, totalling RMB800,000,000 with a term of 270 days and a coupon rate of 2.66%; and Jidong Cement successfully issued the third tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2020 on 14 May 2020, totalling RMB800,000,000 with a term of 270 days and a coupon rate of 2.07%.

23. LONG-TERM LOANS

Unit: RMB

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Guaranteed loans *(Note)*	**10,689,696,348.00**	14,220,056,660.00
Credit loans	**15,719,719,349.97**	15,247,569,349.97
Mortgaged loans	**14,523,008,245.70**	14,079,691,214.48
Pledged loans	**5,246,400,000.00**	5,444,700,000.00
Pledged/Mortgaged loans and guaranteed loans	**83,400,000.00**	25,000,000.00
Balance at the end of the period/year	**46,262,223,943.67**	49,017,017,224.45
Less: Long-term loans due within one year	**8,622,628,159.20**	13,229,616,201.98
Non-current portion	**37,639,595,784.47**	35,787,401,022.47

Note: As at 30 June 2020, the guaranteed loans of the Group were guaranteed by entities within the Group.

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

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Within 1 year	**8,622,628,159.20**	13,229,616,201.98
1 to 2 years	**12,976,142,849.97**	9,569,842,858.00
2 to 5 years	**11,892,726,622.00**	13,291,071,702.00
Over 5 years	**12,770,726,312.50**	12,926,486,462.47
	46,262,223,943.67	49,017,017,224.45

As at 30 June 2020, the interest rates of the above loans were 1.20%-7.20% (as at 31 December 2019: 1.20%-10.34%) per annum.

24. NET CURRENT ASSETS

Unit: RMB

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Current assets	**189,019,660,234.50**	174,495,857,508.11
Less: current liabilities	**127,502,144,548.19**	127,706,358,086.98
Net current assets	**61,517,515,686.31**	46,789,499,421.13

25. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Total assets	**296,474,156,516.79**	282,123,755,708.33
Less: current liabilities	**127,502,144,548.19**	127,706,358,086.98
Total assets less current liabilities	**168,972,011,968.60**	154,417,397,621.35

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of BBMG Corporation (the "**Company**" or "**BBMG**"), I am pleased to present to you the interim results of the Company for the six months ended 30 June 2020 (the "**Reporting Period**"), and report on the operating results of the Company during the said period for your review.

Review

The outbreak of COVID-19 epidemic has produced a significant impact on the production and operation of the Company. Confronted with the epidemic, the Company made scientific decisions, effectively overcame the combined impact of the traditional off-season for the industry in the first quarter and the production suspension during the epidemic period, actively created favorable conditions and promoted the resumption of work and production in a reasonable and orderly manner. With its solid efforts, the Company overcame the difficulties and achieved the fast recovery of main economic indicators in the second quarter, thus making excellent achievements.

During the Reporting Period, the Company recorded an operating revenue of RMB40,928.1 million, representing a year-on-year decrease of 8.3%. Net profit attributable to the shareholders of the parent company amounted to RMB1,523.6 million, representing a year-on-year decrease of 50.0%. Basic earnings per share attributable to the shareholders of the parent company amounted to RMB0.14.

Prospect

On the one hand, the home and abroad situation is still complicated and severe and has a high degree of uncertainty and instability. China is dedicated to forming a new development pattern, pursuant to which domestic and foreign markets can boost each other with domestic market as the mainstay, and establishing mid-and-long term coordination mechanism for epidemic prevention and control and economic and social development; on the other hand, the Company achieved leapfrog development by acquisition and reorganization and possessed solid industrial basis and favorable development inertia. Looking into the second half of 2020, the Company will further boost its development confidence, grasp the development direction and seize new opportunities in the crisis, open up new grounds in changes, strengthen basic management, strengthen risk prevention and control, achieve stable operation, strive to minimize the influence and losses caused by the epidemic and strive to complete the operation indicators and all major works throughout the year, so as to implement the "13th Five-Year" plan thoroughly and lay a solid foundation for a good start on the "14th Five-year" plan.

Based on its position of "building a world-class cement industry group which is modern, professional and large in scale", the **cement and ready-mixed concrete segment** will continue to cultivate the value highland with Beijing-Tianjin-Hebei region as the core, promote strategic extension in an orderly manner and strengthen strategic resource reserve. The Company strives to become the leading cement enterprise with the strongest core competitiveness in China, continue to develop and thrive, maintain the top three positions in the industry and lead and standardize industrial development. The **modern building materials and commerce and logistics segment** will continue to strengthen basic management and make precise control, provide and improve its existing products, tap its own advantages, define the industrialization path, build the core competitiveness and achieve large-scale coordinated development of the segments. The **property development segment** will stick to "fast development with good quality", speed up "internal circulation", achieve more sales and more revenues; speed up the comprehensive utilization of "urban mineral resources", tap the full potential of existing stock resources, create the differentiated competitiveness of BBMG Real Estate and strengthen property segment development platform. The **property investment and management segment** will improve the service quality and operation level on a continuing basis, give full play to the BBMG's characteristics of "urban mineral resources", interconnect with the real estate business, focus on the development of science and technology industrial park properties such as intelligent manufacturing workshop and science park, and become a first-class domestic investment property operator with characteristics of BBMG based on the capital's functional positioning of "Four Centers".

Finally, on behalf of the Board of the Company, I would like to express my sincere gratitude to our shareholders for their long-standing support for the Company's development, and thank the Board and the Supervisory Board for their diligence and all employees of the Company for their hard work. Currently, China has achieved major strategic results in the epidemic prevention and control when the epidemic sweeps across the world. However, the epidemic prevention and control may become a norm. Faced with complicated situations and arduous works, we have a firm belief in achieving high-quality development of the Company. The Company will endeavor to give back to the shareholders and the society, and build a bright future for BBMG with shareholders!

MANAGEMENT DISCUSSION AND ANALYSIS

I. Details of the Company's Principal Business, Business Model and Industry Situation During the Reporting Period

(I) Principal business and business model of the Company

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

1. Cement and ready-mixed concrete business: The Company is the third largest cement industrial group in China with strong scale advantage and market dominance within the region, and is the leader of low-carbon, green, and environmentally-friendly development, energy saving and emission reduction, and circular economy in the domestic cement industry. The cement business continued to adopt Beijing-Tianjin-Hebei region as its core strategic region, and continued to expand the coverage of its network, mainly with presence in 13 provinces (municipalities and autonomous regions), including Beijing-Tianjin-Hebei region, Shaanxi, Shanxi, Inner Mongolia, Northeastern region, Chongqing, Shandong, Henan and Hunan. The production capacity of clinker amounted to approximately 110 million tonnes; the production capacity of cement amounted to approximately 170 million tonnes. With cement as its core product, the Company extends to related products and services through an internal synergetic mechanism. Currently, the production capacity of ready-mixed concrete amounted to nearly 60 million cubic meters while the production capacity of aggregates and grinding aids and admixtures amounted to 36 million tonnes and approximately 0.34 million tonnes respectively. Its annual capacity for disposal of various solid wastes was nearly 2.20 million tonnes. The Company will insist to promote market expansion and strategic resources consolidation simultaneously, and currently has a total limestone reserve of 3.442 billion tonnes.

2. Modern building materials and commerce and logistics business: The Company is the leader in the building materials industry in China and one of the largest suppliers of green, environmentally-friendly, and energy-saving building materials in the Pan Bohai region. Its major products and services include furniture and woods, wall body and insulation materials, decorative and fitting materials, building materials and commerce and logistics. The Company actively carried out industrial layout centering around the coordinated and high-quality development of Beijing-Tianjin-Hebei region, and completed the construction of three industrial bases, namely Tangshan Caofeidian Stone Wool, Tangshan Caofeidian Wood Industry, and Tangshan Yutian Prefabricated Parts Base, which further enhanced the modern building materials industry chain. The Company's modern building materials products and construction and installation services were widely used in the construction of key hotspot projects in Beijing-Tianjin-Hebei region, such as the sub-town centre and supporting facilities in Beijing, Citizen Service Centre in Xiong'an New District, the Winter Olympic Stadium, and Universal Studios Beijing, which fully demonstrated the advantages of BBMG's modern building

materials business in brand, quality and industrial chain and enhancing systematic application and coordinated marketing of its products. As long as risks are under control, the Company will continuously enhance the development of commerce and logistics industry and proactively explore developed marketing modes of e-commerce.

3. Property development business: The Company is one of the top property developers in Beijing in terms of overall strength with an area under construction of 8 million sq.m. during the year. The Company has made its presence in 15 cities including Beijing, Shanghai, Tianjin, Chongqing, Hangzhou, Nanjing, Chengdu, Hefei and Haikou and developed more than 130 property projects with a total gross floor area of approximately 30 million sq.m., developing a nationwide business presence "from Beijing to three major economic rims, namely Beijing-Tianjin-Hebei region, Yangtze River Delta and Chengdu-Chongqing region", with a comprehensive development strength covering property projects of multiple categories. As a large state-owned enterprise under Beijing municipality, the Company has been in the leading position in construction of affordable housing in Beijing for years with a total gross floor area of more than 7 million sq.m. of planned and completed affordable housing, providing over 70,000 affordable housing units. Based on continuous consolidation of core business strengths, the Company is making efforts on nurturing new segment formats and seeking coordinated development with Beijing-Tianjin-Hebei region based on the functions of non-capital cities and actively researches and explores urban renovation. The Company has successfully established its presence in various sectors such as industrial properties and technology and innovation related properties, bringing new development opportunities for the Company.

4. Property investment and management business: The Company is one of the largest investors and managers of investment properties in Beijing with the most diversified businesses, holding approximately 1.78 million sq.m. of investment properties such as high-end office buildings, commercial and industrial parks in Beijing and Tianjin (of which 0.988 million sq.m. are high-end investment properties in core areas in Beijing) and managing nearly 13.5 million sq.m. of properties (including residential communities and commercial units at low floors) in Beijing and Tianjin. The Company has maintained its leading position in the areas such as professional capability, brand recognition, occupancy rates and income level in Beijing, even across the whole China, for many years.

(II) Description of major industries

1. Cement Industry

Due to the impact of COVID-19 outbreak, the Chinese economy was significantly affected, especially in the first quarter; as the government continued to implement the prevention and control measures, the epidemic was under effective control in the second quarter, production and normal daily life has gradually resumed, the resumption of work and production advanced solidly, the decrease in infrastructure investment slowed down evidently and the investment in real estate development turned from fall to rise. The demands in cement has declined sharply in the first quarter but rebounded significantly in the second quarter, which corresponded to the downstream industries. According to the data of the National Bureau of Statistics, in the first half of 2020, the national cement production was 998 million tonnes, representing a year-on-year decrease of 4.8% and a decline narrowed by nearly 20 percentage points compared with that of the first quarter. When cement inventory stayed at a high level, the cement price in the most regions of China remained relatively reasonable.

According to the Ministry of Industry and Information Technology, in the first half of 2020, the operating revenue of the cement industry amount to RMB426.2 billion and the profits amounted to RMB76.7 billion, representing a year-on-year decrease of 6.1%.

2. Property Development Industry

In the first half of 2020, the central government insisted on the orientation of "houses are for living, not for speculation", and the supervision of finance in the real estate industry remained tight. Affected by the COVID-19 epidemic, the transaction volume and price of real estate market, especially the transaction volume, fell in the short term. Since March 2020, with the gradual implementation of effective of the policies such as trimming the interest rate, the pent-up market demand in the previous period was released and drew buyers to the markets. Property developers seized the opportune timing to strengthen its sales efforts and innovation of marketing model. In the second quarter, the transaction volume and price in the real estate market gradually resumed but the market performance in various regions and cities were differentiated.

According to the data of the National Bureau of Statistics, in the first half of 2020, the investment in real estate development in China stood at RMB6,278 billion, representing a year-on-year increase of 1.9%, and decreased by 0.3% from January 2020 to May 2020. Investment in residential properties was RMB4,635 billion, representing a year-on-year increase of 2.6% and an increase of 2.6 percentage points over the period from January 2020 to May 2020. Investment in residential properties accounted for 73.8% of aggregate investment in real estate development. The construction sites for corporate use of real estate developers stood at 7,927.21 million sq.m., representing a year-on-year increase of 2.6% and an increase of 0.3 percentage point over the period from January 2020 to May 2020, among which, 5,587.76 million sq.m. were area of construction sites for residential properties, representing a year-on-year increase of 3.8%. The area of newly started construction of real estates was 975.36 million sq.m., representing a year-on-year decrease of 7.6%, a decline narrowed by 5.2 percentage points; among which, the area of newly started construction of residential properties was 715.83 million sq.m., representing a year-on-year decrease of 8.2%. The area of completed real estate stood at 290.30 million sq.m., representing a year-on-year decrease of 10.5%, a decline narrowed by 0.8 percentage point. Of this, area of completed residential properties was 206.8 million sq.m., representing a year-on-year decrease of 9.8%. In the first half of 2020, land area acquired by real estate developers was 79.65 million sq.m., representing a year-on-year decrease of 0.9%, a decline narrowed by 7.2 percentage points over the period from January 2020 to May 2020. Area of sold commodity housing was 694.04 million sq.m., representing a year-on-year decrease of 8.4%, a decline narrowed by 3.9 percentage points over the period from January 2020 to May 2020. Area of sold residential properties, office and properties for commercial operation decreased by 7.6%, 26.5% and 20.7%, respectively. Sales of commodity housing amounted to RMB6,689.5 billion, representing a year-on-year decrease of 5.4%, a decline narrowed by 5.2 percentage points over the period from January 2020 to May 2020. Of this, sales of residential properties, office and properties for commercial operation decreased by 2.8%, 28.0% and 25.5% respectively. As at the end of June 2020, area of commodity housing for sales was 510.81 million sq.m., representing a decrease of 6.91 million sq.m. compared with the end of May 2020.

Summary of Financial Information

Unit: RMB'000

	For the six months ended 30 June		
	2020	2019	Change
	(Unaudited)	(Unaudited)	
Operating revenue	**40,928,098**	44,611,089	-8.3%
Operating revenue from principal business	**40,714,935**	44,210,815	-7.9%
Gross profit from principal business	**9,325,912**	12,210,928	-23.6%
Gross profit margin from principal business (%)	**22.9**	27.6	a decrease of 4.7 percentage points
Total profit	**3,365,221**	5,264,638	-36.1%
Net profit	**2,187,594**	3,964,973	-44.8%
Net profit attributable to the shareholders of the parent company	**1,523,592**	3,045,574	-50.0%
Basic earnings per share attributable to the shareholders of the parent company (RMB)	**0.14**	0.29	-51.7%

	As at 30 June 2020	As at 31 December 2019	Change
	(Unaudited)	(Audited)	
Cash and bank balances	**33,241,537**	21,325,043	55.9%
Current assets	**189,019,660**	174,495,858	8.3%
Current liabilities	**127,502,144**	127,706,358	-0.2%
Net current assets	**61,517,516**	46,789,500	31.5%
Non-current assets	**107,454,496**	107,627,898	-0.2%
Non-current liabilities	**75,972,704**	71,886,047	5.7%
Total assets	**296,474,157**	282,123,756	5.1%
Equity attributable to the shareholders of the parent company	**63,489,133**	61,131,200	3.9%
Debt ratio (total liabilities to total assets) (%)	**68.6**	70.7	a decrease of 2.1 percentage points

Summary of Business Information

	For the six months ended 30 June 2020	2019	Change
Cement and Ready-mixed Concrete Segment			
Sales volume of cement (in million tonnes)	**42.1**	45.3	-7.0%
Sales volume of ready-mixed concrete (in million cubic metres)	**6.02**	8.15	-26.1%
Modern Building Materials and Commerce and Logistics Segment			
Stone wool boards (in thousand tonnes)	**30.5**	29.2	4.5%
Property Development Segment			
Booked GFA (in thousand sq.m.)	**612.6**	455.1	34.6%
Contracted sales GFA (in thousand sq.m.)	**658.3**	400.5	64.4%
Property Investment and Management Segment			
Gross GFA of investment properties (in thousand sq.m.)	**1,781.7**	1,549.9	15.0%

DISCUSSION AND ANALYSIS ON OPERATIONS

The outbreak of COVID-19 epidemic has produced a significant impact on the production and operation of the Group. Confronted with the epidemic, the Company made scientific decisions, effectively overcame the combined impact of the traditional off-season for the industry in the first quarter and the production suspension during the epidemic period, actively created favorable conditions and promoted the resumption of work and production in a reasonable and orderly manner. With its solid efforts, the Company overcame the difficulties and achieved the fast recovery of main economic indicators in the second quarter and making excellent results.

During the Reporting Period, the Company recorded an operating revenue of RMB40,928.1 million, of which operating revenue from its principal business amounted to RMB40,714.9 million, representing a year-on-year decrease of 7.9%; total profit amounted to RMB3,365.2 million, representing a year-on-year decrease of 36.1%; net profit amounted to RMB2,187.6 million, representing a year-on-year decrease of 44.8%; and net profit attributable to the parent company amounted to RMB1,523.6 million, representing a year-on-year decrease of 50.0%.

(1) Cement and Ready-mixed Concrete Segment

Based on its strategic position of "building a world-class cement industry group which is modern, professional and large in scale" for the cement business, the Company sticks to high-quality development and optimizes strategic layout. The Company also coordinated and collaborated among the regions to strengthen market advantages, consolidate management foundation and enhance core competitiveness; the Company strengthened management and control of marketing for the concrete business, so as to improve the performance rate of contacts and reduce the operation risks.

In the first half of 2020, sales volume of cement and clinker was 42.1 million tonnes (exclusive of joint ventures, associates and the Company), representing a year-on-year decrease of 7.0%; the revenue from principal business recorded RMB17,140.0 million, representing a year-on-year decrease of 13.2%; gross profits from principal business amounted to RMB5,379.3 million, representing a year-on-year decrease of 14.6%, among which sales volume of cement amounted to 36.47 million tonnes and sales volume of clinker amounted to 5.63 million tonnes; the aggregated gross profit margin for cement and clinker was 35.0%, representing a year-on-year decrease of 2.8 percentage points. The sales volume of concrete amounted to 6.02 million cubic meters, representing a year-on-year decrease of 26.1%; and the gross profit margin of concrete was 13.4%, representing a year-on-year increase of 4.2 percentage points.

(2) Modern Building Materials and Commerce and Logistics Segment

This segment tapped into the stock's full potential and nurtured new power of industrial development; promoted the research on integrated technology and accelerated the pace of achievements transformation; and further developed key projects such as Xiong'an New District, Beijing Municipal Sub-centre and Winter Olympic Stadium.

In the first half of 2020, the modern building materials and commerce and logistics segment recorded an operating revenue from principal business of RMB13,952.8 million, representing a year-on-year increase of 9.1%, among which the revenue from principal business of manufacturing industry was approximately RMB1,170 million and the revenue from principal business of commerce and logistics industry was approximately RMB12,240 million; gross profit from its principal business amounted to RMB520.2 million, representing a year-on-year decrease of 18.8%.

(3) Property Development Segment

The segment changed thinking pattern, responded rapidly, plotted in advance, focused on implementation, made scientific arrangement, accelerated resumption of work and production, executed with great efforts and firmly grasped the opportunities to make additional marketing efforts, so that the sales indicators increased against trend.

In the first half of 2020, the property development segment recorded revenue from its principal business of RMB9,429.9 million, representing a year-on-year decrease of 15.4%, and the gross profit from its principal business was RMB2,584.1 million, representing a year-on-year decrease of 38.1%. The booked GFA was 612,562.7 sq.m., representing a year-on-year increase of 34.6%, among which booked GFA of commodity housing amounted to 418,248.2 sq.m., representing a year-on-year increase of 2.6%, while booked GFA of affordable housing amounted to 194,314.5 sq.m., representing a year-on-year increase of 310.0%. The aggregated contracted sales area of the Company was 658,342.2 sq.m., representing a year-on-year increase of 64.4%, among which contracted sales area of commodity housing increased year-on-year of 64.6% to 658,137.1 sq.m. The contracted sales area of affordable housing amounted to 205.1 sq.m., representing a year-on-year decrease of 65.3%.

In the first half of 2020, the Company further capitalized on its self-owned resources. It acquired the right to develop three industrial land projects, adding about 227,433 sq.m. to the Company's land reserves. As of 30 June 2020, the land reserve of the Company was approximately 7,569,900 sq.m..

No.	Name of projects (parcel of land)	Location	Use of land	Land area of the project *(sq.m.)*	Planned plot ratio area *(sq.m.)*	Land Price *(RMB million)*	Method of Acquisition	Date of Acquisition (year-month-day)	Percentage of interest
1	Plot C-02 at district of Qixin Cement Factory, Tangshan	Lubei District, Tangshan	Residential (R2)	42,282	105,700	675.46	Auction	2020-01-23	100%
2	Plots such as 1820-618B at No.1, Anningzhuang East Road, Haidian District, Beijing	Haidian District, Beijing	Residential (R2) and land for basic education	47,115	99,865	2,788.00	Tender	2020-02-11	100%
3	Plots 1006- 605 at Affiliated Complex, 3rd Area, Xili, Huajiadi, Wangjing, Chaoyang District, Beijing	Chaoyang District, Beijing	Commercial and financial	7,289	21,868	352.00	Listing	2020-04-03	100%
		Total		96,686	227,433	3,815.46			

Notes: The Company won the bid for the state-owned construction land use rights in respect of the land parcel No. R-09 in Jiangpu Community of Yangpu District, Shanghai on 31 July 2020; and won the bid for the state-owned construction land use rights in respect of the land parcels of Jin Bei Chen Wen (Gua) No. 2020-010 (津北辰文(掛)2020-010號) and Jin Bei Chen Wen (Gua) No. 2020-011 (津北辰文(掛)2020-011號) in Tianjin on 8 August 2020. For details, please refer to the relevant dates for announcements.

(4) Property Investment and Management Segment

The segment spares no effort to prevent and control the epidemic, resume work and production in an accurate and orderly manner, concentrate the strengths and advantageous resources, and make every effort to accelerate the resolution of difficult issues such as evacuation and vacations, sale and leasing of scattered assets. During the Reporting Period, the rental of the office buildings stayed at a high level. GTC Residence (金隅環貿國際公寓) recorded an occupancy rate of 88%. Phase I of BBMG Intelligent Manufacturing Workshop (金隅智造工場一期) recorded an occupancy rate of 87%. The occupancy rate of Phase I of BBMG High-Tech Industrial Park (金隅高新產業園一期) was nearly 95%.

In the first half of 2020, the property investment and management segment recorded an operating revenue from principal business of RMB1,880.5 million, representing a year-on-year decrease of 15.5%, and gross profit from its principal business was RMB999.7 million, representing a year-on-year decrease of 32.0%. The Company held investment properties totalling approximately 1,781,700 sq.m. in the core districts of Beijing and Tianjin. The consolidated average occupancy rate was 79% and the consolidated average rental unit price was RMB5.9/sq.m./day, of which the consolidated average rental unit price of high-end office building in core area in Beijing was RMB8.1/sq.m./day.

Investment properties held by the Group as at 30 June 2020

	Location	Property Gross Area *(thousand sq.m.)*	Fair Value *(RMB million)*	Average Rental Unit Price *(RMB/day)*	Average Occupancy Rate	Unit Fair Value *(RMB/ sq.m.)*
Phase 1 of Global Trade Centre	North Third Ring Road, Beijing	108.2	3,378.8	11.9	85.7%	31,227
Phase 2 of Global Trade Centre	North Third Ring Road, Beijing	141.0	3,428.3	9.0	91.7%	24,314
Phase 3 of Global Trade Centre (Commercial units at low floors)	North Third Ring Road, Beijing	57.5	1,273.3	8.5	88.8%	22,145
Tengda Plaza	West Second Ring Road, Beijing	67.9	1,796.4	9.6	80.3%	26,457
Jin Yu Mansion	West Second Ring Road, Beijing	41.2	1,248.1	12.5	82.1%	30,294
Jianda Building and Beijing Building Materials Trading Tower	East Second Ring Road, Beijing	43.0	1,163.9	6.3	90.2%	27,067
Dacheng Building	West Second Ring Road, Beijing	41.4	1,225.9	11.5	74.9%	29,611
Pan Bohai Jin'an Plaza	Hexi District, Tianjin	302.0	2,435.6	2.3	93.0%	8,065
Pangu Plaza Building 5	North Forth Ring Road, Beijing	137.0	5,343.5	12.3	49.3%	39,004
Phase 1 of Logistics Park Project	South Six Ring Road, Beijing	122.0	874.0	2.1	94.8%	7,164
Phase 1 of Intelligent Manufacturing Plant	North Fifth Ring Road, Beijing	75.4	620.9	5.7	87.2%	8,235
Sub-total		1,136.6	22,788.7			20,050
Other properties	Beijing and Tianjin Municipality	645.1	7,089.5			10,989
Total		1,781.7	29,878.2	5.9	79.2	16,769

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

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

Analysis on Income Statement, Cash Flows and Items of Assets and Liabilities

1. *Principal business operations*

Unit: RMB million

	Revenue from principal business	Cost of sales from principal business	Gross profit margin from principal business *(%)*	Year-on-year increase or decrease in revenue from principal business *(%)*	Year-on-year increase or decrease in cost of sales from principal business *(%)*	Year-on-year increase or decrease in gross profit margin from principal business
Cement and Ready-mixed Concrete	17,140.0	11,760.7	31.4	-13.2	-12.5	Decrease of 0.5 percentage point
Modern Building Materials and Commerce and Logistics	13,952.8	13,432.6	3.7	9.1	10.5	Decrease of 1.3 percentage point
Property Development	9,429.9	6,845.8	27.4	-15.4	-1.9	Decrease of 10.0 percentage points
Property Investment and Management	1,880.5	880.8	53.2	-15.5	16.6	Decrease of 12.9 percentage points
Eliminations	(1,688.3)	(1,530.9)				
Total	40,714.9	31,389.0	22.9	-7.9	-1.9	Decrease of 4.7 percentage points

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

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

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

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

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

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

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

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group decreased by approximately RMB191.3 million year-on-year to RMB247.4 million, accounting for 7.4% of the profits before tax.

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

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

(1) Selling expenses were approximately RMB1,302.2 million in the first half of 2020, representing a decrease of approximately RMB88.2 million year-on-year, mainly attributable to the year-on-year decrease in employee remuneration and agency intermediary fee during the Reporting Period.

(2) Administrative expenses were approximately RMB2,860.5 million in the first half of 2020, representing a decrease of approximately RMB333.0 million year-on-year, mainly attributable to the year-on-year decrease in employee remuneration and repair and maintenance expenses during the Reporting Period.

(3) Finance costs were approximately RMB1,694.8 million in the first half of 2020, representing an increase of approximately RMB280.4 million year-on-year, mainly attributable to the combined effect of the year-on-year decrease in interest income from borrowings and the year-on-year increase in handling charges during the Reporting Period.

4. *Cash flows*

In the first half of 2020, a net increase of RMB10,798.2 million in cash and cash equivalents was recognised in the consolidated financial statements of the Group, of which net cash inflow from operating activities was RMB2,797.7 million, representing a year-on-year increase of approximately RMB1,849.6 million in inflow, mainly attributable to the decrease in cash paid for goods and services year-on-year; net cash outflow from investing activities was RMB1,170.3 million, representing a year-on-year increase of approximately RMB217.7 million in outflow, mainly attributable to the decrease in other cash received in relation to investing activities year-on-year; net cash inflow generated from financing activities was RMB9,167.4 million, representing a year-on-year increase of approximately RMB6,978.3 million in infow, mainly due to the increase in scale of financing of the Company year-on-year; and the effect of changes in exchange rate on cash and cash equivalents decreased by approximately RMB3.4 million.

5. *Analysis on Items of Assets and Liabilities*

(1) Cash and bank balances: an increase of approximately RMB11,916.5 million or 55.9% from the beginning of the Reporting Period, mainly attributable to the increase in the size of financing of the Company during the Reporting Period;

(2) Bills receivable: a decrease of approximately RMB4,571.5 million or 87.9% from the beginning of the Reporting Period, mainly because most bank acceptance bills are expected to be endorsed or discounted due to the business model adjustment during the Reporting Period;

(3) Receivables financing: an increase of approximately RMB3,405.8 million or 678.7% from the beginning of the Reporting Period, mainly because most bank acceptance bills are expected to be endorsed or discounted due to the business model adjustment during the Reporting Period;

(4) Debt investments: an increase of approximately RMB575.6 million or 278.1% from the beginning of the Reporting Period, mainly attributable to the purchase of wealth management product by the Company during the Reporting Period;

(5) Wages payable: a decrease of approximately RMB222.1 million or 45.3% from the beginning of the Reporting Period, mainly attributable to the payment of performance related bonuses of the previous year by the Company during the Reporting Period;

(6) Short-term financing bonds payable: an increase of approximately RMB1,098.1 million or 33.3% from the beginning of the Reporting Period, mainly attributable to the issuance of short-term financing bonds by the Company during the Reporting Period.

CORE COMPETITIVENESS ANALYSIS

The Company is a leading building material enterprise in Beijing-Tianjin-Hebei region in environmental protection, energy-saving and emission reduction and recycling development, and contributes to the ecological civilization. During the Reporting Period, the Company proactively followed the policy orientation of the synergetic development of Beijing-Tianjin-Hebei region and the supply-side structural reform to tap the general trend and seize historical strategic opportunities. Focusing on the goal of high-quality development, the Company continued to deepen the restructuring of Jidong Group, the holding of Tianjin Building Materials Group and internal integration and other major reform achievements, and strive to enhance the connotation and effectiveness of the restructuring, deeply explore the value potential of the restructuring, continue to optimize the strategic layout of the Beijing-Tianjin-Hebei region, create a model industrial synergy development zone, consolidate regional value highlands, and transform the resources aggregation advantages formed by the restructuring into competitive advantages and practical development. The core competitiveness of the Company has been enhanced, the sustainable development momentum has been strengthened, the leading position of the building materials industry in the Beijing-Tianjin-Hebei region has been strengthened, and the influence of the industry has been further enhanced. The Company has strong momentum for high quality sustainable development since it is one of the top 500 enterprises, top 200 most cost-effective enterprises and top 100 most profitable enterprises in China, and ranks No. 1,048 on the Forbes Global 2000. In the first half of the year, the Company's core competitive advantages were further highlighted in the prevention and control of epidemics, orderly resumption of work and production and deepening reform of the system and mechanism, effectively coping with the impact of external risks.

The core competitiveness of the Company is detailed as follows:

1. Competitive Edge in the Industrial Chain:

The Company has developed a vertical and fully integrated industrial chain. On the back of its advantages in new green building materials manufacturing and equipment manufacturing industry, the Company further expanded into the area of real estate development, and focused on business development and industrial upgrading and developed modern service industries such as trade, services, high-end property management, operation of technical innovation industry parks, and human resource. By accelerating the transformation of the manufacturing industry into a service-oriented one and concentrating development into a new type of green park, the Company will continue to build its position as a regional industry leader and further form the layout of the whole industry chain of design, manufacturing, trading, construction and service, highlighting its unique value advantages of the whole industry chain. The strong demand from real estate development projects has boosted the Company's green building materials businesses and other related businesses such as architectural designing, decoration and property management services. On the other hand, the Company's strong brand, technical advantages and expertise in new green building materials manufacturing, property operation and property management services translated into higher quality, better brand image and stronger sales of the Company's real estate development projects in a systematic, industrialized, and specialized manner with green ultra-low energy consumption and advanced technology such as assembled components. Leveraging on various resources and advantages accumulated in the process of "going abroad" by the new green building materials manufacturing industry, the Company has strengthened its regional advantages, deepened urban development, increased land resources reserves in core cities, tapped into high-quality regional markets, and optimized the core business layout. The Company's different business segments support and promote the development of each other with significant synergistic effect and overwhelming advantages as a whole. Information sharing, complementary resources, and coordinated interaction between various business segments and upstream and downstream enterprises underline the advantages of integration and create market competitive edge.

2. Competitive Edge in Technology Innovation:

Focusing on the cutting edge of the industry, the front-end of the industry and the high-end of value, guided by the market and policies, the Company actively promotes scientific and technological innovation, and creates core competitiveness for the Company's high-grade, precision and advanced industry reserves with BBMG characteristics. The research and development of new technologies, new products, new processes and new equipment and the landing of achievements have continuously injected new vitality into the transformation and upgrading of the Company. In the first half of 2020, 23 key scientific research projects were implemented, including 4 projects of second-generation cement technology and equipment, 5 projects of coordinated disposal and recycling of hazardous waste/urban solid waste, 9 projects of industrial solid waste recycling and 5 projects of new fabricated buildings. At present, all key scientific research projects have been completed the demonstration of the implementation plan and started as planned, and some phased results have been achieved. In the first half of 2020, the Company's investment in science and technology amounted to RMB806.1 million, and the sales revenue of new products amounted to RMB1.189 billion, and the Company received 4 awards for scientific and technological progress in Beijing and Tianjin, 2 awards for international leading level achievements, and 1 award for advanced international level achievements. The Company has applied for 146 patents, including 42 invention patents. The Company played a leading role in formulating 51 international standards, national standards, industry standards, local standards, and group standards, and has carried out more than 20 high-level academic exchanges with domestic and foreign colleges and universities, research institute, thus continuously strengthening our scientific and technological influence.

The Company continues to improve the management system of scientific and technological innovation: formulating the Administrative Measures on the Provision for Corporate R&D Investment (Trial) to ensure the continued stability of R&D investment and innovation promotion from a systemic perspective; Review the scientific and technological achievements of the "13th Five-Year Plan", analyze the internal and external development environment, and closely follow the Group's strategic development planning, and are in the process of preparing the BBMG Technology Development Plan for the 14th Five-Year Plan, which aims at clarifying the main direction of scientific and technological innovation and development in the following five years. The Company intends to implement the 561 Technology Innovation Project Strategy, focusing on the five major directions of green manufacturing, green construction, green building materials, green environmental protection and new materials, and six innovation areas of "deep energy saving and emission reduction in cement production and alternative raw fuel technology", "technology for preparing energy-saving building materials by utilizing solid waste resources", "technology for preparing new green building materials", "new assembled green building technology", "digital intelligent building materials equipment manufacturing technology" and "building materials service industry", forming a number of new technologies and achievements leading the technological advancement of the industry and the high-quality development of the Group's industries.

3. **Competitive Edge in Sustainable Development of Green Operations:**

The Company has fully leveraged to its industrial advantages, actively focused on the strategic positioning of the capital, Beijing, meets the needs for construction of "four centers", and adhered to the development concept of "Green Hills and Clear Waters are Gold & Silver Mountains". It has transformed the cement enterprises in Beijing into environmental technology firms, which became part of the urban infrastructure. The Company also has replicated its proprietary waste treatment technology of cement kiln in cement companies outside of Beijing, reinforcing the Company's role in helping governments cleanse the urban environment. The Company also continued in promoting eco-friendly sustainable development. The Company's shift to an eco-friendlier enterprise further solidified its core competitiveness.

In the first half of 2020, the environmental protection industry collected 870,000 tonnes of solid waste and disposed of 1.03 million tonnes of solid waste. During the Reporting Period, the site removal of the contaminated soil project in Beixin'an of Shijingshan was completed, and the contaminated soil project in Tang Ye was successfully started. As of the first half of 2020, there are 30 enterprises carrying out the disposal of solid wastes, and 13 hazardous waste disposal projects, 15 sludge disposal projects and 5 domestic garbage projects have been completed and put into operation; the formed disposal capacity is 501,700 tonnes of hazardous waste, 1,020,200 tonnes of domestic sludge and 631,700 tonnes of domestic garbage. The Company increased efforts to accelerate green transformation, with a total of 16 projects under construction and 10 environmental impact assessment approval projects, the collaborative disposal has covered 86% of the cement enterprises of the Company. The Company has focused on serving the construction of a "Zero-waste City" in Xiong'an New District. In combination with the distribution of disposal facilities in Hebei region, the Company has given full play to its advantages in diversified disposal capacity of hazardous waste, sludge, domestic garbage, contaminated soil, etc, and it has won the bid for the solid waste outward transport disposal project of the phase II of Tanghe Sewage Reservoir Environmental Restoration Project. Under the new situation of epidemic prevention and control, environmental protection enterprises of the Company in Beijing actively responded to the needs of epidemic prevention and control in the capital in a timely manner, quickly completed the relevant waste disposal tasks in Xin Fa Di market (新發地), which demonstrated the responsibility committed by the Company.

4. Competitive Edge in Industry-Finance Integration:

The industry-finance integration has given a boost to all principal businesses of the Company. The Company has further promoted its cooperation with key financial institutions, innovated the financing management, explored the new financing channels and reduced financing cost. BBMG Finance Co., Ltd. and BBMG Finance Lease Co., Ltd. have constructed a platform to boost the Company's efficiency in capital use, widened the Company's financing channels and prevented capital risks. The platform enables organic industry-finance integration. Moreover, the Company has fully leveraged to its listing status advantages, boosted its overall financing capability and laid sound financial foundation for the Company's healthy and sustainable development.

In the first half of 2020, for the purpose of reducing the impact of the epidemic, the Company promoted its cooperation with financial institutions, reduced financing costs, obtained more low-interest financing, and replaced or reduced some high-interest financing. In the first half of 2020, the Company's financing cost reached the lowest level in recent years, saving financial costs. The new financing cost decreased by 77 basis points year-on-year. The financing structure was more optimized, with the proportion of long-term financing increasing by 3 percentage points.

5. Competitive Edge in Corporate Culture and Branding:

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 reaffirmed confidence and united as one to tackle difficulties, worked diligently to surmounted the challenges, thereby laying the foundation for the perfect end of the 13th Five-Year Plan and a good start to the 14th Five-Year Plan with excellent performance and achieving quality growth. 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 of BBMG's business. "BBMG" has been consecutively honored as a well-known trademark in Beijing. It ranked 65th on the list of the 2020 (17th) China's 500 Most Valuable Brands. 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.

POSSIBLE RISKS FACED BY THE COMPANY

1. Risk of Epidemic Impact

At the beginning of 2020, the sudden outbreak of the COVID-19 epidemic greatly affected the economy in China and the uncertainty of domestic and international environment grew. During the epidemic, project suspensions led to stagnated cement demand; at the early stage and fast development stage of the epidemic, the demand for house purchase was curbed and the potential buyers tended to wait and lacked confidence. Despite the major achievements in the epidemic prevention and control made by China, the trend of continuously improving overall situation of economic and social development and accelerated recovery of production and life order, the overseas epidemic situation continues to deteriorate and the international environment tends to be more complicated, coupled with all kinds of international issues such as regional safety, which result in the growth in long-term instability and uncertainty. The impact brought by external environment on China's economy remains highly unstable and brings certain risks to the future development of the Company.

Countermeasures: We will have insight into the new characteristics and new requirements of the current development, raise the awareness of opportunities and risks of development, cultivate new opportunities in crisis, break new ground in the turbulent situation, grasp opportunities, draw on advantages and avoid disadvantages and cope with challenges. We will also strengthen prospective thinking, global planning, strategic layout and grasp opportunities to carefully study and plan development path in the new development pattern where domestic and foreign markets can boost each other with domestic market as the mainstay while grasping the opportunities brought by the preparation of "the 14th Five-year Plan". We will further enhance core competitiveness, face up to challenges, turn adversity into opportunity and strive to minimize the influences and losses caused by the epidemic so as to complete the"13th Five-Year Plan" on a high note and lay a solid foundation for a good start on the "14th Five-year Plan". Grasping the opportunities of "two new-type constructions and one major construction" (namely, new-type infrastructure construction, new-type urbanization and major engineering construction of transportation and hydraulic engineering) launched to cope with the impact of the epidemic and stabilize growth, the Company will be more prospective and active, make the best of policy measures of China for epidemic prevention and control and growth stabilizing, give play to the advantages of industries with infrastructure demands such as cements and aggregates, seize the opportunities brought by rebounding economic growth and major infrastructure demand after the epidemic, seize the momentum, win more market shares and promote the growth of building material products such as cements. Meanwhile, in terms of the real estate business, the Company will strive to develop the strategic orientation of integrated development of urban agglomerations, focus on core areas, optimize land acquisition strategies, effectively controls investment risks, continue to upgrade products, innovate marketing strategies and better adapts to market demand after the epidemic and achieve them with great efforts.

2. Policy Risk

The development of cement and property sectors is directly subject to macroeconomic development and macroeconomic control policies. Domestic and overseas economic environments remained complex and challenging, and external market witnessed higher level of instabilities and uncertainties. Lots of imbalance and underdevelopment existed in China's economy, and a growing downward pressure was observed, posing fresh risks and challenges. Overcapacity in cement industries is yet to be fundamentally eliminated. In line with the promotion of supply-side structural reform and high-quality development policy of the PRC, the cement industry will continue to execute stricter elimination of outdated capacity and environmental protection control policies. Cement companies will continue to transform and upgrade its operations, and strive for sustainable development in line with China's supply side structural reform. In the meanwhile, China is expected to keep the long term policy stance of "houses are for living, not for speculation". Guided by the principle that "houses are for living, not for speculation," the long-term administrative mechanism for the real estate industry has graduated from the pilot stage to the full implementation stage, and the local governments continues to implement city-specific policies according to the actual conditions and development and changes in real estate market; the core of the development of real estate market returns to the residence-centered goal. The growth in investment and sales scale of real estate is slowed down but the market scale can be still guaranteed with the continuous promotion of urbanization and continuous release of improvement-based demand. Industrial development will transit from expansion in scale to improvement of quality and it's an irresistible trend to enhance enterprise operation quality.

Countermeasures: Cement companies will focus on supply-side structural reform, continue to strengthen strategic thinking, study and assess national policies and industrial trend, grasp opportunities, practice new development philosophy and continue to enhance core competitiveness. Through "targeted analysis, targeted decision making, targeted implementation" of regional markets, they will strengthen linkage, enhance regional market control, strive to achieve balanced development of regions and improvement of overall strength, guide and promote industrial integration, transformation and upgrade process, maintain good market order and seize the rebounding growth of the market after the epidemic to further increase market share. In terms of the real estate business, we will choose solid and quality development mode, adopt regional intensive development strategies with metropolitan area and central cities as the core and high-level cities as focus. For cities with their presence, we will continue to increase investment and realize scale economies effect through regional intensive development. Meanwhile, the Company will promote operation and management system building, enhance project operation efficiency and continue to enhance core competitiveness with "enhancement of products quality" as an effective means; strengthen cost system innovation and establish advanced cost control model.

3. Capital Operation Risk

The Company believes that it is important to prevent and mitigate the risk of capital operation brought by policy adjustment under the continuous pressure from the impact of the epidemic on operation and financial supervision. Despite the overall prudent monetary policy of the Central Bank in the first half of 2020, the market financing cost continues to decrease, the financing in real estate industry is still under pressure. The capital of real estate industry is under continuous pressure. The Company's scale is still expanding, and sufficient capital is needed to fund the Company's daily operation and future development.

Countermeasures: The Company will enhance its management on finance and capital, and improve the efficiency in the use of capital. It will actively analyze and grasp the policies that encourage financial institutions to serve the real economy and supply-side structural reform, and promote its cooperation with financial institutions. It will also innovate financing channels and explore new financing channels with a view to ensuring the safety and stability of the capital chain of the Company. The Company will leverage the financing platform of listed companies to raise funds for business development. Leveraging on the advantages of the financial arm and finance lease arm of the Company, cash flow of the Company will be secured as a whole.

4. Market Competition Risk

The cement output in China has remained in high-level plateau for consecutive years. According to industrial development cycles, the industry has gradually entered into a mature period with basically stable or slightly decreased cement demands. However, in the first half of the year, the central government and local governments are expected to make great progress in intensively launching a large batch of infrastructure projects and further drive the demands of infrastructure construction in cements in the second half of the year. Moreover, the real estate market is still resilient. From the new commencement of construction and construction of real estate industry, the new commencement of construction gradually recovers and construction acceleration continues to grow as a whole, which underpins the cement demands. The continuous benefits delivered by strategic restructuring of the Company further enhances the regional market order of cement industry. However, some subsidiaries of the Company are not competitive enough and have weak ability to respond to market changes, making them barely able to compete with peers. The increasing concentration and high quality development of real estate industry put forward higher standards on the quality of products and services. Declining population bonus and demographic shifts will have far-reaching influence on the supply, demand and development of real estate market.

Countermeasures: The Company will continue to focus on cement business, strengthen market orientation, stick to high quality development, strengthen regional market integration, formulate sales strategy according to "one strategy for one region" and expand regional market shares. It will deepen strategic development thinking, strengthen strategic cooperation with competing enterprises in the industry, optimize cement industry layout, speed up environmental protection industrial development, accelerate enterprise transformation and upgrade, grow aggregate industry, strengthen industrial chain advantages, enhance the ability to integrate resources and reinforce the foundation for sustainable development. For real estate business, the Company will comply with the market trend, focus on market and customer demands, enhance products competitiveness, enhance professional management and control level, speed up the urban mineral resources exploitation and efficient usage of self-owned lands, have in-depth analysis on land policies and market environment changes, control the pace of land acquisition, further expand presence in major cities, give play to the collaborative advantages of vertically integrated industrial chain of the Group, lower operation costs and enhance product service quality and market influence.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, the Group's total assets amounted to RMB296,474.2 million, representing an increase of approximately 5.1% from the beginning of the Reporting Period, which comprised total liabilities of RMB203,474.9 million, minority interests of RMB29,510.2 million and total equity attributable to the shareholders of the parent company of RMB63,489.1 million. As at 30 June 2020, total shareholders' equity amounted to RMB92,999.3 million, representing an increase of approximately 12.7% from the beginning of the Reporting Period. As at 30 June 2020, the Group's net current assets were RMB61,517.6 million, representing an increase of approximately RMB14,728.1 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 68.6%, representing a decrease of 2.1 percentage points from the beginning of the Reporting Period.

As at 30 June 2020, the Group's cash and bank balances amounted to RMB33,241.5 million, representing an increase of RMB11,916.5 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, corporate bonds, short-term financing bonds, medium-term notes and banking facilities provided by its principal bankers in the PRC. As at 30 June 2020, the Group's interest-bearing bank borrowings amounted to RMB81,307.3 million (as at 31 December 2019: RMB86,234.7 million) which bore fixed interest rates and were all denominated in Renminbi. Among these borrowings, approximately RMB43,667.7 million interest-bearing bank borrowings were due for repayment within one year, representing a decrease of approximately RMB6,779.6 million from the beginning of the Reporting Period. Approximately RMB37,639.6 million interest-bearing bank borrowings were due for repayment after one year, representing an increase of approximately RMB1,852.2 million from the beginning of the Reporting Period. The Group's interest-bearing bank borrowings were all denominated in RMB.

During the Reporting Period, the Company entered into cooperation agreements with various banks to obtain credit facilities. As at the end of the Reporting Period, the Company was granted total bank credit facilities of RMB174,831 million and drew down borrowings of RMB80,591 million in Mainland China. Unutilized credit facilities was RMB94,240 million. As at the date of this announcement, no bonds interests of the Company for the current period had not been paid as scheduled, not been fully paid and was payable but yet to be paid. During the Reporting Period, the interests of other bonds and debt financing instrument of the Company had been fully settled as scheduled in accordance with the contract or relevant agreement and no event of default have occurred. The Company has sufficient capital for its operation. As at 30 June 2020, the Group had no future plans for material investments or capital assets.

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

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

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

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

ENVIRONMENTAL PROTECTION

During the Reporting Period, the Company conducted production and operation in strict compliance with the requirements under the national laws and regulations in respect of environmental protection. There was no breach of laws and regulations, liability for accidents and administrative penalty in relation to environmental protection that involved the company and its subsidiaries which were the key pollutant discharging units as announced by the environmental protection departments.

DISCLOSEABLE TRANSACTIONS DURING THE REPORTING PERIOD

During the Reporting Period, there are no transactions that are required to be disclosed by the Group under the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

COMMITMENTS

Unit: RMB

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Asset acquisition or construction contracts entered into but not completed	**890,103,758.72**	149,181,143.13
Property development contracts entered into and being executed or will be executed	**11,871,761,172.98**	2,638,777,513.45
	12,761,864,931.70	2,787,958,656.58

CONTINGENCIES

Unit: RMB

		As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Provision of guarantee on mortgage to third parties	*Note 1*	**9,982,539,898.52**	8,583,893,305.90
Provision of guarantee on loans and others to third parties	*Note 2*	**980,000,000.00**	1,000,000,000.00
		10,962,539,898.52	9,583,893,305.90

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

Note 2: Jidong Group, a subsidiary of the Group, provided guarantee on the borrowings of RMB980,000,000.00 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.

PLEDGE OF ASSETS

As at 30 June 2020, certain of the Group's inventories, fixed assets, investment properties, land use rights and equity interest totaling RMB52,148.0 million (as at 31 December 2019: RMB60,999.1 million) were pledged or mortgaged to secure the short-term and long-term loans of the Group, which accounted for approximately 17.6% of the total assets of the Group (as at 31 December 2019: 21.6%).

EMPLOYEES

As at 30 June 2020, the Group had 47,945 employees in total (as at 31 December 2019: 49,189). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB2,649.0 million (for the six months ended 30 June 2019: RMB3,082.8 million), representing a decrease of approximately 14.1%. The Group provides its employees in the PRC with retirement insurance, medical insurance, unemployment insurance, maternity insurance and industrial injury insurance as well as a housing provident fund pursuant to PRC laws and regulations. The Group pays salaries to its employees based on a combination of factors such as their positions, lengths of service and work performance, and reviews these salaries and benefits on a regular basis.

RISK MANAGEMENT

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

FOREIGN EXCHANGE RISK MANAGEMENT

The Group mainly operates its business in the PRC. During the Reporting Period, sales proceeds and procurement expenses of the Group were mainly denominated in RMB. Most of the Group's financial instruments such as accounts and bills receivable, cash and bank balances are denominated in the same currency or a currency that is pegged to the functional currency of the operations to which the transactions are related. Accordingly, it is believed that the Group has minimal foreign exchange risks. The Group has not used any forward contract or currency borrowing to hedge its interest rate risks. Fluctuations of the exchange rates of foreign currencies did not constitute any material challenges to the Group or have any significant effects on its operations or working capital during the Reporting Period. However, the management will continue to monitor foreign exchange risks and adopt prudent measures as appropriate.

TREASURY POLICIES

The Group adopts conservative treasury policies and controls tightly its cash and risk management. The Group's cash and bank balances are held mainly in RMB. Surplus cash is generally placed in short term deposits denominated in RMB.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 June 2020, the total issued share capital of the Company was 10,677,771,134 shares, of which 8,339,006,264 were A Shares and 2,338,764,870 were H Shares. To the best knowledge of the directors of the Company (the "**Directors**"), the records of interest (being 5% or more of the Company's issued share capital) as registered in the register of interests kept by the Company under section 336 of the Securities and Futures Ordinance (the "**SFO**") were as follows:

Long positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
A Shares	北京國有資本經營管理中心 (Beijing State-owned Capital Operation and Management Center, "**Beijing SCOM Center**") *(Note 1)*	Direct beneficial owner	4,797,357,572	57.53	44.93
	北京京國發股權投資基金（有限合夥）(Beijing Jingguofa Equity Investment Fund (Limited Partnership)) *(Note 2)*	Interest of corporation controlled by the substantial shareholder	43,115,900	0.52	0.40
	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality *(Note 1)*	Held by controlled corporation	4,840,473,472	58.05	45.33
H Shares	Ouyang Jieliang	Direct beneficial owner	214,351,000	9.17	2.01
H Shares	FMR LLC	Interest of corporation controlled by the substantial shareholder	189,271,901	8.09	1.77
H Shares	Fidelity Investment Trust	Direct beneficial owner	142,387,500	6.09	1.33
H Shares	Prime Capital Management Company Limited	Investment manager	139,915,755	5.98	1.31

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

Note 2: The Beijing SCOM Center is interested in 43,115,900 A Shares of the Company through its 83.4262% direct equity interest in Beijing Jingguorui State-owned Assets Reform and Development Fund (Limited Partnership)* (北京京國瑞國企改革發展基金(有限合夥)) and 93.32% indirect equity interest in Beijing Jingguofa Equity Investment Fund (Limited Partnership)* (北京京國發股權投資基金(有限合夥)), which is directly held by Jingguorui State-owned Assets Reform and Development Fund (Limited Partnership)* (北京京國瑞國企改革發展基金(有限合夥)) .

Save as disclosed above, as at 30 June 2020, so far as was known to the Directors, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

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

As at 30 June 2020, the interests or short positions of the Company's Directors, supervisors or chief executive in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register of interests maintained by the Company, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Name	Position	Capacity and nature of interest	Number of shares held	Type of shareholding	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
Jiang Deyi	Director	Beneficial owner	63,000 Shares	A Shares	0.00%	0.00%
Wu Dong	Director	Beneficial owner	60,000 Shares	A Shares	0.00%	0.00%

All the shareholding interests listed in the above table are "long" positions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the model code for securities transactions by the Directors, supervisors and relevant employees on terms no less exacting than the required standards set out in the Model Code. Relevant employees who are likely to be in possession of inside information in relation to the purchase and sale of the securities of the Company are also required to comply with the Model Code.

As at 30 June 2020, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Model Code during the six months ended 30 June 2020. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

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

The Group did not sell, repurchase or redeem any of the securities of the Company during the six months ended 30 June 2020.

CORPORATE GOVERNANCE CODE

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

BOARD COMPOSITION

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

There is no change in the composition of the Board during the Reporting Period.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to the provisions of the Listing Rules, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of two non-executive Directors and four independent non-executive Directors. At the meeting convened on 19 August 2020, the Audit Committee had reviewed the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2020. The Audit Committee has considered the Group's internal audit report for the first half of 2020, reviewed the accounting principles and practices adopted by the Group, considered the Group's financial statements for the first half of 2020 and recommended their adoption by the Board.

As at the date of this announcement, members of the Audit Committee are Mr. Guo Yanming (non-executive Director), Mr. Xue Chunlei (non-executive director), Mr. Wang Guangjin (independent non-executive Director), Mr. Tian Lihui (independent non-executive Director), Mr. Tang Jun (independent non-executive Director) and Mr. Ngai Wai Fung (independent non-executive Director). Mr. Tian Lihui is the chairman of the Audit Committee.

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

The electronic version of this announcement will be published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and on the website of the Company (http://www.bbmg.com.cn/listco). The 2020 interim financial report of the Company for the six months ended 30 June 2020 prepared in accordance with the China Accounting Standards for Business Enterprises, which contains the applicable information required under Appendix 16 to the Listing Rules, will be despatched to the Shareholders and published on the websites of the Hong Kong Stock Exchange and the Company in due course. The PRC domestic interim results report for the six months ended 30 June 2020 and its abstract will be released on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) and the website of the Company (http://www.bbmg.com.cn/listco) around the same time as this interim results announcement.

By order of the Board
BBMG Corporation*
Jiang Deyi
Chairman

Beijing, the PRC, 19 August 2020

As at the date of this announcement, the executive Directors of the Company are Jiang Deyi, Wu Dong and Zheng Baojin; the non-executive Directors of the Company are Guo Yanming and Xue Chunlei; and the independent non-executive Directors of the Company are Wang Guangjin, Tian Lihui, Tang Jun and Ngai Wai Fung.

* *For identification purposes only*