BBMG 金隅

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 2021

FINANCIAL HIGHLIGHTS

- Operating revenue of approximately RMB57,713.7 million, increased by approximately 41.0% from the interim period of 2020
- Gross profit margin from principal business of approximately 16.8%, decreased by 6.1 percentage points from the interim period of 2020
- Net profit of approximately RMB3,219.5 million, increased by approximately 47.2% from the interim period of 2020
- Net profit attributable to shareholders of the parent company of approximately RMB1,911.8 million, increased by approximately 25.5% from the interim period of 2020
- Core net profit attributable to the shareholders of the parent company (excluding the net gains after tax on the fair value of investment properties) of approximately RMB1,736.6 million, increased by approximately RMB398.5 million or 29.8% from the interim period of 2020
- 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 2021 (the "**Reporting Period**"), prepared in accordance with the China Accounting Standards for Business Enterprises, together with the comparative figures for the corresponding period of 2020. 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 RMB1,911.8 million, representing an increase of approximately RMB388.3 million or approximately 25.5% over the corresponding period of last year; basic earnings per share was approximately RMB0.14 (for the six months ended 30 June 2020: RMB0.10), representing an increase of approximately RMB0.04 per share over the corresponding period of last year; total equity attributable to the shareholders of the parent company was approximately RMB62,048.0 million at the end of the Reporting Period, representing a decrease of approximately RMB1,328.0 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 2021 (for the six months ended 30 June 2020: Nil).

UNAUDITED CONSOLIDATED INCOME STATEMENT
Unit: RMB

	Notes	**For the six months ended 30 June 2021 (Unaudited)**	For the six months ended 30 June 2020 (Unaudited)
Operating revenue	*3*	**57,713,656,876.27**	40,928,098,134.64
Less: Operating costs	*4*	**47,618,279,096.79**	31,513,755,189.53
Tax and surcharges		**806,539,225.36**	797,689,781.43
Selling expenses	*5*	**1,516,797,922.84**	1,302,239,165.35
Administrative expenses	*6*	**3,008,828,902.65**	2,860,480,846.42
Research and development expenses	*7*	**179,590,663.30**	138,524,427.00
Finance costs	*8*	**1,363,664,870.30**	1,694,837,346.02
Including: Interest expense		***1,363,388,158.02***	*1,757,088,862.95*
Interest income		***86,343,253.25***	*253,487,917.73*
Add: Other gains	*9*	**369,908,307.33**	285,851,134.84
Investment gains	*10*	**353,176,232.00**	211,678,187.29
Including: Gains from investment in associates and joint ventures		***298,091,900.61***	*158,492,876.08*
Gains from changes of fair value	*11*	**240,771,330.35**	252,221,568.61
Credit impairment losses	*12*	**(128,142,938.49)**	(158,664,388.39)
Asset impairment losses	*13*	**(51,015,607.95)**	(10,710,430.49)
Gains on disposal of assets		**36,938,729.99**	24,993,675.24
Operating profit		**4,041,592,248.26**	3,225,941,125.99
Add: Non-operating revenue	*3*	**511,748,047.45**	233,719,984.38
Less: Non-operating expenses	*4*	**138,614,767.25**	94,440,588.62
Total profit		**4,414,725,528.46**	3,365,220,521.75
Less: Income tax expenses	*14*	**1,195,214,796.19**	1,177,626,556.08
Net profit		**3,219,510,732.27**	2,187,593,965.67
Classified by continuing operations			
Net profit from continuing operations		**3,219,510,732.27**	2,187,593,965.67
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		**1,911,844,630.53**	1,523,592,114.58
Minority interests		**1,307,666,101.74**	664,001,851.09

UNAUDITED CONSOLIDATED INCOME STATEMENT (Continued)

Unit: RMB

	Note	**For the six months ended 30 June 2021 (Unaudited)**	For the six months ended 30 June 2020 (Unaudited)
Net other comprehensive income after tax		**105,280,392.27**	(68,471,684.00)
Net other comprehensive income after tax attributable to shareholders of the parent company		**128,437,305.30**	(25,635,198.35)
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		**(8,041,627.00)**	(8,524,914.00)
Changes in fair value of investment in other equity instruments		**(4,832,426.07)**	(5,348,706.32)
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)
Exchange differences on foreign currency translation		**(17,402.41)**	(3,026,888.73)
The difference between the fair value and the carrying value of the inventories/ self-occupied properties on the date when it changed to the investment properties measured with the fair value model		**141,328,760.78**	–
Net other comprehensive income after tax attributable to minority interests		**(23,156,913.03)**	(42,836,485.65)
Total comprehensive income		**3,324,791,124.54**	2,119,122,281.67
Including:			
Total comprehensive income attributable to the shareholders of the parent company		***2,040,281,935.83***	*1,497,956,916.23*
Total comprehensive income attributable to minority interests		***1,284,509,188.71***	*621,165,365.44*
Earnings per share	*15*		
Basic earnings per share (RMB/share)		**0.14**	0.10
Diluted earnings per share (RMB/share)		**0.14**	0.10

UNAUDITED CONSOLIDATED BALANCE SHEET
Unit: RMB

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

UNAUDITED CONSOLIDATED BALANCE SHEET (Continued)
Unit: RMB

	Notes	**As at 30 June 2021 (Unaudited)**	As at 31 December 2020 (Audited)
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	*19*	**27,255,747,252.70**	30,823,388,385.20
Financial assets sold under agreements to repurchase		**754,000,000.00**	–
Bills payable	*20*	**3,066,409,060.20**	1,779,326,807.47
Accounts payable	*21*	**16,431,452,986.72**	18,082,453,566.59
Receipts in advance		**323,668,992.22**	305,227,873.47
Contract liabilities		**32,516,546,969.26**	28,906,318,019.79
Wages payable		**254,056,468.96**	429,985,557.03
Tax payable		**1,986,971,856.46**	2,628,117,672.26
Other payables		**7,583,032,342.45**	7,895,565,971.72
Non-current liabilities due within one year		**15,071,233,215.18**	14,967,779,666.16
Short-term financing bonds	*22*	**3,000,000,000.00**	1,599,273,452.96
Other current liabilities		**10,190,587,959.60**	11,392,807,052.69
Total current liabilities		**118,433,707,103.75**	118,810,244,025.34
Non-current liabilities			
Long-term loans	*23*	**28,404,089,263.89**	37,777,329,363.48
Bonds payable	*22*	**29,905,847,726.15**	31,571,846,083.37
Lease liabilities		**414,761,977.05**	458,329,649.60
Long-term payables		**18,662,220.69**	19,162,220.69
Long-term wages payable		**527,004,946.57**	529,547,335.17
Accrued liabilities		**711,518,394.22**	824,802,495.37
Deferred income		**802,163,187.58**	832,750,925.25
Deferred income tax liabilities		**5,980,234,621.00**	6,063,184,435.98
Other non-current liabilities		**8,949,590.79**	9,000,000.00
Total non-current liabilities		**66,773,231,927.94**	78,085,952,508.91
Total liabilities		**185,206,939,031.69**	196,896,196,534.25

UNAUDITED CONSOLIDATED BALANCE SHEET (Continued)
Unit: RMB

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

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. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant provisions.

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

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 2021 (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
Revenue from external transactions	19,039,615,219.90	18,604,597,631.53	18,150,315,642.16	1,919,128,382.68	–	–	57,713,656,876.27
Revenue from inter-segment transactions	474,030,854.23	721,753,524.96	4,415,831.16	312,881,572.99	–	(1,513,081,783.34)	–
	19,513,646,074.13	19,326,351,156.49	18,154,731,473.32	2,232,009,955.67	–	(1,513,081,783.34)	57,713,656,876.27
Gains on investment in joint ventures and associates	226,210,759.29	39,228,916.76	7,996,596.93	24,655,627.63	–	–	298,091,900.61
Asset impairment losses	51,859,998.71	(784,388.41)	–	(60,002.35)	–	–	51,015,607.95
Credit impairment losses	58,797,598.67	64,464,205.09	(16,231,258.73)	21,112,393.46	–	–	128,142,938.49
Depreciation and amortisation	1,888,505,487.15	166,450,949.24	35,446,346.90	199,668,761.95	41,046,317.46	–	2,331,117,862.70
Total profits	2,365,933,230.10	85,722,234.11	1,588,918,079.07	1,091,595,243.53	(752,004,451.38)	34,561,193.03	4,414,725,528.46
Income tax expense	498,299,525.59	37,400,151.11	472,314,176.87	364,357,729.87	(188,001,112.85)	(6,655,674.40)	1,195,214,796.19
Total assets	78,001,129,310.65	15,460,288,779.55	131,706,988,017.88	63,099,227,656.21	1,629,703,411.61	(11,233,904,842.72)	278,680,932,333.18
Total liabilities	38,894,316,658.80	9,892,120,881.23	113,356,999,297.79	12,540,435,762.84	22,368,675,976.11	(11,845,609,545.08)	185,206,939,031.69
Long-term equity investment in joint ventures and associates	1,990,926,011.00	95,576,351.60	959,882,728.13	795,764,529.03	–	–	3,842,149,619.76
Increase in other current assets, excluding long-term equity investment	2,409,139,184.77	286,170,886.16	436,684,619.64	277,603,921.89	–	–	3,409,598,612.46

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
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

Geographical information

	For the six months ended 30 June 2021 ***RMB*** **(Unaudited)**	For the six months ended 30 June 2020 *RMB* (Unaudited)
Operating revenue		
Asia	**57,589,642,827.35**	40,876,016,801.69
Europe	**114,922,198.27**	42,539,817.23
Africa	**9,091,850.65**	9,541,515.72
	57,713,656,876.27	40,928,098,134.64

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 2021 and the six months ended 30 June 2020, 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 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Operating revenue from principal business	**57,065,979,701.66**	40,714,935,190.25
Operating revenue from other business	**647,677,174.61**	213,162,944.39
	57,713,656,876.27	40,928,098,134.64

Operating revenue is presented as follows:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Revenue from contracts with customers	**56,651,557,667.42**	39,921,749,941.78
Rental income	**864,843,837.25**	844,604,909.02
Including: Rental income from investment properties	***771,416,346.64***	*750,725,792.41*
Other rental income	***93,427,490.61***	*93,879,116.61*
Interest income	**197,255,371.60**	161,743,283.84
	57,713,656,876.27	40,928,098,134.64

Disaggregated operating revenue from contracts with customers is as follows:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Revenue recognition time		
Revenue recognized at a point in time		
Sale of products	**20,493,554,921.23**	17,207,525,786.68
Bulk commodity trade	**15,893,389,251.08**	11,343,505,485.74
Sale of properties	**17,718,310,320.24**	9,403,202,011.87
Others	**855,601,747.61**	453,715,294.86
Revenue recognized over time		
Property management	**494,492,190.31**	428,848,843.34
Hotel operation	**149,558,704.95**	87,844,343.35
Income from decoration	**427,549,891.31**	278,702,619.22
Treatment of solid wastes	**619,100,640.69**	718,405,556.72
	56,651,557,667.42	39,921,749,941.78

Non-operating revenue is presented as follows:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Net income from fines	**9,267,542.89**	21,105,976.67
Relocation compensation/government grants	**54,251,485.17**	150,971,155.73
Amounts not required for payment	**59,722,410.18**	31,243,430.14
Gains on disposal of non-current assets	**328,468,392.76**	1,194,625.55
Others	**60,038,216.45**	29,204,796.29
	511,748,047.45	233,719,984.38

4. OPERATING COSTS AND NON-OPERATING EXPENSES

Unit: RMB

Operating costs are presented as follows:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Operating costs for principal business	**47,477,841,587.33**	31,389,023,411.39
Operating costs for other business	**140,437,509.46**	124,731,778.14
	47,618,279,096.79	31,513,755,189.53

Non-operating expenses are presented as follows:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Losses on disposal of non-current assets	**70,705,330.37**	49,971,496.38
Including: Losses on disposal of fixed assets	***70,006,703.28***	*49,971,496.38*
Loss on disposal of other non-current assets	***698,627.09***	–
Abnormal losses	**824,640.19**	–
Expenses on charity donation	**100,000.00**	16,579,425.31
Losses on compensation, penalties and fines	**24,027,038.93**	9,573,975.40
Other expenses	**42,957,757.76**	18,315,691.53
	138,614,767.25	94,440,588.62

5. SELLING EXPENSES

Unit: RMB

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Employee remuneration	**467,730,945.35**	398,709,607.40
Office and service expenses	**220,162,940.32**	160,746,795.95
Lease fee	**26,775,767.43**	35,011,072.30
Agency intermediary fee	**258,526,483.99**	143,271,573.24
Advertisement fee	**133,751,113.89**	105,921,811.25
Transportation expenses	**378,264,273.88**	449,133,583.17
Others	**31,586,397.98**	9,444,722.04
	1,516,797,922.84	1,302,239,165.35

6. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Employee remuneration	**1,264,367,945.06**	1,091,160,403.97
Office and service expenses	**509,745,971.21**	458,401,333.92
Intermediary service fees	**107,301,888.87**	110,889,809.57
Lease fees	**112,893,727.78**	113,645,576.61
Sewage and afforestation fees	**13,721,811.78**	27,285,789.31
Losses on suspension of operations	**449,687,419.93**	457,740,395.27
Others	**551,110,138.02**	601,357,537.77
	3,008,828,902.65	2,860,480,846.42

7. RESEARCH AND DEVELOPMENT EXPENSES

Unit: RMB

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Employee remunerations	**102,653,747.02**	73,782,440.13
Material and equipment cost	**37,146,824.75**	37,504,812.47
Others	**39,790,091.53**	27,237,174.40
	179,590,663.30	138,524,427.00

8. FINANCE COSTS

Unit: RMB

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Interest expenses	**2,610,217,224.37**	3,438,047,817.59
Including: Interests on bank loans and other loans fully repayable within five years	***2,287,614,411.83***	*2,807,454,517.71*
Interests on bank loans and other loans fully repayable over five years	***70,221,152.36***	*250,517,328.48*
Interest expenses on lease liabilities	***22,371,620.17***	*14,217,203.47*
Interest expenses on significant financing component	***230,010,040.02***	*365,858,767.93*
Less: Interest income	**86,343,253.25**	253,487,917.73
Less: Amount of interest capitalized	**1,246,829,066.35**	1,680,958,954.64
Exchange losses	**1,649,310.31**	57,044,925.34
Handling charges	**66,434,632.07**	81,850,364.15
Others	**18,536,023.15**	52,341,111.31
	1,363,664,870.30	1,694,837,346.02

Note: From January to June in 2021, the amount of capitalised borrowing costs has been included in construction in progress of RMB34,008,873.36 (from January to June in 2020: RMB8,274,530.24) and costs for properties under development of RMB1,212,820,192.99 (from January to June in 2020: RMB1,672,684,424.40).

The breakdown of interest income was as follows:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Cash and bank balances	**18,496,215.79**	77,924,824.83
Interest income from financing component	**53,587,109.59**	61,728,234.19
Other debt investments	**14,259,927.87**	113,834,858.71
Total	**86,343,253.25**	253,487,917.73

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

9. OTHER GAINS

Unit: RMB

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)	Related to assets/gains
Refunds of VAT	**278,012,806.45**	208,401,609.26	Related to gains
Income from relocation compensation	**4,497,816.05**	4,400,059.52	Related to assets/gains
Income from other subsidies	**85,597,684.83**	69,679,266.06	Related to assets/gains
Grants of sale of heat	**1,800,000.00**	3,370,200.00	Related to gains
	369,908,307.33	285,851,134.84	

10. INVESTMENT GAINS

Unit: RMB

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Gains from long-term equity investments under equity method	**298,091,900.61**	158,492,876.08
Investment gains from disposal of subsidiaries	**17,871,948.45**	30,430,655.25
Investment gains from financial assets held for trading during the period of holding	**4,177,738.76**	–
Investment gains from financial assets at amortised cost during the period of holding	**13,417,692.30**	4,333,285.46
Investment gains from disposal of financial assets held for trading	**7,858,957.51**	17,140,215.51
Investment gains from other equity instrument during the period of holding	**6,246,924.90**	21,659.51
Others	**5,511,069.47**	1,259,495.48
	353,176,232.00	211,678,187.29

There were no significant restrictions on the repatriation of investment income of the Group as of 30 June 2021. For the six months ended 30 June 2021, there were no gains from listed share investment among the Group's investment income (2020: Nil).

11. GAINS FROM CHANGES OF FAIR VALUE

Unit: RMB

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Financial assets at fair value through profit or loss	**6,163,594.74**	4,782,760.86
Investment properties measured at fair value	**233,720,454.75**	247,438,807.75
Hedging business	**887,280.86**	–
	240,771,330.35	252,221,568.61

12. CREDIT IMPAIRMENT LOSSES

Unit: RMB

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Losses on provision for bad debt of bills receivable	**3,685,745.62**	69,526,275.88
Bad debt losses on accounts receivable	**(23,296,159.95)**	(179,350,094.49)
Losses on bad debt of other accounts receivable	**(113,416,655.12)**	(52,120,963.48)
Losses on bad debt of long-term accounts receivable	**4,890,130.96**	3,593,519.97
Losses on impairment of contract assets	**–**	(313,126.27)
Others	**(6,000)**	–
	(128,142,938.49)	(158,664,388.39)

13. ASSET IMPAIRMENT LOSSES

Unit: RMB

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Losses on decline in value of inventory	**(8,126,788.86)**	(9,861,148.14)
Losses on impairment of contract assets	**(1,624,343.69)**	–
Losses on impairment of fixed assets	**(14,050,031.51)**	(639,917.87)
Losses on impairment of prepayments	**(619,443.89)**	(209,364.48)
Losses on impairment of goodwill	**(26,595,000.00)**	–
	(51,015,607.95)	(10,710,430.49)

14. INCOME TAX EXPENSES

Unit: RMB

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Current income tax expenses	**1,119,448,741.56**	1,274,973,914.06
Deferred income tax expenses	**75,766,054.63**	(97,347,357.98)
	1,195,214,796.19	1,177,626,556.08

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

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Total profit	**4,414,725,528.46**	3,365,220,521.75
Income tax expenses at the statutory tax rate	**1,103,681,382.12**	841,305,130.43
Effect of different tax rates applicable to some subsidiaries	**(87,680,034.94)**	(36,019,462.91)
Adjustments on the current income tax of previous periods	**(2,387,021.17)**	(6,110,383.92)
Share of profits and losses of joint ventures and associates	**(68,771,281.01)**	(45,838,830.63)
Income not subject to tax	**(47,694,749.13)**	(7,317,345.16)
Expenses not deductible	**12,513,260.82**	8,884,062.36
Use of deductible losses in prior years	**(95,533,082.76)**	(52,398,494.81)
Impact of deductible temporary difference and deductible losses not recognized	**381,086,322.26**	475,121,880.72
Income tax expenses at the effective tax rate of the Group	**1,195,214,796.19**	1,177,626,556.08

15. BASIC EARNINGS PER SHARE

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

The calculation of basic earnings per share is as follows:

Unit: RMB

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Earnings		
Net profit of the year attributable to ordinary shareholders of the Company	**1,911,844,630.53**	1,523,592,114.58
Less: the interests of other equity instrument	**407,555,863.01**	410,931,904.88
	1,504,288,767.52	1,112,660,209.70
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**	0.10

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

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

16. INTERIM DIVIDEND

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

17. BILLS RECEIVABLE

Unit: RMB

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Commercial acceptance bills	**996,213,915.79**	1,039,767,674.29
Less: Provision for bad debts of bills receivable	**126,822,005.69**	130,507,751.31
	869,391,910.10	909,259,922.98

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

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Balance at the beginning of the period/year	**130,507,751.31**	140,949,917.97
Reversal for the period/year	**(3,685,745.62)**	(10,442,166.66)
Balance at the end of the period/year	**126,822,005.69**	130,507,751.31

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 based on invoice date is as follows:

Unit: RMB

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

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

Unit: RMB

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

	As at 30 June 2021				
	Book balance		**Provision for bad debts**		
	Amount	**Proportion (%)**	**Amount**	**Proportion (%)**	**Carrying value**
Separate provision for bad debts	**1,017,058,948.10**	**8.80**	**580,895,369.56**	**57.12**	**436,163,578.54**
Provision for bad debts by credit risk characteristics group	**10,535,626,761.08**	**91.20**	**2,035,604,842.02**	**19.32**	**8,500,021,919.06**
	11,552,685,709.18	**100.00**	**2,616,500,211.58**	**22.65**	**8,936,185,497.60**

	As at 31 December 2020				
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	Carrying value
Separate provision for bad debts	987,858,446.42	9.64	657,921,302.76	66.60	329,937,143.66
Provision for bad debts by credit risk characteristics group	9,264,216,661.88	90.36	1,935,695,048.87	20.89	7,328,521,613.01
	10,252,075,108.30	100.00	2,593,616,351.63	25.30	7,658,458,756.67

19. SHORT-TERM LOANS

Unit: RMB

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Guaranteed loans *(Note)*	**2,091,710,000.00**	2,896,710,000.00
Credit loans	**25,130,700,000.00**	27,900,040,000.00
Pledged loans	**33,337,252.70**	26,638,385.20
	27,255,747,252.70	30,823,388,385.20

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

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

All short-term loans would be due within one year. As at 30 June 2021, the Group had no outstanding loans that were due.

20. BILLS PAYABLE

Unit: RMB

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Commercial acceptance bills	**518,985,406.21**	10,654,618.71
Bank acceptance bills	**2,547,423,653.99**	1,768,672,188.76
	3,066,409,060.20	1,779,326,807.47

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

21. ACCOUNTS PAYABLE

Accounts payable are non-interest bearing and shall generally be paid within 30-360 days. The Aging of accounts receivable is calculated from the date of receipt of goods delivered by the suppliers or rendering of services from the suppliers.

An aging analysis of accounts payable based on invoice date is as follows:

Unit: RMB

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

22. SHORT-TERM FINANCING BONDS AND BONDS PAYABLE

Unit: RMB

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Short-term financing bonds	**3,000,000,000.00**	1,599,273,452.96
Bonds payable		
Corporate bonds	**24,898,087,947.44**	29,556,738,698.04
Medium-term notes	**11,000,000,000.00**	11,000,000,000.00
Balance at the end of the period/year	**35,898,087,947.44**	40,556,738,698.04
Less: Bonds payable within one year	**5,992,240,221.29**	8,984,892,614.67
Non-current portion	**29,905,847,726.15**	31,571,846,083.37
Analysis of maturity of bonds payable:		
Within 1 year (inclusive of 1 year)	**5,992,240,221.29**	8,984,892,614.67
1 to 2 years (inclusive of 2 years)	**6,727,497,473.82**	8,125,441,880.93
2 to 5 years (inclusive of 5 years)	**21,672,157,997.39**	21,969,331,341.18
Over five years	**1,506,192,254.94**	1,477,072,861.26
	35,898,087,947.44	40,556,738,698.04

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

(1) Pursuant to the document (Fa Gai Cai Jin [2012] No. 2810) (發改財金[2012]2810號文件) issued by National Development and Reform Commission, Jidong Group issued the first tranche of corporate bonds of Jidong Development Group Co., Ltd. for 2012 on 15 October 2012 (hereinafter referred to as "12 Jidong Development Bond"), totalling RMB800,000,000 with a term of 10 years and a coupon rate of 6.3%.

(2) Pursuant to the document [2016] No. 35 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) of BBMG Corporation for 2016 to qualified investors by way of public issuance on 14 March 2016 (hereinafter referred to as "16 BBMG 01"), totalling RMB3,200,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and an initial coupon rate of 3.12%. As announced on 22 January 2019, the coupon rate of the bonds was increased to 3.9% for the next two years (i.e., from 14 March 2019 to 13 March 2021). The sale back amount as announced on 12 March 2019 was RMB6,065,000 (exclusive of interests) with the remaining amount of RMB3,193,935,000 (exclusive of interests) due for payment on 15 March 2021; The Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2016 to qualified investors by way of public issuance on 14 March 2016 (hereinafter referred to as "16 BBMG 02"), totalling RMB1,800,000,000 with a term of 7 years (with the issuer's option to raise the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.5%. As disclosed in the announcement dated 5 March 2021, the issuer decided not to raise the coupon rate of the bonds for the next two years. The total sale back amount as announced on 15 March 2021 was RMB1,353,306,000 (exclusive of interests). As announced on 15 March 2021, part of the sale-back bonds were resold with an amount of RMB1,353,300,000 (exclusive of interests) and the remaining bonds not resold was cancelled with an amount of RMB6,000.

(3) Pursuant to the document [2017] No. 46 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) of BBMG Corporation for 2017 to qualified investors by way of public issuance on 19 May 2017 (hereinafter referred to as "17 BBMG 01"), totalling RMB3,500,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.2%. As announced on 25 March 2020, the coupon rate of the bonds was lowered to 3.2% for the next two years (i, e., from 19 May 2020 to 18 May 2022). The total sale back amount as announced on 19 May 2020 was RMB319,107,000 (exclusive of interests). As announced on 19 May 2020, part of the sale-back bonds were resold with an amount of RMB319,107,000 (exclusive of interests). The Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of public issuance on 19 May 2017 (hereinafter referred to as "17 BBMG 02"), totalling RMB500,000,000 with a term of 7 years (with the issuer's option to raise the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.38%.

(4) Pursuant to the relevant requirements for bonds listing on the Shanghai Stock Exchange, the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of non-public issuance on 13 July 2017 (hereinafter referred to as "17 BBMG 04"), totalling RMB1,750,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.30%. The total sale back amount was RMB1,610,000,000 on 13 July 2020.

(5) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) (《接受註冊通知書》(中市協註[2017]MTN512號)) issued by the National Association of Financial Market Institutional Investors (the "NAFMII"), the Company issued the first tranche of medium term notes of BBMG Corporation for 2018 on 18 January 2018 (hereinafter referred to as "18 BBMG MTN001"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 5.85%.

(6) Pursuant to the Notice of Acceptance of Filing (Debt Financing Plan [2018] No. 0312) (《接受備案通知書》(債權融資計劃[2018]第0312號)) issued by Beijing Financial Assets Exchange Limited, the Company issued the second tranche of debt financing plan for 2018 on 25 June 2018 (hereinafter referred to as "18 BBMG ZR002"), totalling RMB2,500,000,000 with a term of 3 years and a coupon rate of 6.30%, which was due for payment on 25 June 2021.

(7) Pursuant to the document [2018] No. 884 issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as "18 BBMG 01"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.7%; and the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as "18 BBMG 02"), totalling RMB1,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.00%.

(8) Pursuant to the Notice of Acceptance of Registration issued by the NAFMII, the Company issued the third tranche of medium term notes of BBMG Corporation for 2018 on 9 August 2018 (hereinafter referred to as "18 BBMG MTN003"), totalling RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.70%.

(9) Pursuant to the Zheng Jian Xu Ke document [2018] No. 884 (《證監許可[2018]884號》文件) issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2019 to qualified investors by way of public issuance on 9 January 2019 (hereinafter referred to as "19 BBMG 01"), totalling RMB500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.73%. The Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2019 to qualified investors by way of public issuance on 9 January 2019 (hereinafter referred to as "19 BBMG 02"), totalling RMB1,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.07%.

(10) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) (《接受註冊通知書》(中市協註[2017] MTN512號)) issued by the NAFMII, the Company issued the first tranche of medium term notes of BBMG Corporation for 2019 on 7 March 2019 (hereinafter referred to as "19 BBMG MTN001"), totalling RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.35%.

(11) Pursuant to the No Objection Letter Regarding the Compliance with Transfer Conditions of the Shenzhen Stock Exchange in the Non-Public Issuance of Corporate Bonds for 2018 of Tangshan Jidong Cement Co., Ltd. (Shen Zheng Han [2018] No. 810) (《關於唐山冀東水泥股份有限公司2018年非公開發行公司債券符合深交所轉讓條件的無異議函》(深證函[2018]810號)) issued by the Shenzhen Stock Exchange, Jidong Cement issued the first tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 19 March 2019 (hereinafter referred to as "19 Jidong 01"), totalling RMB1,200,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.97%. Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 28 October 2019 (hereinafter referred to as "19 Jidong 02"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.20%.

(12) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DFI6) (《接受註冊通知書》(中市協註[2019]DFI6號)) issued by the NAFMII, the Company issued the second tranche of medium term notes of BBMG Corporation for 2019 on 7 August 2019 (hereinafter referred to as "19 BBMG MTN002"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 3.94%; and the Company issued the third tranche of medium term notes of BBMG Corporation for 2019 on 12 November 2019 (hereinafter referred to as "19 BBMG MTN003"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 4.13%.

(13) Pursuant to the Replies (Zheng Jian Xu Ke [2019] No. 2255) (中國證券監督管理委員會出具的批復(證監許可[2019]2255號)) issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2020 to qualified investors by way of public issuance on 10 January 2020 (hereinafter referred to as "20 BBMG 02"), totalling RMB4,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.99%; the Company issued the second tranche of corporate bonds of BBMG Corporation for 2020 to qualified investors by way of public issuance on 15 June 2020 (hereinafter referred to as "20 BBMG 03"), totalling RMB2,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.24%; the Company issued the third tranche of corporate bonds of BBMG Corporation for 2020 to qualified investors by way of public issuance on 13 August 2020 (hereinafter referred to as "20 BBMG 04"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.64%.

(14) Pursuant to the Replies (Zheng Jian Xu Ke [2020] No. 2416) (中國證券監督管理委員會出具的批復(證監許可[2020]2416號)) issued by the China Securities Regulatory Commission, Tangshan Jidong Cement Co., Ltd. issued its convertible corporate bonds on 5 November 2020 (hereinafter referred to as "Jidong Convertible Bonds"), totally RMB2,820,000,000 with a term of 6 years, and the coupon rate was set as 0.20%, 0.40%, 0.80%, 1.20%, 1.50% and 2.00% for the first year, second year, third year, fourth year, fifth year and sixth year, respectively, with the redemption price at maturity of RMB106 (including the last payment of interests). The term of conversion of convertible bonds is from 11 May 2021 to 4 November 2026. As at 30 June 2021, the nominal value of the converted bonds amounted to RMB1,043,000,000.

(15) Pursuant to the document (Zheng Jian Xu Ke [2020] No. 2804) (《證監許可[2020]2804號》文件) issued by the China Securities Regulatory Commission, Jidong Cement issued the first tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. to professional investors by way of public issuance on 11 June 2021 (hereinafter referred to as "21 Jidong 01"), totalling RMB1,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.67%.

(16) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. SCP 16) (《接受註冊通知書》(中市協註[2019]SCP16號)) issued by the NAFMII, Jidong Cement issued the third tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2020 on 14 May 2020 (hereinafter referred to as "20 Jidong SCP003"), totalling RMB800,000,000 with a term of 270 days and a coupon rate of 2.07%; Jidong Cement successfully issued the fourth tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2020 on 5 August 2020 (hereinafter referred to as "20 Jidong SCP004"), totalling RMB800,000,000 with a term of 270 days and a coupon rate of 3.07%.

(17) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DFI6) (《接受註冊通知書》(中市協註[2019]DFI6號)) issued by the NAFMII, the Company successfully issued the first tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 4 March 2021 (hereinafter referred to as "21 BBMG SCP001"), totalling RMB1,500,000,000 with a term of 140 days and a coupon rate of 2.90% and successfully issued the second tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 8 March 2021 (hereinafter referred to as "21 BBMG SCP002"), totalling RMB1,500,000,000 with a term of 268 days and a coupon rate of 3.18%.

23. LONG-TERM LOANS

Unit: RMB

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Guaranteed loans *(Note)*	**4,350,846,011.10**	7,855,232,916.00
Credit loans	**20,559,187,970.01**	19,358,248,263.18
Mortgaged loans	**8,073,279,843.88**	11,946,505,010.30
Pledged loans	**4,354,600,000.00**	4,454,600,000.00
Balance at the end of the period/year	**37,337,913,824.99**	43,614,586,189.48
Less: Long-term loans due within one year	**8,933,824,561.10**	5,837,256,826.00
Non-current portion	**28,404,089,263.89**	37,777,329,363.48

Note: As at 30 June 2021, 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 2021 (Unaudited)	As at 31 December 2020 (Audited)
Within 1 year	**8,933,824,561.10**	5,837,256,826.00
1 to 2 years	**7,509,196,981.11**	11,207,729,448.30
2 to 5 years	**14,756,387,873.88**	13,828,871,415.18
Over 5 years	**6,138,504,408.90**	12,740,728,500.00
	37,337,913,824.99	43,614,586,189.48

As at 30 June 2021, the interest rates of the above loans were 1.20%-6.00% (as at 31 December 2020: 1.20%-7.20%) per annum.

24. NET CURRENT ASSETS

Unit: RMB

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Current assets	**170,251,649,149.60**	182,669,632,168.79
Less: current liabilities	**118,433,707,103.75**	118,810,244,025.34
Net current assets	**51,817,942,045.85**	63,859,388,143.45

25. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Total assets	**278,633,432,333.18**	291,352,383,389.90
Less: current liabilities	**118,433,707,103.75**	118,810,244,025.34
Total assets less current liabilities	**160,229,725,229.43**	172,542,139,364.56

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

REVIEW

Results Performance

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

Business Performance

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

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

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

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

ESG Performance

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

PROSPECT

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

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

ACKNOWLEDGEMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

(I) Principal business and business model of the Company

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

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

2. Modern building materials and commerce and logistics business: The Company is the leader in building materials industry in China and one of the largest suppliers of green, environmentally-friendly, and energy-saving building materials in the Beijing-Tianjin and Hebei region. Its major products and services include furniture and woods, wall body and insulation materials, decorative and fitting materials, building materials, and

commerce and logistics whole industry chain products and services such as building materials commerce and trading, prefabricated building system and parts, decoration and fitting, building design and prefabricated construction contract. In recent years, guided by scientific and technological innovation, the new building materials industry has created a BBMG intelligent housing system including four core technologies: prefabricated structure, prefabricated exterior wall, industrial interior and ultra-low energy consumption building, forming a coordinated development pattern of the whole industry chain. The Company's modern building materials products and construction and installation services were widely used in the construction of key hotspot projects, such as the sub-town centre and supporting facilities in Beijing, Xiong'an New District, the Winter Olympic Stadium, Universal Studios Beijing and epidemic-combating hospitals, which fully demonstrated the advantages of BBMG's modern building materials business in brand, quality and industrial chain and enhancing systematic application and coordinated marketing of its products. The Company improved the network configuration and asset layout of the supply chain of the commerce and logistics industry, and continuously enhanced the international trading and building materials and commerce and logistics business with the risks under control.

3. Property development business:The Company has committed to property development and construction for over 30 years with a comprehensive development strength covering property projects of multiple categories. It has received various honors such as Top 100 China Real Estate Enterprises for consecutive years and has great influence and brand awareness across the industry. The Company is one of the strongest real estate enterprises in Beijing in terms of comprehensive strength. Adhering to the development concept of "*Create a better life, cast a famous brand of real estate", it always strives to provide high-quality products and services to customers and has accumulated extensive experience in planning and design, project management, marketing plan and customer service in property development. The Company has made its presence in 15 cities including Beijing, Shanghai, Tianjin, Chongqing, Hangzhou, Nanjing, Chengdu, Hefei, Qingdao, Tangshan and Haikou. It developed more than 130 property projects with a total gross floor area of approximately 30.0 million sq.m., developing a nationwide business presence "from Beijing to three major economic rims, namely Beijing-Tianjin-Hebei region, Yangtze River Delta and Chengdu-Chongqing region".

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

(II) Description of major industries

1. Cement Industry

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

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

2. Property Development Industry

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

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

Summary of Financial Information

Unit: RMB'000

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

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

Summary of Business Information

	For the six months ended 30 June		
	2021	2020	Change
Cement and Ready-mixed Concrete Segment			
Sales volume of cement (in million tonnes)	**48.00**	42.10	**14.0%**
Sales volume of ready-mixed concrete (in million cubic metres)	**7.20**	6.02	**19.7%**
Modern Building Materials and Commerce and Logistics Segment			
Stone wool boards (in thousand tonnes)	**48.2**	30.5	**58.0%**
Property Development Segment			
Booked GFA (in thousand sq.m.)	**763.7**	612.6	**24.7%**
Contracted sales GFA (in thousand sq.m.)	**885.9**	658.3	**34.6%**
Property Investment and Management Segment			
Gross GFA of investment properties (in thousand sq.m.)	**1,754.9**	1,781.7	**-1.5%**

DISCUSSION AND ANALYSIS ON OPERATIONS

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

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

(1) Cement and Ready-mixed Concrete Segment

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

In the first half of 2021, sales volume of cement and clinker was 48.0 million tonnes (exclusive of joint ventures, associates and the Company), representing a year-on-year increase of 14.0%; the revenue from principal business recorded RMB19,392.2 million, representing a year-on-year increase of 13.1%; gross profits from principal business amounted to RMB5,281.6 million, representing a year-on-year decrease of 1.8%, among which sales volume of cement amounted to 42.4 million tonnes and sales volume of clinker amounted to 5.6 million tonnes; the aggregated gross profit margin for cement and clinker was 27.9%, representing a year-on-year decrease of 7.1 percentage points. The sales volume of concrete amounted to 7.2 million cubic meters, representing a year-on-year increase of 19.7%; and the gross profit margin of concrete was 12.5%, representing a year-on-year decrease of 0.9 percentage point.

(2) Modern Building Materials and Commerce and Logistics Segment

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

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

(3) Property Development Segment

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

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

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

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

(4) Property Investment and Management Segment

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

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

Investment properties held by the Group as at 30 June 2021

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

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	19,392.2	14,110.6	27.2	13.1	20.0	Decrease of 4.2 percentage points
Modern Building Materials and Commerce and Logistics	19,294.9	18,434.7	4.5	38.3	37.2	Increase of 0.7 percentage point
Property Development	17,718.7	15,309.1	13.6	87.9	123.6	Decrease of 13.8 percentage points
Property Investment and Management	2,132.7	898.7	57.9	13.4	2.0	Increase of 4.7 percentage points
Eliminations	-1,472.5	-1,275.2				
Total	57,066.0	47,477.9	16.8	40.2	51.3	Decrease of 6.1 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 recorded a year-on-year decrease of approximately RMB13.7 million or 5.5% to approximately RMB233.7 million, accounting for 5.3% of the profits before tax.

3. Selling expenses, administrative expenses and finance costs

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

(1) Selling expenses were approximately RMB1,516.8 million in the first half of 2021, representing a year-on-year increase of approximately RMB214.6 million or 16.5%, mainly attributable to the year-on-year increase in employee remuneration and agency intermediary fee of the Company during the Reporting Period.

(2) Administrative expenses were approximately RMB3,008.8 million in the first half of 2021, representing a year-on-year increase of approximately RMB148.3 million or 5.2%, mainly attributable to the year-on-year increase in employee remuneration of the Company during the Reporting Period.

(3) Finance costs were approximately RMB1,363.7 million in the first half of 2021, representing a year-on-year decrease of approximately RMB331.2 million or 19.5%, mainly attributable to the repayment of interest-bearing debts through optimizing the capital structure of the Company during the Reporting Period.

4. Cash flows

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

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

Amount unit: RMB million

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

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

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

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

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

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

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

6. *Analysis on Items of Assets and Liabilities*

1. Receivables financing: a decrease of RMB2,046.5 million or 36.62% from the beginning of the Reporting Period, mainly because the Company further enhanced risk management, shortened the range of bill collection and improved the quality of bills collection.

2. Wages payable: a decrease of RMB175.9 million or 40.92% from the beginning of the Reporting Period, mainly attributable to the payment of performance related bonuses of the previous year by the Company during the Reporting Period.

3. Short-term financing bonds payable: an increase of RMB1,400.7 million or 87.59% from the beginning of the Reporting Period, mainly attributable to the issuance of short-term financing bonds by the Company during the Reporting Period.

CORE COMPETITIVENESS ANALYSIS

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

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

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

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

The core competitiveness of the Company is detailed as follows:

1. Competitive edge in coordinated development of industrial chain:

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

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

The property development industry drove the application of new green building materials, mainly cement, and the development of related industries such as design, decoration, property management, community services and asset operation in a market-oriented manner; the manufacturing of new green building materials, real estate operation and property service industry constructed high-quality products of BBMG by giving full play to the advantages of brand, management and technology with systemization, industrialization, specialization and integration, led construction product innovation with green and low-carbon buildings, and enhanced the product, service and value enhancement capabilities of property development projects with advanced technologies such as green ultra-low energy consumption and assembly-type components. Leveraging on various resources accumulated by the new green building materials manufacturing industry in the implementation of the "going out" strategy, the property development industry strengthened regional advantages, deepened cultivation, expanded the development pipeline, strengthened land resource reserves in core cities, dug deeper into high-quality regional markets and optimized the core layout. The industry revitalized land resources, explored new models and refined BBMG's solutions in the fields of old community renovation, technology and cultural innovation parks, non-traditional cultural skills inheritance, and leisure and tourism resorts. Each main business supported and promoted each other, and the scale, synergy and integration advantages with the industrial chain as the core continued to be enhanced. Each business segment and upstream and downstream enterprises shared information, complemented each other's resources and coordinated, highlighting the integration advantages. The "Four Developments" continued to enhance the new connotation of core competitiveness by shaping the development strength with integrated development, creating the development trend with the appropriate development, strengthening the development advantage with innovative development, and creating the development victory with high-quality development.

2. Competitive edge in science and technology innovation engine:

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

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

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

The Company continued to consolidate the state-owned enterprise base of green development, practice the concept of green development and promote sustainable development. The Company insisted on being the pioneer and leader of "green, recycling and low-carbon" development, seized the strategic opportunity of carbon neutrality and carbon emissions peaking and planned a road map and action plan. The Company promoted the Beijing Beishui 100,000-ton carbon capture and utilization demonstration project, promoted the construction of "highway to railway" green supply chain in Beijing, Tianjin and Hebei, and created a zero-carbon smart transportation model with highway-railway transportation, green distribution and information sharing. The Company actively laid out zero-carbon buildings, promoted the use of clean energy, developed alternative fuels and promoted the green development of the whole process and life cycle of products. The Company built green industry chain supply chain, led green transformation of production and consumption mode, achieved pollution reduction and carbon reduction, promoted green technology innovation and carried out green design. The Company created green factories and green parks, promoted ecological restoration and green mine construction. Leveraging on our industrial advantages, the Company took the initiative to focus on the strategic positioning of Beijing as a capital, responded to the construction need of the "four centers", and established the development concept of "lucid waters and lush mountains are invaluable assets", transforming cement enterprises in Beijing into environmental technology companies and becoming urban infrastructure. The Company had successfully replicated our cement kiln waste co-disposal technology with independent intellectual property rights to our cement enterprises outside Beijing, demonstrated the social value of "city purifier and government helper", and continuously strengthened the pace of green and sustainable development. The leading advantage brought by green transformation continuously enhanced the core competitiveness of the enterprise. The Company played a pioneering role in the green Beijing "carbon neutrality and carbon emission peaking" action, complied the Group's 14th Five-Year Plan for carbon emission reduction, carried out the research on the roadmap of carbon emission peaking and carbon neutrality countermeasures, and set the general idea and promotion direction for carbon emission peaking and carbon neutrality work in the 14th Five-Year Plan and even in the longer term. The Company formulated the BBMG Group Carbon Capture and Utilization and Storage Work Ideas to clarify the phased work objectives, carbon reduction technology list and carbon capture and utilization and storage technology routes for the environmental protection enterprises in Beijing.

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

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

5. Competitive edge in culture and branding:

The Company highlight leading corporate culture and enhance the brand value of the Company. The Company vigorously promotes the pragmatic working culture of "work with aspiration, competence, efficiency, success and prudence", the human spirits of "eight specials", the development philosophy of "integration, communion, mutual benefit and prosperity", and the corporate spirits with the BBMG spirit of "three emphasis and one endeavor" as the core to carry forward culture and brand value. The Company carries forward the spirit of model workers, labor spirit, craftsmanship and entrepreneurship, and cultivate the culture of innovation. The Company will not forget its original intention and will forge ahead, work hard, face up to difficulties, seize the first opportunity, lay a new situation, lay the foundation for a good start of the 14th Five-Year Plan with excellent performance and strive to create a new situation of high-quality development of BBMG Group. BBMG culture is the summation of the experience of several generations of BBMG people who worked hard, and it is highly compatible with the common pursuit of career and humanistic ideals of the cadres and workers in the system, which is the spiritual support and powerful driving force for the sustainable development of BBMG. The brand "BBMG" has been continuously awarded as a famous trademark in Beijing and ranked 65th in the list of "China's 500 Most Valuable Brands" in 2021 (the 18th edition). The good brand awareness and reputation have shaped a good cultural atmosphere and intellectual support for creating a new situation of high-quality development of BBMG.

POSSIBLE RISKS FACED BY THE COMPANY

1. External environment risk

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

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

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

2. Policy risk

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

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

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

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

The real estate business should correctly handle the "six relationships" and continue to work on "controlling risks, striving for profits and grasping key points" to achieve strict control of risks and sound development. The Company should properly understand the advent of the era of real estate stock, grasp the future development paths and methods of the real estate industry in the direction of urban renewal, subsidized rental housing and public rental housing on collective land, follow the trend, shift from creating space products to improving space services, further improve our professional capabilities and cultivate a strong team in order to meet the future real estate market demand. The real estate business will continue to choose a stable and high-quality development model, continue to focus on metropolitan areas and central cities as the core, insist on focusing on high-energy urban areas, and achieve economies of scale and brand effects of management through deep regional cultivation; at the same time, the Company will promote the construction of operation management system and improve project operation efficiency; take "product power enhancement" as the focus, and continue to improve core competitiveness. Meanwhile, the Company will strengthen the innovation of cost system and establish advanced cost control mode. Relying on the Group's advantages in green building materials product integration, the Company will lead green building product innovation with green health and enhance the core competitiveness of BBMG Real Estate's high-quality residential space services.

3. Risk of capital operation

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

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

4. Market competition risk

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

During the Reporting Period, the Company entered into cooperation agreements with various banks to obtain credit facilities. As at the end of the Reporting Period, the Company was granted total bank credit facilities of approximately RMB126,856.4 million and drew down borrowings of approximately RMB64,044.5 million in Mainland China. Unutilized credit facilities was approximately RMB62,811.9 million. As at the date of this 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 2021, the Group had no future plans for material investments or capital assets.

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

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

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.

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

The Group actively developed green factories, green products, green supply chains and green mines; set up a special team to promote the work of "carbon neutrality and carbon emission peaking" and put the carbon capture transformation project of Beijing BBMG Liushui Environmental Protection Technology Co., Ltd. into trial operation; BBMG Jidong Mining Construction Products "Highway to Railway" Green Train to Beijing was officially available to the public; in accordance with the concept of "city purifier and government helper", the Company accelerated the construction of co-disposal projects and added 357,000 tonnes of co-disposal capacity in the first half of 2021, reaching an annual disposal scale of 3.1 million tonnes. The Company actively dovetailed with the environmental governance of Xiong'an New Area, made use of various solid waste disposal facilities, took advantage of the industrial layout, further explored the diversified disposal capacity of hazardous waste, sludge, domestic waste, contaminated soil, etc., and strove to serve the construction of Xiong'an New Area as a "waste-free city". The Company actively carried out the responsibilities of state-owned enterprises, quickly accepted the government's environmental emergency response tasks, and actively accepted the local environmental emergencies and hazardous chemical emergency rescue tasks. In the first half of the year, a total of 43 environmental emergencies were handled.

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

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

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

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

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

DISCLOSEABLE TRANSACTIONS DURING THE REPORTING PERIOD

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

COMMITMENTS

Unit: RMB

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

CONTINGENCIES

Unit: RMB

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

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

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

PLEDGE OF ASSETS

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

EMPLOYEES

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

RISK MANAGEMENT

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

FOREIGN EXCHANGE RISK MANAGEMENT

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

TREASURY POLICIES

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

As at the date of this 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 2021, the total issued share capital of the Company was 10,677,771,134 shares, of which 8,339,006,264 were A Shares and 2,338,764,870 were H Shares. To the best knowledge of the directors of the Company (the "**Directors**"), the records of interest (being 5% or more of the Company's issued share capital) as registered in the register of interests kept by the Company under section 336 of the Securities and Futures Ordinance (the "**SFO**") were as follows:

Long positions:

Type of shareholding	**Name of shareholder**	**Capacity and nature of interest**	**Number of shares held**	**Percentage of such shareholding in the same type of issued share capital** *(%)*	**Percentage of total issued share capital** *(%)*
A Shares	Beijing State-owned Capital Operation and Management Center ("**Beijing SCOM Center**") *(Note 1)*	Direct beneficial owner	4,797,357,572	57.53	44.93
	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality *(Note 1)*	Held by controlled corporation	4,797,357,572	57.53	44.93
H Shares	Ouyang Jieliang	Direct beneficial owner	214,500,000	9.17	2.01

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

Save as disclosed above, as at 30 June 2021, so far as was known to the Directors, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

As at 30 June 2021, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Model Code during the six months ended 30 June 2021. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

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

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

CORPORATE GOVERNANCE CODE

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

BOARD COMPOSITION

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

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

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to the provisions of the Listing Rules, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of two non-executive Directors and five independent non-executive Directors. At the meeting convened on 24 August 2021, the Audit Committee had reviewed the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2021. The Audit Committee has considered the Group's internal audit report for the first half of 2021, reviewed the accounting principles and practices adopted by the Group, considered the Group's financial statements for the first half of 2021 and recommended their adoption by the Board.

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

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

The electronic version of this announcement will be published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and on the website of the Company (http://www.bbmg.com.cn/listco). The 2021 interim financial report of the Company for the six months ended 30 June 2021 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 2021 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*
Zeng Jin
Chairman

Beijing, the PRC, 24 August 2021

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

* *For identification purposes only*