北京金隅集團股份有限公司
BBMG Corporation*

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

HIGHLIGHTS

- Operating revenue of RMB123,634.4 million, an increase of approximately 14.5% from 2020
- Gross profit margin from principal business of 15.8%, a decrease of 3.1 percentage points from 2020
- Net profit of RMB5,212.7 million, an increase of approximately 1.1% from 2020
- Net profit attributable to the shareholders of the parent company of RMB2,933.0 million, an increase of approximately 3.1% from 2020
- Core net profit attributable to the shareholders of the parent company (excluding the net fair value gains after tax on investment property) of RMB2,443.9 million, a decrease of approximately RMB5.6 million or approximately 0.2% from 2020
- Basic earnings per share attributable to the shareholders of the parent company (after deducting other equity instrument indicators) was RMB0.20, an increase of approximately RMB0.01 from 2020
- Basic earnings per share attributable to the shareholders of the parent company (before deducting other equity instrument indicators) was RMB0.27, remained flat as compared with the same period of 2020
- The Board recommended a final dividend of RMB0.104 per share (before tax) for the year ended 31 December 2021

* *For identification purposes only*

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of BBMG Corporation* (the "**Company**" or "**BBMG**") is pleased to present the audited annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021 (the "**Reporting Period**") together with the comparative figures for the year of 2020. These results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

RESULTS OF OPERATIONS

During the Reporting Period, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB2,933.0 million, representing an increase of approximately 3.1% over the last year; basic earnings per share (before deducting other equity instrument indicators) was approximately RMB0.27 (for the year ended 31 December 2020: RMB0.27), remained flat as compared with the same period of 2020; total equity attributable to the shareholders of the parent company was approximately RMB63,717.5 million as at the end of the Reporting Period, representing an increase of approximately RMB341.6 million from the beginning of the Reporting Period.

DIVIDEND

The Board recommended a final dividend of RMB0.104 per share (before tax) for the Reporting Period (for the year ended 31 December 2020: RMB0.06 per share (before tax)), subject to approval by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting (the "**AGM**") to be held on Tuesday, 10 May 2022. The recommended final dividend represents a dividend payment ratio of approximately 37.86% for the Reporting Period (for the year ended 31 December 2020: 22.5%).

Subject to and upon the approval of the Shareholders at the forthcoming AGM, the final dividend for the Reporting Period is expected to be distributed on or around Friday, 8 July 2022 to the holders of H shares (the "**H Shares**") whose names appear on the register of members on Thursday, 26 May 2022 (the "**Record Date**"). According to the Law on Enterprise Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008, the Company is required to withhold enterprise income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders whose names appear on the Company's H share register of members. Any H Shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, shall be deemed as shares held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the enterprise income tax. The Company will not withhold individual income tax in respect of the dividends payable to any natural person shareholders whose names appear on the Company's H share register of members on the Record Date.

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

Profit Distribution for Investors of Northbound Trading

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

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

Profit Distribution for Investors of Southbound Trading

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

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

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

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

CONSOLIDATED INCOME STATEMENT

Unit: RMB

	Notes	**For the year ended 31 December 2021 Audited**	For the year ended 31 December 2020 Audited
Operating revenue	*5*	**123,634,448,111.90**	108,004,884,351.35
Less: Operating costs	*6*	**103,564,597,220.34**	87,454,145,734.98
Tax and surcharges		**1,765,377,283.62**	2,026,872,574.80
Selling expenses	*7*	**2,659,027,720.77**	2,338,875,959.76
Administrative expenses	*8*	**6,842,283,574.90**	6,340,418,782.95
Research and development expenses	*9*	**346,732,715.51**	269,152,809.67
Finance costs	*10*	**2,371,660,820.56**	3,160,507,027.66
Including: Interest expenses		***4,970,126,409.42***	*6,483,111,314.92*
Interest income		***267,349,252.44***	*276,069,216.98*
Add: Other gains	*11*	**879,796,991.98**	881,342,099.36
Investment gains	*12*	**792,555,260.75**	686,779,516.72
Including: Gains from investment in associates and joint ventures		***400,369,364.11***	*400,420,619.13*
Gains on financial assets measured at amortized cost		***5,750,489.98***	–
Gains from changes in fair value	*13*	**691,814,741.97**	520,392,586.68
Credit impairment losses	*14*	**(355,182,812.82)**	(359,170,322.93)
Asset impairment losses	*15*	**(1,008,653,384.21)**	(717,013,166.69)
Gains/(losses) on disposal of assets		**73,873,632.49**	(139,062.60)
Operating profit		**7,158,973,206.36**	7,427,103,112.07
Add: Non-operating revenue	*5*	**1,103,370,837.85**	674,857,655.26
Less: Non-operating expenses	*6*	**381,829,507.42**	307,557,507.87
Total profit		**7,880,514,536.79**	7,794,403,259.46
Less: Income tax expenses	*16*	**2,667,796,286.71**	2,638,497,687.92
Net profit		**5,212,718,250.08**	5,155,905,571.54
Classified by continuity of operations			
Net profit from continuing operations		**5,212,718,250.08**	5,155,905,571.54
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		**2,933,014,544.76**	2,843,772,517.94
Minority interests		**2,279,703,705.32**	2,312,133,053.60

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Unit: RMB

	Note	**For the year ended 31 December 2021 Audited**	For the year ended 31 December 2020 Audited
Net other comprehensive income after tax		**294,622,535.71**	206,039,569.13
Net other comprehensive income after tax attributable to shareholders of the parent company		**296,015,245.79**	214,928,020.04
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		**(5,194,172.00)**	18,293,106.00
Changes in fair value of other equity instruments		**(1,046,692.64)**	(1,616,913.97)
Other comprehensive income to be reclassified into profit or loss			
Other comprehensive income that may be reclassified to profit or loss under equity method		**(3,746,889.49)**	–
Cash flow hedging reserves		**(733,367.25)**	–
Exchange differences on foreign currency translation		**7,294,895.33**	(9,162,189.82)
The difference between the fair value and the carrying value of inventories/self-occupied properties on the date when it changed to investment properties measured with the fair value model		**299,441,471.84**	207,414,017.83
Net other comprehensive income after tax attributable to minority interests		**(1,392,710.08)**	(8,888,450.91)
Total comprehensive income		**5,507,340,785.79**	5,361,945,140.67
Including: Total comprehensive income attributable to the shareholders of the parent company		***3,229,029,790.55***	*3,058,700,537.98*
Total comprehensive income attributable to minority interests		***2,278,310,995.24***	*2,303,244,602.69*
Basic and diluted earnings per share	*17*		
After deducting other equity instrument indicators (RMB/share)		**0.20**	0.19
Before deducting other equity instrument indicators (RMB/share)		**0.27**	0.27

CONSOLIDATED BALANCE SHEET

Unit: RMB

	Notes	**As at 31 December 2021 Audited**	As at 31 December 2020 Audited
Assets			
Current Assets			
Cash and bank balances		**21,921,968,519.94**	28,643,885,532.33
Financial assets held for trading		**1,152,240,648.45**	1,117,646,125.53
Bills receivable	*19*	**705,691,610.82**	909,259,922.98
Accounts receivable	*20*	**7,523,927,513.40**	7,658,458,756.67
Financing receivables		**2,514,575,159.07**	5,588,223,348.91
Prepayments		**1,745,572,087.55**	2,645,477,546.87
Other receivables		**9,432,966,788.14**	7,484,804,994.29
Inventories	*21*	**116,928,823,487.74**	120,593,127,695.50
Contract assets		**60,328,702.31**	14,420,557.17
Non-current assets due within one year		**127,377,276.90**	–
Other current assets		**7,845,259,543.05**	8,014,327,688.54
Total current assets		**169,958,731,337.37**	182,669,632,168.79
Non-current assets			
Debt investments		**490,902,028.26**	782,487,853.43
Long-term receivables		**1,004,712,317.80**	1,078,930,249.19
Long-term equity investments		**6,484,148,919.55**	3,968,159,006.99
Investment in other equity instruments		**596,774,849.44**	580,376,487.41
Investment properties		**36,092,290,068.79**	30,683,800,071.02
Fixed assets		**44,371,375,769.46**	43,714,448,132.60
Construction in progress		**1,901,031,174.31**	2,460,432,841.95
Right-of-use assets		**710,751,128.78**	749,141,531.87
Intangible assets		**16,280,896,981.85**	16,194,424,420.83
Goodwill		**2,438,315,745.82**	2,461,468,983.05
Long-term deferred expenditures		**1,683,402,756.77**	1,443,003,731.69
Deferred income tax assets		**3,711,928,081.48**	4,166,680,247.77
Other non-current assets		**631,549,281.90**	399,397,663.31
Total non-current assets		**116,398,079,104.21**	108,682,751,221.11
Total assets		**286,356,810,441.58**	291,352,383,389.90

CONSOLIDATED BALANCE SHEET (CONTINUED)

Unit: RMB

	Notes	**As at 31 December 2021 Audited**	As at 31 December 2020 Audited
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	*22*	**25,140,608,000.00**	30,823,388,385.20
Bills payable	*23*	**3,217,498,008.45**	1,779,326,807.47
Accounts payable	*24*	**19,796,622,282.33**	18,082,453,566.59
Receipts in advance		**328,325,876.17**	305,227,873.47
Contract liabilities		**26,822,950,419.07**	28,906,318,019.79
Wages payable		**436,570,855.28**	429,985,557.03
Tax payable		**2,356,197,065.16**	2,628,117,672.26
Other payables		**9,701,552,654.69**	7,895,565,971.72
Non-current liabilities due within one year		**15,125,801,960.37**	14,967,779,666.16
Short-term financing bonds	*25*	**7,500,000,000.00**	1,599,273,452.96
Other current liabilities		**9,307,669,006.30**	11,392,807,052.69
Total current liabilities		**119,733,796,127.82**	118,810,244,025.34
Non-current liabilities			
Long-term loans	*26*	**29,001,712,449.80**	37,777,329,363.48
Bonds payable	*25*	**33,499,674,504.50**	31,571,846,083.37
Lease liabilities		**395,211,550.60**	458,329,649.60
Long-term payables		**345,169,768.56**	19,162,220.69
Long-term wages payable		**498,937,107.96**	529,547,335.17
Accrued liabilities		**503,461,378.37**	824,802,495.37
Deferred income		**795,357,234.52**	832,750,925.25
Deferred income tax liabilities		**6,044,933,885.02**	6,063,184,435.98
Other non-current liabilities		**4,750,000.01**	9,000,000.00
Total non-current liabilities		**71,089,207,879.34**	78,085,952,508.91
Total liabilities		**190,823,004,007.16**	196,896,196,534.25

CONSOLIDATED BALANCE SHEET (CONTINUED)

Unit: RMB

	As at 31 December 2021 Audited	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	**15,989,000,000.00**	16,522,000,000.00
Including: Perpetual bonds	***15,989,000,000.00***	*16,522,000,000.00*
Capital reserve	**5,229,289,084.34**	6,169,149,696.05
Other comprehensive income	**743,211,178.87**	447,195,933.08
Specific reserve	**45,874,273.14**	51,385,977.58
Surplus reserve	**2,470,978,188.48**	2,263,251,151.05
General risk reserve	**457,650,791.76**	457,650,791.76
Retained earnings	**28,103,717,810.21**	26,787,531,577.50
Total equity attributable to the shareholders of the parent company	**63,717,492,460.80**	63,375,936,261.02
Minority interests	**31,816,313,973.62**	31,080,250,594.63
Total equity attributable to shareholders	**95,533,806,434.42**	94,456,186,855.65
Total liabilities and equity attributable to shareholders	**286,356,810,441.58**	291,352,383,389.90

NOTES:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements are presented on a going concern basis.

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

2. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES

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

3. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements are prepared in accordance with the requirements of Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 31 December 2021 and their financial performance and cash flows for 2021.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised 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, sale, commerce and logistics of building materials and furniture;

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

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

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

Segment assets and segment liabilities exclude unallocated assets and liabilities of the headquarters as these assets and liabilities are under the unified management of the Group.

Pricing for transfer between operating segments is agreed upon by both parties of transactions with reference to the fair price quoted from transactions with third parties.

Unit: RMB

For the year ended 31 December 2021

	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 the Headquarters	Elimination on Consolidation	Total
Revenue from external transactions	42,245,405,392.08	37,652,163,902.32	40,022,309,351.49	3,714,569,466.01	-	-	123,634,448,111.90
Revenue from inter-segment transactions	1,238,859,571.27	1,332,672,410.85	5,495,184.19	923,064,284.86	-	(3,500,091,451.17)	-
	43,484,264,963.35	38,984,836,313.17	40,027,804,535.68	4,637,633,750.87	-	(3,500,091,451.17)	123,634,448,111.90
Gains on investment in joint ventures and associates	380,771,973.64	51,555,504.07	(64,788,872.16)	32,830,758.56	-	-	400,369,364.11
Asset impairment losses	(135,810,101.73)	(4,556,208.38)	(839,471,794.14)	(28,815,279.96)	-	-	(1,008,653,384.21)
Credit impairment losses	(150,303,867.71)	(80,717,986.67)	12,531,098.68	(136,692,057.12)	-	-	(355,182,812.82)
Depreciation and amortisation costs	3,783,957,768.73	326,875,138.52	38,919,205.60	408,256,744.97	79,204,150.41	(5,486,710.03)	4,631,726,298.20
Total profits	5,308,947,315.85	342,715,150.67	1,644,793,638.91	1,759,522,722.67	(1,168,700,740.82)	(6,763,550.49)	7,880,514,536.79
Income tax expense	1,149,448,632.16	38,832,953.16	1,076,309,024.27	712,747,672.58	(292,175,185.21)	(17,366,810.25)	2,667,796,286.71
Total assets	77,368,982,721.28	14,571,487,714.12	144,654,543,546.56	60,184,589,121.80	218,785,418.21	(10,641,578,080.39)	286,356,810,441.58
Total liabilities	38,634,317,118.87	8,569,332,753.62	124,202,071,186.63	10,735,119,008.25	19,948,988,602.00	(11,266,824,662.21)	190,823,004,007.16
Other disclosure							
Long-term equity investment in joint ventures and associates	1,792,199,212.57	91,677,985.59	3,291,925,961.05	1,308,345,760.34	-	-	6,484,148,919.55
Increase in other non-current assets, excluding long-term equity investments	6,079,000,133.46	842,702,943.29	851,821,775.61	1,301,726,141.47	-	(40,224,233.43)	9,035,026,760.40

For the year ended 31 December 2020

	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 the Headquarters	Elimination on Consolidation	Total
Revenue from external transactions	41,316,648,584.79	31,437,454,229.12	31,350,979,592.74	3,899,801,944.70	–	–	108,004,884,351.35
Revenue from inter-segment transactions	1,132,418,329.76	1,738,033,872.37	974,484.00	736,975,520.92	–	(3,608,402,207.05)	–
	42,449,066,914.55	33,175,488,101.49	31,351,954,076.74	4,636,777,465.62	–	(3,608,402,207.05)	108,004,884,351.35
Gains/(losses) on investment in joint ventures and associates	374,611,841.96	29,080,766.57	(31,488,062.83)	28,216,073.45	–	–	400,420,619.15
Assets impairment loss	(262,373,463.94)	(48,115,030.82)	(253,544,273.12)	(152,980,398.81)	–	–	(717,013,166.69)
Credit impairment loss	(280,690,129.92)	(38,129,772.54)	(5,547,539.47)	(34,802,881.00)	–	–	(359,170,322.93)
Depreciation and amortisation costs	3,763,658,244.44	304,803,647.08	36,971,328.97	393,008,568.96	83,356,929.41	–	4,581,798,718.86
Total profits	5,982,342,511.92	10,765,040.63	1,089,612,818.14	2,248,848,345.32	(1,450,767,115.44)	(86,398,341.11)	7,794,403,259.46
Income tax expense	1,613,859,481.53	42,591,609.92	724,308,453.26	664,245,993.67	(362,691,778.86)	(43,816,071.60)	2,638,497,687.92
Total assets	77,204,464,946.35	14,052,494,191.88	142,716,441,542.71	78,802,742,216.08	1,370,388,971.59	(22,794,148,478.71)	291,352,383,389.90
Total liabilities	39,070,442,756.60	9,991,156,701.74	123,476,237,081.74	21,450,961,451.32	23,671,288,277.09	(20,763,889,734.24)	196,896,196,534.25
Other disclosure							
Long-term equity investment in joint ventures and associates	2,084,235,170.58	95,596,194.99	951,886,131.20	836,441,510.22	–	–	3,968,159,006.99
Increase in other non-current assets, excluding long-term equity investments	3,904,029,211.53	708,024,911.05	78,711,250.90	576,845,038.47	–	–	5,267,610,411.95

Geographical information

Unit: RMB

Operating revenue

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Asia	**123,052,637,175.55**	107,668,850,610.03
Europe	**561,279,352.16**	135,950,487.22
Africa	**20,531,584.19**	23,915,414.86
Others	**–**	176,167,839.24
	123,634,448,111.90	108,004,884,351.35

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 year ended 31 December 2021, no operating revenue from any one single customer of the Group accounted for more than 10% of the Group's revenue (for the year ended 31 December 2020: Nil).

5. OPERATING REVENUE AND NON-OPERATING REVENUE

Unit: RMB

Operating revenue is presented as follows:

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Operating revenue from principal business	**122,624,107,338.15**	107,333,851,103.15
Operating revenue from other business	**1,010,340,773.75**	671,033,248.20
	123,634,448,111.90	108,004,884,351.35

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Revenue from contracts with customers	**121,512,630,872.46**	105,887,522,351.22
Rental income	**1,818,972,337.88**	1,788,910,392.94
Including: Rental income from investment properties	***1,702,575,271.67***	*1,626,860,912.00*
Other rental income	***116,397,066.21***	*162,049,480.94*
Interest income	**302,844,901.56**	328,451,607.19
	123,634,448,111.90	108,004,884,351.35

Non-operating revenue is presented as follows:

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Net gains from fines	**83,982,984.83**	69,489,456.49
Relocation compensation/government grants	**175,949,842.70**	453,863,482.70
Amounts not required to be paid	**50,835,868.43**	68,225,053.40
Gains on disposal of non-current assets	**340,123,622.48**	32,952,695.81
Others	**452,478,519.41**	50,326,966.86
	1,103,370,837.85	674,857,655.26

6. OPERATING COSTS AND NON-OPERATING EXPENSES

Unit: RMB

Operating costs are presented as follows:

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Operating costs from principal business	**103,263,395,398.16**	87,055,316,543.85
Operating costs from other business	**301,201,822.18**	398,829,191.13
	103,564,597,220.34	87,454,145,734.98

Non-operating expenses are presented as follows:

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Losses on disposal of non-current assets	**136,686,882.27**	97,622,565.62
Including: Losses on disposal of fixed assets	***134,177,997.92***	*97,615,780.62*
Loss on disposal of other non-current assets	***2,508,884.35***	*6,785.00*
Abnormal losses	**89,330,552.34**	1,619,898.86
Expenses on charity donation	**16,734,082.30**	17,613,686.74
Expenses on compensation, penalties and fines	**53,736,871.23**	116,357,317.78
Other expenses	**85,341,119.28**	74,344,038.87
	381,829,507.42	307,557,507.87

7. SELLING EXPENSES

Unit: RMB

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Employee remunerations	**978,211,171.68**	903,178,940.77
Office expenses	**492,166,588.73**	417,716,510.27
Lease fee	**49,570,150.15**	39,339,544.35
Agency intermediary fee	**632,457,547.00**	498,596,740.34
Advertisement fee	**358,703,894.00**	341,118,543.09
Others	**147,918,369.21**	138,925,680.94
	2,659,027,720.77	2,338,875,959.76

8. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Employee remunerations	**2,843,365,459.19**	2,402,899,798.82
Office expenses	**1,063,545,729.59**	1,098,244,905.88
Utilities	**80,529,541.16**	79,012,528.78
Intermediary service fees	**312,879,856.23**	286,211,256.47
Leasing expenses	**89,714,245.14**	94,963,902.67
Sewage and afforestation fees	**45,941,912.69**	58,416,896.06
Loss on shut down	**788,524,816.04**	741,943,287.04
Others	**1,617,782,014.86**	1,578,726,207.23
	6,842,283,574.90	6,340,418,782.95

The above-mentioned administrative expenses included the auditor's remuneration to Ernst & Young Hua Ming LLP for the audit of the annual report of the Company of RMB6,300,000.00 (tax inclusive) (2020: RMB15,800,000.00).

9. RESEARCH AND DEVELOPMENT EXPENSES

Unit: RMB

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Employee remunerations	**193,181,017.25**	123,887,455.70
Material and equipment cost	**63,534,280.62**	60,851,225.40
Others	**90,017,417.64**	84,414,128.57
	346,732,715.51	269,152,809.67

10. FINANCE COSTS

Unit: RMB

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Interest expense	**4,970,126,409.42**	6,483,111,314.92
Including: Interests on bank loans and other loans to be fully repaid within 5 years	***2,691,875,172.80***	*3,642,288,316.48*
Interests on bank loans and other loans to be repaid over 5 years	***114,063,576.88***	*25,213,052.90*
Interests expense on lease liabilities	***25,709,133.51***	*31,867,256.86*
Interests expense on significant financing component	***393,766,605.58***	*898,953,818.36*
Less: Interest income *(Note 1)*	**267,349,252.44**	276,069,216.98
Less: Amount of capitalised interest *(Note 2)*	**2,460,313,949.68**	3,327,814,079.35
Exchange gains	**24,295,748.63**	(874,035.64)
Handling charges	**78,101,914.08**	178,662,066.56
Others	**26,799,950.55**	103,490,978.15
	2,371,660,820.56	3,160,507,027.66

Notes 1: The following sets out the breakdown of interest income:

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Cash and bank balances	**154,063,457.30**	153,575,586.71
Interest income from financing component	**92,564,238.15**	97,736,880.37
Other debt investment	**20,721,556.99**	24,756,749.90
	267,349,252.44	276,069,216.98

Note 2: For the year ended 31 December 2021, the amount of capitalised borrowing costs has included in construction in progress of RMB55,540,356.44 (for the year ended 31 December 2020: RMB48,207,716.98) and costs for properties under development of RMB2,401,317,931.32 (for the year ended 31 December 2020: RMB3,279,606,362.37) and investment properties in progress of RMB3,455,661.92 (for the year ended 31 December 2020: RMB0.00).

11. OTHER GAINS

Unit: RMB

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited	Related to assets/gains
Refunds of VAT	**608,686,687.13**	576,039,717.42	Related to gains
Income from other subsidies	**252,845,218.19**	297,890,961.94	Related to assets/gains
Grants on sale of heat	**18,265,086.66**	7,411,420.00	Related to gains
	879,796,991.98	881,342,099.36	

12. INVESTMENT GAINS

Unit: RMB

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Gains from long-term equity investments under equity method	**400,369,364.11**	400,420,619.13
Investment losses from disposal of subsidiaries	**329,541,352.47**	234,945,279.56
Investment gains from disposal of associates	**–**	(6,287,032.98)
Investment gains from disposal of joint ventures	**–**	(145,155.77)
Investment gains from financial assets held for trading during the holding period	**6,141,431.78**	1,027,112.00
Investment gains from disposal of financial assets held for trading	**12,360,771.94**	36,932,205.90
Investment gains from financial assets measured at amortized cost during the holding period	**23,662,594.55**	17,968,815.16
Dividend income from investment in other equity instruments during the holding period	**8,528,010.46**	6,173,733.41
Investment gains from disposal of equity instrument investment at fair value through other comprehensive income	**–**	(3,424,873.83)
Gains on derecognition of financial assets measured at amortized cost	**5,750,489.98**	–
Others	**6,201,245.46**	(831,185.87)
	792,555,260.75	686,779,516.72

There were no significant restrictions on the repatriation of investment gains of the Group as at 31 December 2021. As at 31 December 2021, investment gain from listed share among the Group's investment gains amounted to RMB802,010.00 (2020: net gain of RMB796,950.00).

13. GAINS FROM CHANGES IN FAIR VALUE

Unit: RMB

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Financial assets held for trading	**39,696,150.69**	(5,257,665.09)
Investment properties measured at fair value	**652,118,591.28**	525,650,251.77
	691,814,741.97	520,392,586.68

14. CREDIT IMPAIRMENT LOSSES

Unit: RMB

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Losses on bad debts of bills receivable	**(47,275,382.29)**	(10,442,166.66)
Losses on bad debts of accounts receivable	**150,277,365.88**	115,846,019.27
Losses on bad debts of other receivables	**86,800,381.40**	260,801,750.04
Losses on bad debts of long-term receivables	**165,655,447.83**	(7,035,279.72)
Others	**(275,000.00)**	–
	355,182,812.82	359,170,322.93

15. ASSET IMPAIRMENT LOSSES

Unit: RMB

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Losses on decline in value of inventory	**890,793,381.09**	363,320,221.79
Losses on impairment of contract assets	**1,190,582.95**	423,713.43
Losses on impairment of fixed assets	**81,352,382.48**	69,219,314.75
Losses on impairment of construction in progress	**10,278,897.18**	4,636,692.52
Losses on impairment of intangible assets	**–**	40,151,142.73
Losses on impairment of long-term equity investments	**48,320.69**	60,000,000.00
Losses on impairment of goodwill	**26,595,000.00**	130,000,000.00
Others	**(1,605,180.18)**	49,262,081.47
	1,008,653,384.21	717,013,166.69

16. INCOME TAX EXPENSES

Unit: RMB

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Current income tax expense	**2,345,686,513.65**	2,689,651,245.06
Deferred income tax expense	**322,109,773.06**	(51,153,557.14)
	2,667,796,286.71	2,638,497,687.92

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

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Total profit	**7,880,514,536.79**	7,794,403,259.46
Income tax expense at the statutory income tax rate	**1,883,243,473.89**	1,904,486,712.85
Effect of different tax rates applicable to some subsidiaries	**(103,468,360.18)**	(193,262,387.65)
Adjustments on the current income tax of previous periods	**19,697,556.24**	(5,699,724.21)
Share of profits and losses of joint ventures and associates	**(132,502,620.58)**	(84,386,334.80)
Income not subject to tax	**(50,381,513.77)**	(53,435,273.55)
Expenses not deductible	**9,135,650.22**	39,120,105.76
Effect of tax rate change on opening balance of deferred income tax	**1,667,447.58**	11,299,842.30
Deductible temporary difference and deductible losses not recognized	**1,040,404,653.31**	1,020,374,747.22
Income tax expense at the effective tax rate of the Group	**2,667,796,286.71**	2,638,497,687.92

17. EARNINGS PER SHARE

The calculation of basic earnings per share is as follows:

Unit: RMB

	For the year ended 31 December 2021 Audited	For the year ended 31 December 2020 Audited
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	**2,933,014,544.76**	2,843,772,517.94
Less: Interests on other equity instruments	**767,955,896.34**	814,609,835.60
Shares		
Weighted average number of ordinary shares in issue of the Company	**10,677,771,134.00**	10,677,771,134.00
Basic earnings per share – continuing operations	**0.20**	0.19

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

For the year ended 31 December 2021, basic earnings per shares (before deducting other equity instrument indicators) was RMB0.27 (for the year ended 31 December 2020: RMB0.27 per share).

The Company did not have potentially dilutive ordinary shares, and the diluted earnings per share was consistent with basic earnings per share.

18. DIVIDEND

	For the year ended 31 December 2021 *RMB'000*	For the year ended 31 December 2020 *RMB'000*
Proposed final dividend – RMB0.104 per ordinary share before tax (for the year ended 31 December 2020: RMB0.06 per share before tax)	**1,110,488**	640,666

The proposed final dividend for the Reporting Period is calculated based on the total number of shares in issue, including both A Shares and H Shares, as at the date of this announcement and is subject to the approval of the Company's shareholders at the forthcoming AGM.

In the event of any change in the total share capital of the Company after the date of this announcement but before the record date for implementing payment of the proposed final dividend, the total distribution amount will be kept unchanged and the distribution amount per share will be adjusted in proportion accordingly. In the event of subsequent changes in the total share capital, the Company will make further announcement on specific adjustments.

19. BILLS RECEIVABLE

Unit: RMB

	At 31 December 2021 Audited	At 31 December 2020 Audited
Commercial acceptance bills	**788,923,979.84**	1,039,767,674.29
Less: Provision for bad debts of bills receivables	**83,232,369.02**	130,507,751.31
	705,691,610.82	909,259,922.98

As at 31 December 2021, commercial acceptance bills of RMB3,100,000.00 (31 December 2020: RMB19,250,000.00) were used for discounting of short-term borrowings.

For the year ended 31 December 2021, the movements in provision for bad debts of bills receivables are as follows:

	As at 31 December 2021 Audited	As at 31 December 2020 Audited
Balance at the beginning of the Reporting Period	**130,507,751.31**	140,949,917.97
Reversal for the Reporting Period	**(47,275,382.29)**	(10,442,166.66)
Balance at the end of the Reporting Period	**83,232,369.02**	130,507,751.31

20. ACCOUNTS RECEIVABLE

Unit: RMB

The credit periods of accounts receivable are generally 1 to 6 months. Accounts receivable are non-interest bearing. The aging of accounts receivable is calculated from the date of delivery of goods or provision of services to the customers and the date when the invoice issued.

An aging analysis of the accounts receivable is as follows:

	At 31 December 2021 Audited	At 31 December 2020 Audited
Within 1 year	**5,158,852,453.10**	5,687,116,127.70
1 to 2 years	**2,234,214,174.38**	1,892,496,034.60
2 to 3 years	**841,871,168.56**	709,076,105.99
3 to 4 years	**312,284,638.61**	498,302,513.57
4 to 5 years	**370,724,976.78**	342,733,285.33
Over 5 years	**1,213,302,055.54**	1,122,351,041.11
	10,131,249,466.97	10,252,075,108.30
Less: Provision for bad debts of accounts receivable	**2,607,321,953.57**	2,593,616,351.63
	7,523,927,513.40	7,658,458,756.67

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

	As at 31 December 2021 Audited	As at 31 December 2020 Audited
Balance at the beginning of the Reporting Period	**2,593,616,351.63**	2,620,476,724.39
Provision for the Reporting Period	**216,674,705.33**	146,068,311.37
Reversal for the Reporting Period	**(66,397,339.45)**	(30,222,292.10)
Write-off for the Reporting Period	**(101,123,687.16)**	(63,235,420.14)
Removed from upon disposal of subsidiaries	**(41,402,441.17)**	(78,255,328.71)
Other transfer in/(transfer out)	**5,954,364.39**	(1,215,643.18)
Balance at the end of the Reporting Period	**2,607,321,953.57**	2,593,616,351.63

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

	31 December 2020				
	Balance of carrying amount	Proportion (%)	Provision for bad debts amount	Proportion (%)	Carrying value
Individual provision for bad debts	987,858,446.42	9.64	657,921,302.76	66.60	329,937,143.66
Provision for bad debts by credit risk characteristics group	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

21. INVENTORIES

Unit: RMB

	31 December 2021		
	Balance of carrying amount	**Provision for decline in value/impairment**	**Carrying value**
Raw materials	**2,297,100,178.54**	**40,466,874.44**	**2,256,633,304.10**
Items in production	**1,008,071,368.70**	**28,377,555.08**	**979,693,813.62**
Finished goods	**3,428,692,940.96**	**165,065,737.74**	**3,263,627,203.22**
Turnover materials	**9,228,256.63**	**–**	**9,228,256.63**
Development costs	**74,239,483,427.23**	**354,120,396.83**	**73,885,363,030.40**
Products under development	**37,227,476,361.15**	**725,035,575.83**	**36,502,440,785.32**
Contract performance cost	**31,837,094.45**	**–**	**31,837,094.45**
	118,241,889,627.66	**1,313,066,139.92**	**116,928,823,487.74**

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

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

2021

			Decrease in the year			
	Opening balance	**Provision for the year**	**Removed from upon disposal of subsidiaries**	**Reversal**	**Write-off**	**Closing balance**
Raw materials	**80,287,293.90**	**4,132,039.57**	**5,965,161.62**	**3,803,606.59**	**34,183,690.82**	**40,466,874.44**
Items in production	**22,601,263.03**	**21,225,883.84**	**2,181,159.22**	**5,173,984.70**	**8,094,447.87**	**28,377,555.08**
Finished goods	**203,489,470.71**	**34,092,854.13**	**632,397.15**	**–**	**71,884,189.95**	**165,065,737.74**
Contract performance cost	**17,385,514.15**	**–**	**–**	**–**	**17,385,514.15**	**–**
Development costs	**133,678,677.65**	**220,441,719.18**	**–**	**–**	**–**	**354,120,396.83**
Products under development	**256,310,421.19**	**619,878,475.66**	**–**	**–**	**151,153,321.02**	**725,035,575.83**
	713,752,640.63	**899,770,972.38**	**8,778,717.99**	**8,977,591.29**	**282,701,163.81**	**1,313,066,139.92**

2020

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

As at 31 December 2021, the balance of development costs included the capitalised borrowing costs of RMB3,771,967,006.24 (31 December 2020: RMB5,618,572,116.44). The capitalised borrowing costs amounted to RMB2,401,317,931.32 in aggregate in 2021 (2020: RMB3,279,606,362.37), and the rate of interest capitalisation was 4.2% (2020: 3.60%).

22. SHORT-TERM LOANS

Unit: RMB

	As at 31 December 2021 Audited	As at 31 December 2020 Audited
Guaranteed loans *(Note)*	**1,523,000,000.00**	2,896,710,000.00
Credit loans	**23,614,508,000.00**	27,900,040,000.00
Pledged loans	**3,100,000.00**	26,638,385.20
	25,140,608,000.00	30,823,388,385.20

Note: As at 31 December 2021, all guaranteed loans were guaranteed by entities within the Group.

As at 31 December 2021, the interest rates of the above loans were 3.00%-4.35% per annum (as at 31 December 2020: 2.54%-5.22%).

As at 31 December 2021, the Group had no overdue borrowings.

23. BILLS PAYABLE

Unit: RMB

	As at 31 December 2021 Audited	As at 31 December 2020 Audited
Commercial acceptance bills	**48,489,866.70**	10,654,618.71
Bank acceptance bills	**3,169,008,141.75**	1,768,672,188.76
	3,217,498,008.45	1,779,326,807.47

As at 31 December 2021, the Group had no outstanding bills payable that were due (31 December 2020: Nil).

24. ACCOUNTS PAYABLE

Unit: RMB

Accounts payable bear no interest and are generally settled within 30-360 days. An aging analysis of accounts payable based on the invoice date is as follows:

	As at 31 December 2021 Audited	As at 31 December 2020 Audited
Within 1 year (inclusive of 1 year)	**16,507,895,750.73**	14,283,022,159.33
1 to 2 years (inclusive of 2 years)	**1,416,747,147.86**	1,806,763,705.63
2 to 3 years (inclusive of 3 years)	**452,667,275.41**	485,780,194.35
Over 3 years	**1,419,312,108.33**	1,506,887,507.28
	19,796,622,282.33	18,082,453,566.59

25. SHORT-TERM FINANCING BONDS AND BONDS PAYABLE

Unit: RMB

	As at 31 December 2021 Audited	As at 31 December 2020 Audited
Short-term financing bonds	**7,500,000,000.00**	1,599,273,452.96
Corporate bonds	**27,932,850,068.31**	29,556,738,698.04
Medium-term notes	**11,000,000,000.00**	11,000,000,000.00
Balance as at the end of the year	**38,932,850,068.31**	40,556,738,698.04
Less: Bonds payable due within one year	**5,433,175,563.81**	8,984,892,614.67
Non-current portion	**33,499,674,504.50**	31,571,846,083.37
Analysis of maturity of bonds payable:		
Within 1 year (inclusive of 1 year)	**5,433,175,563.81**	8,984,892,614.67
1 to 2 years (inclusive of 2 years)	**7,795,654,650.53**	8,125,441,880.93
2 to 5 years (inclusive of 5 years)	**21,214,765,082.08**	21,969,331,341.18
Over 5 years	**4,489,254,771.89**	1,477,072,861.26
	38,932,850,068.31	40,556,738,698.04

As at 31 December 2021, 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 Development Group Co., Ltd. ("**Jidong Group**") issued the first tranche of corporate bonds of Jidong Group 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 one) of BBMG Corporation for 2017 to qualified investors by way of non-public issuance on 13 July 2017 (hereinafter referred to as "17 BBMG 03"), totalling RMB1,250,000,000 with a term of 3 years (with the issuer's option to raise the coupon rate at the end of the second year and the investors' entitlement to sell back the bonds) and coupon rate of 5.20%; the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of non-public issuance on 13 July 2017 (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%.

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%. The total sale back amount as announced on 28 May 2021 was RMB177,064,000 (exclusive of interests). As announced on 28 July 2021, part of the sale-back bonds were resold with an amount of 177,000,000 (exclusive of interests), and the bond not resold with the remaining amount of RMB64,000 were cancelled. The Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as "18 BBMG 02"), totalling RMB1,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.00%.

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 document (Zheng Jian Xu Ke document [2018] No. 884) (《證監許可[2018]884號》文件) issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type 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, Tangshan Jidong Cement Co., Ltd. ("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) issued by the China Securities Regulatory Commission (中國證券監督管理委員會出具的批復(證監許可[2019]2255號)) , the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2020 to qualified investors by way of public issuance on 10 January 2020 (hereinafter referred to as "20 BBMG 02"), totalling RMB4,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.99%; the Company issued the second tranche of corporate bonds of BBMG Corporation for 2020 to qualified investors by way of public issuance on 15 June 2020 (hereinafter referred to as "20 BBMG 03"), totalling RMB2,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.24%; the Company issued the third tranche of corporate bonds of BBMG Corporation for 2020 to qualified investors by way of public issuance on 13 August 2020 (hereinafter referred to as "20 BBMG 04"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.64%.

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

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%; Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. to professional investors by way of public issuance on 22 November 2021 (hereinafter referred to as "21 Jidong 02"), totalling RMB1,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.57%.

16) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. SCP16) (《接受註冊通知書》(中市協註[2019]SCP16號)) issued by the NAFMII, Jidong Cement successfully 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%, which was paid on 8 February 2021; 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%., which was paid on 2 May 2021.

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%; the Company successfully issued the third tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 11 August 2021 (hereinafter referred to as "21 BBMG SCP003"), totalling RMB2,500,000,000 with a term of 259 days and a coupon rate of 2.50% and successfully issued the fourth tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 1 September 2021 (hereinafter referred to as "21 BBMG SCP004"), totalling RMB3,000,000,000 with a term of 205 days and a coupon rate of 2.60%; the Company also successfully issued the fifth tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 6 September 2021 (hereinafter referred to as "21 BBMG SCP005"), totalling RMB2,000,000,000 with a term of 269 days and a coupon rate of 2.65%.

18) Pursuant to the document (Zheng Jian Xu Ke [2020] No. 2749) (《證監許可[2020] 2749號》文件) issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds of BBMG Corporation for 2021 to professional investors by way of public issuance on 19 November 2021 (hereinafter referred to as "21 BBMG 01"), totalling RMB2,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.17%.

26. LONG-TERM LOANS

Unit: RMB

	As at 31 December 2021 Audited	As at 31 December 2020 Audited
Guaranteed loans *(Note)*	**5,121,681,056.14**	7,855,232,916.00
Credit loans	**21,594,843,912.14**	19,358,248,263.18
Mortgaged loans	**7,322,500,142.44**	11,946,505,010.30
Pledged loans	**4,476,999,999.00**	4,454,600,000.00
Closing amount	**38,516,025,109.72**	43,614,586,189.48
Less: Long-term loans due within one year	**9,514,312,659.92**	5,837,256,826.00
	29,001,712,449.80	37,777,329,363.48

Note: As at 31 December 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 31 December 2021 Audited	As at 31 December 2020 Audited
Within 1 year	**9,514,312,659.92**	5,837,256,826.00
1 to 2 years	**11,383,044,894.58**	11,207,729,448.30
2 to 5 years	**11,585,417,555.22**	13,828,871,415.18
Over 5 years	**6,033,250,000.00**	12,740,728,500.00
	38,516,025,109.72	43,614,586,189.48

As at 31 December 2021, the above loans bore an interest rate of 3.30%-6.60% (31 December 2020: 1.20%-7.20%) per annum.

27. NET CURRENT ASSETS

Unit: RMB

	As at 31 December 2021 Audited	As at 31 December 2020 Audited
Current assets	**169,958,731,337.37**	182,669,632,168.79
Less: Current liabilities	**119,733,796,127.82**	118,810,244,025.34
Net current assets	**50,224,935,209.55**	63,859,388,143.45

28. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 31 December 2021 Audited	As at 31 December 2020 Audited
Total assets	**286,356,810,441.58**	291,352,383,389.90
Less: Current liabilities	**119,733,796,127.82**	118,810,244,025.34
Total assets less current liabilities	**166,623,014,313.76**	172,542,139,364.56

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors, I am pleased to present to you the annual results of the Company for the twelve months ended 31 December 2021 (the "**Reporting Period**") and report on the operating results of the Company during the said period for your review.

Review

In 2020, in the context of a complex and severe economic development environment and pandemic prevention and control situation, especially various adverse factors such as the shrinking market demand and sharply rising of the energy price in the second half year, the Company always maintained its strategic consistency, adhered to the integrated development, appropriate development, innovative development and high-quality development, promoted to stabilize the operation, strategically make planning, encourage innovation, pursue development and prevent risks in a coordinated fashion. The Company coordinated various business segments, focused on the market, optimized service, reduced cost and improved efficiency. As all carders and employees made concerted efforts, forged ahead, faced up to difficulties, the targets of major economic indicators for the full year have been exceeded with both operating revenue and net profits recording high, thereby realizing a good start of the "14th Five-Year Plan". During the Reporting Period, the Company's operating revenue amounted to approximately RMB123,634.4 million, representing a year-on-year increase of approximately 14.5%, the net profit attributable to shareholders of the parent company amounted to approximately RMB2,933.0 million, representing a year-on-year increase of approximately 3.1%, and the basic earnings per share attributable to shareholders of the parent company (before deducting other equity instrument indicators) amounted to RMB0.27, bacially remaining flat year-on-year.

In 2021, **by focusing on strategic layout optimization**, we integrated internal and external resources through mergers and acquisitions, capacity swaps and strategic cooperation, effectively enhancing the market influence of the cement segment in the pan-Beijing-Tianjin-Hebei core area, and promoting the acquisition of nine new land lots at reasonable prices in seven cities, including Beijing and Hangzhou, with additional equity area of 760,000 sq.m.; **we were deeply engaged in complementing and strengthening the supply chain**, accelerating the construction of mining resources reserves and aggregate projects, vigorously developing the environmental protection industry and the assembly-type construction industry, and integrating the property development and operation business to enhance synergistic development advantages and competitive synergy; **we deepened the reform of science and technological innovation**, created the "1+N+X" science and technology innovation complex, formed a science and technology innovation ecosystem that gathers elements of "government, industry, academia, research, application, finance, and service" (政產學研用金服), and focused on five innovation fields of the "four green and one new" and the transformation of digital intelligence to carry out scientific and technological research. **We actively improved the quality of our operations** by implementing the three-year action for reform of state-owned enterprises and the action of "benchmarking with world-class management standards" to continuously improve the standardization and refinement of internal control.

In 2021, the Company made continuous progress in environmental, social and governance aspects, maintaining a good trend of sustainable and healthy development. As the only municipally-managed enterprise in Beijing, the Company was listed in the List of State-owned Enterprise Corporate Governance Model Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council, the ESG was rated as "BBB" by MSCI again, which was the highest rating of comprehensive building materials industry group in China, and the information disclosure work was rated as "A" by Shanghai Stock Exchange for the seventh time in a row.

Prospect

At present, the international environment is becoming more complicated, severe and uncertain, the domestic economic recovery is facing triple pressures of demand contraction, supply shock and expected weakening, and the industries in which the Company is engaged are in a critical period of transformation and development, but the fundamentals of China's long-term economic improvement will not change, and the sustainable development has brought up many favourable conditions. The active fiscal policy and prudent monetary policy coordinated by the central government, the "moderately advance infrastructure investment" and "stabilize land prices, house prices and expectations, and promote the virtuous circle and healthy development of the real estate industry based on urban policies" clearly put forward in the 2021 Report on the Work of the Government, etc., have also created favorable conditions for the Company to complete the various objectives and tasks in 2022.

In 2022, we will continue to follow the general principle of making progress while working to keep performance stable, implement the strategic concept of "four developments", take high-quality development as the theme and reform and innovation as the driving force, fully realize the economic indicators and key tasks, and return the long-term recognition of and support to the Company from all Shareholders and the community with excellent operating results. We will **further focus on our main responsibilities and businesses**, focus on promoting the large-scale development of the building materials and manufacturing industries and the steady development of the property development and operation industry, explore the establishment of a "chain leader system", and accelerate the construction of an industrial pattern with close synergy between internal and external, upstream and downstream development. We will **further improve the market-oriented operation mechanism**, fully implement the tenure system for managers and contractual management, and explore the implementation of medium- and long-term incentive mechanisms to enhance the vitality and endogenous power of the Company's development. We will **further strengthen the leadership of science and technological innovation**, accelerate the transformation of digital intelligence and green low-carbon development, accelerate the construction of a number of smart factories, digital workshops, intelligent communities and low-carbon industrial parks, and drive the upgrading of industrial chains. We will **further accelerate the construction of key projects** and steadily promote the implementation of high-quality projects such as the Green Building Materials Industrial Parks in Panshi, Handan and Tangxian County, the Jingping Highway to Railway Logistics Hub Industrial Park, the Xingfa Low-carbon Technology Park and the land consolidation in the Dahongmen area in south Beijing to create a new growth point.

Summary of Financial Information

	2021 *RMB'000*	2020 *RMB'000*	Change
Operating revenue	**123,634,448**	108,004,884	14.5%
Operating revenue from principal business	**122,624,107**	107,333,851	14.2%
Gross profit from principal business	**19,360,712**	20,278,535	-4.5%
Gross profit margin from principal business	**15.8%**	18.9%	a decrease of 3.1 percentage points
Net profit attributable to the shareholders of the parent company	**2,933,015**	2,843,773	3.1%
Basic earnings per share attributable to the shareholders of the parent company (before deducting other equity instrument indicators)	**RMB0.27**	RMB0.27	–
Cash and bank balances	**21,921,969**	28,643,886	-23.5%
Current assets	**169,958,731**	182,669,632	-7.0%
Current liabilities	**119,733,796**	118,810,244	0.8%
Net current assets	**50,224,935**	63,859,388	-21.4
Non-current assets	**116,398,079**	108,682,751	7.1%
Non-current liabilities	**71,089,208**	78,085,953	-9.0%
Total assets	**286,356,810**	291,352,383	-1.7%
Equity attributable to the shareholders of the parent company	**63,717,492**	63,375,936	0.5%
Debt ratio (total liabilities to total assets) (%)	**66.6**	67.6	a decrease of 1.0 percentage point

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

(I) Business of the Company

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 cement industry in China. The cement business continued to adopt Beijing, Tianjin and Hebei 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 and Hebei Province, Shaanxi, Shanxi, Inner Mongolia, Northeastern region, Chongqing, Shandong, Henan and Hunan. The production capacity of clinker amounted to approximately 120.0 million tonnes; the production capacity of cement amounted to approximately 170.0 million tonnes. With cement as its core product, the Company formulates a complete building materials industry chain with upstream and downstream support, extends to related products and services through an internal synergetic mechanism. Currently, the production capacity of ready-mixed concrete amounted to approximately 54.0 million cubic meters while the production capacity of aggregates and grinding aids and admixtures amounted to approximately 49.0 million tonnes and approximately 0.24 million tonnes, respectively. Its annual capacity for disposal of hazardous wastes and solid wastes was nearly 4.68 million tonnes (including construction waste). The Company will insist to promote market expansion and strategic resources consolidation simultaneously and has had a total of about 1,664 million tonnes of limestone reserve in Beijing, Tianjin and Hebei.

2. Modern building materials and commerce and logistics business:

The Company is one of the largest industrialization groups in the green modern building materials industry in China, and is a leader in the modern building materials industry in the Beijing-Tianjin-Hebei region. Guided by scientific and technological innovation, the Company has created a BBMG intelligent housing system including five integrated products composed of prefabricated concrete building, prefabricated steel structure building, prefabricated exterior wall, industrial interior and ultra-low energy consumption building, forming a coordinated development pattern of the whole industry chain. The Company's products are widely used in key projects of the state and the Beijing-Tianjin-Hebei region. The Company is the main supplier of green building materials in the construction of Beijing Olympic venues, a strategic cooperative building material guarantee supplier for the engineer construction of Beijing's sub-town centre, and an important product and service provider for the construction of the Xiong'an New Area. The Company's equipment business has the whole industrial chain service capability of cement production line from process design, equipment design and manufacturing, construction and installation, production and commissioning to supply and maintenance services of spare parts, and production and operation. For the trade logistics industry, under the premise of controllable risks, the Company will improve the supply chain network configuration and asset layout, and continue to improve and strengthen the international trade and building materials and commerce and logistics business.

3. Property development segment business:

The Company has been committed to property development and construction for over 30 years with a comprehensive development strength covering property projects of multiple categories. It ranked in the forefront of the industry in terms of comprehensive strength and has received various honors such as Top 100 China Real Estate Enterprises for consecutive years. It has obtained AAA credit rating for its quality credit and has great influence and brand awareness across the industry. The Company developed approximately 170 property projects with a total gross floor area over 30.0 million sq.m. and a total asset amount of RMB150 billion. The overall strength with an area under construction reached over 8 million sq.m. during the year. The annual sales revenue was RMB50 billion. As of the end of 2021, the Company has made its presence in 16 cities including Beijing, Shanghai, Tianjin, Chongqing, Hangzhou, Nanjing, Chengdu, Hefei, Qingdao, Tangshan, Haikou and Changzhou, developing a nationwide business presence "from Beijing to three major economic rims, namely Beijing-Tianjin-Hebei region, Yangtze River Delta and Chengdu-Chongqing region".

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 nearly 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 approximately 16.0 million sq.m. of properties inside and outside Beijing (including residential communities and commercial units at low floors). Its professional capabilities, brand awareness, occupancy rate and revenue have led the industry in Beijing even the country for years.

(II) Industries of the Company during the Reporting Period

1. *Cement Industry*

In 2021, the main macro data was generally in a reasonable range. However, the growth rate of fixed asset investment, real estate investment, and infrastructure investment slowed down. According to the 2021 Statistical Communique on the National Economic and Social Development of the People's Republic of China published by the National Bureau of Statistics, in 2021, fixed-asset investments in China (excluding agricultural households) reached RMB55,288.4 billion, representing a year-on-year growth of 4.9%. Among them, infrastructure investment increased by 0.4% and investment in real estate development increased by 4.4%. From both the supply and demand side of cement, China's cement demand, production and sales volume were in a downward trajectory in 2021. According to the National Bureau of Statistics of China, the national cement production was 2.38 billion tonnes in 2020, representing a year-on-year decrease of 0.4%. The price level increased overall, hitting a historical high. Throughout the year, although the overall profit level of the cement industry weakened year-on-year, the industry remained resilient, and the industry profit was still at a historically good level.

2. *Property Development Industry*

In 2021, the central government reiterated in important meetings that the positioning of "houses are for living in, not for speculative investment" would remain unchanged. In the first half of the year, as the regulatory policies on the real estate industry continued to take effect and the mortgage loan quota was tightened, both the sales market and the land market cooled down significantly, which, coupled with the exposure of risk problem of certain housing companies, further dampened market confidence. Since the end of September, the central government and various ministries and commissions have frequently released signals of stabilizing the real estate market, the bottom line of regulatory policies on the real estate industry have gradually emerged, and the housing mortgage policies have continuously released positive signals. The central government continued to boost the improvement of the real estate financial environment. Under the premise of ensuring market stability and not changing the general direction of real estate financing policies, the central government actively provided policy support for real estate enterprises to promote the resolution of the currently prevalent liquidity risks of real estate enterprises.

According to the data of the National Bureau of Statistics, in 2021, the investment in real estate development in China was RMB14,760.2 billion, representing an increase of 4.4% over last year, and a decrease in the growth rate of 2.6 percentage points over last year. Among them, the investment in residential properties was RMB11,117.3 billion, representing an increase of 6.4% over last year. Investment in residential properties accounted for 75.3% of aggregate investment in real estate development, representing an increase of 1.5 percentage points over last year. The construction sites for corporate use of real estate developers were 9,753.87 million sq.m., representing an increase of 5.2% over last year, among which, 6,903.19 million sq.m. were area of construction sites for residential properties, representing an increase of 5.3% over last year. The area of newly started construction of real estates was 1,988.95 million sq.m., representing a decrease of 11.4% over last year. Among them, the area of newly started construction of residential properties was 1,463.79 million sq.m., representing a decrease of 10.9% over last year. The area of completed real estate was 1,014.12 million sq.m., representing an increase of 11.2% over last year. Of this, area of completed residential properties was 730.16 million sq.m., representing an increase of 10.8% over last year. In 2021, land area acquired by real estate developers was 215.9 million sq.m., representing a decrease of 15.5% over last year. The transaction price of land was RMB1,775.6 billion, representing an increase of 2.8% over last year. Area of sold commodity housing was 1,794.33 million sq.m., representing an increase of 1.9% over last year and an increase of 4.6% over 2019, and a two-year average increase of 2.3%. Specifically, area of sold residential properties increased by 1.1% over last year, area of sold of office increased by 1.2% over last year and area of sold of properties for commercial operation decreased by 2.6% over last year. Sales of commodity housing amounted to RMB18,193.0 billion, representing an increase of 4.8% over last year, an increase of 13.9% over 2019, and a two-year average increase of 6.7%. Of this, sales of residential properties increased by 5.3% over last year, and sales of office and properties for commercial operation decreased by 6.9% and 2.0% over last year respectively. As at the end of 2021, area of commodity housing for sales was 510.23 million sq.m., representing an increase of 11.73 million sq.m. compared with the end of last year.

Summary of Business Information

		2021	2020	Change
1.	***Cement and Ready-mixed Concrete Segment***			
	Sales volume:			
	Cement (in thousand tonnes)	**99,722.4**	107,325.0	-7.1%
	Concrete (in thousand cubic meters)	**15,283.3**	16,152.9	-5.4%
2.	***Modern Building Materials and Commerce and Logistics Segment***			
	Sales volume:			
	Stone wool boards (in thousand tonnes)	**103.9**	83.4	24.6%
3.	***Property Development Segment***			
	Booked GFA (in thousand sq.m.)	**1,833.63**	1,518.8	20.7%
	Presales (sales) GFA (in thousand sq.m.)	**1,478.4**	1,945.1	-24.0%
4.	***Property Investment and Management Segment***			
	Total GFA of investment properties (in thousand sq.m.)	**1,746.8**	1,774.5	-1.6%

In 2021, adhering to the general work principle of seeking progress while maintaining stability, the Group actively identified changes, adapted to changes, and pursued changes by taking a series of reform and innovation measures and promoting a series of key tasks. With stable and growing economic operations, the Group got off to a good start for the "14th Five-Year Plan".

During the Reporting Period, the Company recorded operating revenue of approximately RMB123,634.4 million, of which operating revenue from its principal business amounted to approximately RMB122,624.1 million, representing a year-on-year increase of approximately 14.2%; total profit amounted to approximately RMB7,880.5 million, representing a year-on-year increase of approximately 1.1%; net profit amounted to approximately RMB5,212.7 million, representing a year-on-year increase of approximately 1.1%; and net profit attributable to the shareholders of the parent company amounted to approximately RMB2,933.0 million, representing a year-on-year increase of approximately 3.1%.

1. Cement and Ready-mixed Concrete Segment

The cement business effectively overcame the challenges from a multitude of unfavorable factors such as the sharp rise in energy prices by actively pursuing strategic vantages, further strengthening market strategic layout through ways such as M&A and cooperation and giving full play to its synergy and regional leadership. It reduced costs and increased efficiency through measures such as internal potential exploitation, capacity replacement and lean management, energy saving and consumption reduction. It also promoted the integration of the industrial Internet and cement manufacturing to increase development vitality. The concrete business strengthened process management and control of marketing business, consolidated market expansion, promoted strategic cooperation, controlled and reduced costs in an all-round way, and improved operational quality.

The cement and ready-mixed concrete segment recorded operating revenue from its principal business of approximately RMB43,190.0 million during the Reporting Period, representing a year-on-year increase of approximately 2.6%. Gross profit from its principal business amounted to approximately RMB10,621.9 million, representing a year-on-year decrease of approximately 14.7%. The aggregate sales volume of cement and clinker reached approximately 99.72 million tonnes (excluding joint ventures and associates), representing a year-on-year decrease of approximately 7.1%, among which the sales volume of cement and clinker were approximately 89.89 million tonnes and approximately 9.83 million tonnes, respectively. The aggregate gross profit margin for cement and clinker was approximately 26.8%, representing a year-on-year decrease of approximately 4.5 percentage points. The sales volume of concrete totalled 15.28 million cubic meters, representing a year-on-year decrease of approximately 5.4%, while the gross profit margin for concrete was approximately 10.6%, representing a year-on-year decrease of approximately 2.4 percentage points.

2. Modern Building Materials and Commerce and Logistics Segment

The modern building materials business reduced and controlled costs, increased market development efforts, boosted sales of products in peak seasons, and increased the structural proportion of high value-added products in total sales revenue. The Company built a platform for collaboration on scientific and technological innovation, promoted the implementation of digital and intelligent construction by subsidiaries, and provided high-quality green building materials products and services for the construction of major engineering and key projects such as the construction of National Xiong'an New Area and the Beijing Winter Olympics. The trading business adhered to steady operation and keeping risks under control. It strengthened strategic cooperation with leading energy and mining enterprises in the world, providing strong support for the overall development of the Group.

During the Reporting Period, the modern building materials and commerce and logistics segment recorded operating revenue from its principal business of approximately RMB38,908.3 million, representing a year-on-year increase of approximately 18.1%, while the gross profit from its principal business amounted to approximately RMB1,420.0 million, representing a year-on-year increase of approximately 69.7%.

3. Property Development Segment

The property development business continued to improve product capability and operational efficiency of our projects. It adhered to the approach of quick launch, quick sale and quick payment collection, and intensified efforts to de-stock. It dispersed development risks, and ensured project quality, development progress and house delivery. It adhered to the policy guidance, actively promoted coordination and use of self-own land resources in various regions, aligned with urban renewal and sped up implementation of shanty town and decrepit community renovation projects.

In 2021, the Company optimized layout and entered a new city while deeply expanding its presence in the cities it has entered. Throughout the year, it obtained 9 land development rights in total, providing strong support for the sustainable development of the property segment.

No.	Name of projects (parcel of land)	Location	Use of land	Land area of the project *(sq.m.)*	Planned plot ratio area *(sq.m.)*	Land price *(RMB million)*	Method of acquisition	Date of acquisition (year-month-day)	Percentage of interest
1	Land parcel C2-5-1#/2# at the East of the central area of Eastern New City, Ningbo City	Ningbo City, Zhejiang Privince	Residential, retail business, complementary land	36,870	87,097.5	2,378.411	Auction	2021-01-07	100%
2	Jin Bei Chen Xin (Gua) 2021-013 (津北辰新(掛)2021-013)	Beichen District, Tianjin	Urban residential, commercial, scientific education	58,825	133,615.82	1,191.0	Listing	2021-05-15	75.25%
3	Land parcel at the East Side of Yueji Road and the North Side of Zonglv Road, Zhonglou District, Changzhou City (JZX20210902)	Chagnzhou City, Jiangsu Province	Commercial and residential (focus on residence with the compatibility of commerce)	58,912	117,824	1,639.0	Listing	2021-09-09	100%
4	Land parcel at the North of Hanhou Road and the West of Yulin Road, Moling Street, Jiangning District, Nanjing City (NO.2021G88)	Nanjing City, Jiangsu Province	Residential	69,217	138,434	2,810.0	Listing	2021-09-27	50%

No.	Name of projects (parcel of land)	Location	Use of land	Land area of the project (sq.m.)	Planned plot ratio area (sq.m.)	Land price (RMB million)	Method of acquisition	Date of acquisition (year-month-day)	Percentage of interest
5	Land parcel at the South of Hengjing Road and the West of Jingshisan Road, Qixia District, Nanjing City (NO.2021G79)	Nanjing City, Jiangsu Province	Residential	29,593	73,982.2	1,200.0	Equity interest	2021-09-27	34%
6	Land parcel at Pengbu Unit R21-31, Shangcheng District, Hangzhou City (Hang Zheng Chu Chu No. [2021]28) (杭政儲出[2021]28號)	Hangzhou City, Zhejiang Province	Residential	52,317	125,560.8	3,818.18	Listing	2021-10-12	100%
7	R2 class 2 residential land, land parcel 1303-693 of a primary land development project at Chaoyang Port Phase 1, Shibalidian, Chaoyang District, Beijing	Chaoyang District, Beijing	Residential	27,367	68,416	3,760.0	Listing	2021-10-12	60%
8	F81 green belt industrial land of land parcel PF-04 and R2 class 2 residential land (tie-in construction of “affordable rental housing”), land parcel PF-05 of a primary land development project at Pingfang Village, Beiqijia Town, Changping District, Beijing	Changping District, Beijing	Land used for residence and greenbelt development	79,675	178,405.878	3,660.0	Listing	2021-10-13	33%
9	Plot at the South of Fanwa Road and the West of Shegang Road, Shushan District, Hefei City (No. SS202120)	Hefei City, Anhui Province	Residential, kindergarten, service facility	75,610	134,698.48	1,424.011	Auction	2021-11-29	100%
Total				488,386	1,058,034.678	21,880.602			

During the Reporting Period, the property development segment recorded revenue from its principal business of approximately RMB39,730.0 million, representing a year-on-year increase of approximately 26.9%, and the gross profit from its principal business was approximately RMB5,129.7 million, representing a year-on-year increase of approximately 14.1%. The booked GFA was approximately 1,833,600 sq.m. for the year, representing a year-on-year increase of approximately 20.7%, among which booked GFA of commodity housing amounted to approximately 1,729,900 sq.m., representing a year-on-year increase of approximately 42.3%, while booked GFA of policy-oriented housing amounted to approximately 103,700 sq.m., representing a year-on-year decrease of approximately 65.8%. The aggregated contracted sales amount of the Company for the year was approximately RMB37,297 million, representing a year-on-year decrease of approximately 28.6%, among which aggregated contracted sales amount of commodity housing amounted to approximately RMB36,311 million, representing a year-on-year decrease of approximately 13.8%, and the aggregated contracted sales amount of policy-oriented housing amounted to approximately RMB986 million, representing a year-on-year decrease of approximately 90.2%. The aggregated contracted sales area of the Company for the year was approximately 1,478,400 sq.m., representing a year-on-year decrease of approximately 24.0%, among which aggregated contracted sales area of commodity housing amounted to approximately 1,457,400 sq.m., representing a year-on-year decrease of approximately 14.5%, and the aggregated contracted sales area of policy-oriented housing amounted to approximately 21,000 sq.m., representing a year-on-year decrease of approximately 91.3%. As at the end of the Reporting Period, the Company had a land reserve totaling approximately 6,967,600 sq.m.

4. Property Investment and Management Segment

It strove to improve operational capacity, thereby securing new leases and renewal of the office building and achieving steady improvement in operational efficiency of hotels, commercial properties and parks. It built a professional commercial operation team to enhance the operational capabilities of commercial properties, developed internal and external markets, and enhanced the management capabilities of high-end residential properties and its brand image. As the reception hotel for the Winter Olympics, Badaling Hot Spring Resort provided accommodation and catering services for various events of the Winter Olympics.

During the Reporting Period, the property investment and management segment recorded operating revenue from its principal business of approximately RMB4,519.9 million, representing a year-on-year decrease of approximately 5.4%, and gross profit from its principal business was approximately RMB2,473.0 million, representing a year-on-year decrease of approximately 1.7%. As at the end of the Reporting Period, the Company held approximately 1,746,800 sq.m. of investment properties such as high-end office buildings, commercial and industrial parks (excluding construction in progress and decoration and renovation projects), with a consolidated average rental rate of approximately 81% and a consolidated average rental unit price of approximately RMB4.9/sq.m./day. The high-end investment properties held in core areas in Beijing totaled 1,096,000 sq.m., with a consolidated average rental rate of approximately 79% and a consolidated average rental unit price of approximately RMB7/sq.m./day.

RENTAL OPERATIONS OF THE MAJOR INVESTMENT PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2021

Property Name	Location		Use	Gross area *(thousand sq.m.)*	Fair value *(RMB million)*	Rental unit price *(RMB/sq.m./day)*	Average occupancy rate *(Note 1)*	Unit fair value *(RMB/sq.m.)*	Expiration of the land use right *(Year)*
Phase 1 of Global Trade Center	North Third Ring Road, Beijing	No. 36, North Third Ring East Road, Dongcheng District, Beijing	Commercial	108.0	3,681.8	10.8	92%	34,091	2054
Phase 2 of Global Trade Center	North Third Ring Road, Beijing	No. 36, North Third Ring East Road, Dongcheng District,Beijing	Commercial	141.0	4,038.2	8.8	98%	28,639	2058
Phase 3 of Global Trade Center	North Third Ring Road, Beijing	No. 36, North Third Ring East Road, Dongcheng District,Beijing	Commercial	57.0	1,310.8	8.0	93%	22,996	2058
Tengda Plaza	West Second Ring Road, Beijing	No. 169, Xizhimenwai Street, Haidian District, Beijing	Commercial	68.0	1,960.0	8.9	95%	28,824	2045
Jin Yu Building	West Second Ring Road, Beijing	No. 129, Xuanwumen West Street, Xicheng District, Beijing	Commercial	41.0	1,310.9	11.2	96%	31,973	2058
Building Materials Trading Tower, Jianda Building	East Second Ring Road, Beijing	No. 14, Dongtucheng Road, Chaoyang District, Beijing	Commercial	43.0	1,139.8	5.2	73%	26,507	*Note 2, 3*
Dacheng Building	East Second Ring Road, Beijing	No. 127, Xuanwumen West Street, Xicheng District, Beijing	Commercial	41.0	1,225.4	11.2	38%	29,889	2052
Huan Bohai Golden Shore Shopping Mall	Hexi District, Tianjin	No. 473, Jiefang South Road, Hexi District, Tianjin	Commercial	302.0	2,431.4	2.1	96%	8,051	2060
Pangu Plaza Building 5	North Fourth Ring Road, Beijing	No. 27 Courtyard, North Fourth Ring Middle Road, Chaoyang District, Beijing	Commercial	137.0	5,641.8	12.3	25%	41,181	*Note 2*
Phase 1 of Logistics Park Project	South Sixth Ring Road, Beijing	No. 3 Courtyard, Qingxiang North Road, Daxing District, Beijing	Commercial	122.0	963.0	2.2	100%	7,893	2058
Phase 1 of Intelligent Manufacturing Plant	North Fifth Ring Road, Beijing	No. 27, Jiancaicheng Middle Road, Haidian District, Beijing	Commercial	75.0	645.6	5.8	99%	8,608	2046
Subtotal				1,135.0	24,348.7			21,453	
Other properties	Beijing Municipality			611.8	11,743.6			19,194	
Total				1,746.8	36,092.3	4.9	81%	20,662	

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

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

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

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

1. Principal business operations

Unit: RMB million

	Revenue from principal business	Cost of sales from principal business	Gross profit margin from principal business (%)	Increase or decrease in revenue from principal business compared with last year (%)	Increase or decrease in cost of sales from principal business compared with last year (%)	Increase or decrease in gross profit margin from principal business compared with last year
Cement and Ready-mixed Concrete	43,190.0	32,568.1	24.6	2.6	9.9	Decrease of 5.0 percentage points
Modern Building Materials and Commerce and Logistics	38,908.3	37,488.3	3.6	18.1	16.8	Increase of 1.1 percentage points
Property Development	39,730.0	34,600.3	12.9	26.9	29.0	Decrease of 1.4 percentage point
Property Investment and Management	4,519.9	2,046.9	54.7	-5.4	-9.5	Increase of 2.1 percentage points
Eliminations	(3,724.1)	(3,440.2)	-	-	-	–
Total	122,624.1	103,263.4	15.8	14.2	18.6	Decrease of 3.1 percentage points

2. Investment properties measured at fair value

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

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

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

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

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

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

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group increased by approximately RMB126.4 million year-on-year to RMB652.1 million, accounting for 8.3% of the profits before tax. The change was mainly due to a year-on-year increase in the appreciation of investment properties.

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

(1) Selling expenses were RMB2,659.0 million, representing an increase of RMB320.2 million or 13.7% year-on-year. Such increase was mainly due to the increase in the profit recognized from the property development segment and transferring of the sales commission to selling expenses in line with the transferring out of revenue during the Reporting Period.

(2) Administrative expenses were RMB6,842.3 million, representing an increase of RMB501.9 million or 7.9% year-on-year. Such increase was mainly due to the social insurance reduction and exemption policy of last year and a year-on-year increase in remuneration during the Reporting Period.

(3) Finance costs were RMB2,371.7 million, representing a decrease of RMB788.8 million or 25.0% year-on-year. Such decrease was mainly due to the decrease in the interest expenses as a result of the decrease in the borrowings during the Reporting Period as compare to the previous year.

(4) Gains on disposal of assets were RMB73.9 million, as compared with loss of RMB0.1 million for the same period of last year. The change was mainly due to the year-on-year increase in gains on disposal of assets during the Reporting Period.

(5) Non-operating revenue was RMB1,103.4 million, representing a year-on-year increase of RMB428.5 million or 63.5%. Such increase was was mainly due to a year-on-year increase in the compensation received during the Reporting Period.

4. Analysis of assets and liabilities

Unit: RMB

	31 December 2021	31 December 2020	Percentage change (%)	Explanation
Receivables financing	2,514,575,159.07	5,588,223,348.91	-55.0	A decrease of approximately 55.0% from the beginning of the Reporting Period, mainly due to the decrease in the collection of bills as a results of the strengthened efforts on the management of bills during the Reporting Period
Prepayments	1,745,572,087.55	2,645,477,546.87	-34.0	A decrease of approximately 34.0% from the beginning of the Reporting Period, mainly due to the decrease in the land guarantee deposits prepaid during the Reporting Period

	31 December 2021	31 December 2020	Percentage change (%)	Explanation
Contract assets	60,328,702.31	14,420,557.17	318.4	An increase of approximately 318.4% from the beginning of the Reporting Period, mainly due to the increase in the construction projects completed but not yet recognized during the Reporting Period
Debt investments	490,902,028.26	782,487,853.43	-37.3	A decrease of approximately 37.3% from the beginning of the Reporting Period, mainly due to the disposals of policy and bank related finance bonds during the Reporting Period
Long-term equity investments	6,484,148,919.55	3,968,159,006.99	63.4	An increase of approximately 63.4% from the beginning of the Reporting Period, mainly due to the increase in the investments in joint ventures and associates during the Reporting Period
Other non-current assets	631,549,281.90	399,397,663.31	58.1	An increase of approximately 58.1% from the beginning of the Reporting Period, mainly due to the increase in the prepayments for land premiums and exploration rights for mine during the Reporting Period
Bills payable	3,217,498,008.45	1,779,326,807.47	80.8	An increase of approximately 80.8% from the beginning of the Reporting Period, mainly due to the increase in settlements to suppliers using bills as a result of the expansion of the business during the Reporting Period
Short-term financing bonds payable	7,500,000,000.00	1,599,273,452.96	369.0	An increase of approximately 369.0% from the beginning of the Reporting Period, mainly due to the increase in the issuance of short-term financing bonds during the Reporting Period

	31 December 2021	31 December 2020	Percentage change (%)	Explanation
Long-term payables	345,169,768.56	19,162,220.69	1,701.3	An increase of approximately 1,701.3% from the beginning of the Reporting Period, mainly due to the instalment payments of certain projects during the Reporting Period
Accrued liabilities	503,461,378.37	824,802,495.37	-39.0	A decrease of approximately 39.0% from the beginning of the Reporting Period, mainly due to resumption of the effort on mining management during the Reporting Period
Other non-current liabilities	4,750,000.01	9,000,000.00	-47.2	A decrease of approximately 47.2% from the beginning of the Reporting Period, mainly due to the maturity of the advance payments on rents received in prior years during the Reporting Period
Other comprehensive income	743,211,178.87	447,195,933.08	66.2	An increase of approximately 66.2% from the beginning of the Reporting Period, mainly due to the appreciation of fair value at the time when the properties transferred from self-occupied to leasing during the Reporting Period

5. Cash flows

During the Reporting Period, a net decrease of approximately RMB6,903.9 million in cash and cash equivalents was recognized in consolidated financial statements of the Company. Such decrease was the combined effect of: (i) the net cash inflows generated from operating activities of approximately RMB13,733.9 million, representing a year-on-year decrease in net cash inflows of approximately RMB1,721.8 million; (ii) the net cash outflows generated from investment activities of approximately RMB6,403.1 million, representing a year-on-year increase in net cash outflows of approximately RMB3,838.2 million, which was mainly due to a year-on-year increase in the investment during the Reporting Period; (iii) the net cash outflows generated from financing activities of approximately RMB14,210.3 million, representing a year-on-year increase in net cash outflows of approximately RMB8,138.5 million, which was mainly due to a year-on-year increase in the repayment of interest-bearing liabilities by making full use of the surplus funds during the Reporting Period; and (iv) the exchange realignment of approximately RMB24.3 million.

Core Competence Analysis

The Company is a leading building material enterprise of environmental protection, energy-saving and emission reduction and recycling development in Beijing-Tianjin-Hebei region, and contributes to the ecological civilization. During the Reporting Period, the Company demonstrated the value of state-owned enterprises in the capital by comprehensively implementing the 14th Five-Year plan, practicing the strategic concept of "four developments", serving the construction of Beijing's "four centers", and improving the level of "four services" to build a world-class harmonious and livable city. The Company adhered to the two core businesses of "green building materials manufacturing, trading and services, and real estate", continued to strengthen and expand "large building materials" and "large real estate", and fostered and developed the high-end equipment manufacturing industry and new trade service industry. 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 and smart energy, 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. The 10,000-tonne "second-generation cement" demonstration line of Jidong Cement Tongchuan was put into operation, creating a new benchmark for the regional advanced manufacturing industry clusters and industrial green parks. The Company completed the construction of the assembly building (Tangshan Phase II), further enhancing the core business support of the BBMG intelligent house system. BBMG's science and technology innovation complex and ecosystem accelerated the gathering of innovation elements and resources to release new driving force. For the high-quality construction and operation of the technology industrial parks, the Company has put the Phase I Xisanqi BBMG Technology Park into operation; the Company has established a science and innovation equity fund; the Company has built a BBMG Intelligent Park. The benchmark demonstration of BBMG Intelligent Factory accelerated the gathering of high-end industries and built a new ecosphere for park development. The construction of Xingfa Science and Technology was accelerated to build an important carrier and platform for scientific and technological innovation and basic research in Beijing. Phase I Glass Cultural and Creative Industrial Park was completed. Longshuncheng "Beijing Made" Museum was officially opened, becoming a new cultural landmark along Beijing's South Central Axis and an "internet-famous site" of intangible cultural heritage at a national level. The Company accelerated the transformation of digital intelligence and its application in specific scenarios. The Company formulated the "carbon neutrality and carbon emission peaking" action plan to continuously enhance the green and low-carbon ecological connotation of the industry. The Company comprehensively served the construction of major projects such as the urban sub-center and the Winter Olympics, highlighting the supply assurance for high-quality products and services. The brand influence and industry leadership of BBMG, with new intelligent manufacturing, new quality and new ecology as industrial characteristics, was significantly enhanced. The development momentum continues to be enhanced and the foundation of development is continuously consolidated. The Company's position as a leader in the building materials industry in the Beijing-Tianjin-Hebei region has become more stable, which further promotes the Company's competitiveness, innovation, control, influence and risk resistance, and brings the 14th Five-Year plan off to a good start.

The core competitiveness of the Company is detailed as follows:

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

   The Company has the advantage of a vertical and fully integrated industrial chain: Each industry continues to form its own industrial chain with core competitiveness and industrial resilience to adapt to the new stage and new consumer needs. The Company accelerated horizontal integration of similar businesses and vertical integration of upstream and downstream of the industrial chain, promoted further diversification of synergy among industries with internal integration, and optimized the stock. The Company enhanced the advantages and competitive synergy of the industrial chain, continuously strengthened the overall synergistic development capability and level of the industrial chain through the domestic sales, chain-type, intensive and group coordinated development, and comprehensively enhanced the synergistic competitive advantage of the industrial chain. The Company promoted outward expansion with the integration of external market resources. The Company completed the merger and acquisition of Shanxi Daixian Hongwei Cement and Huarun Fulong. The Company increased 10-million-tonne production capacity for aggregates, and built a "highway to railway" green supply chain to establish a more complete and safer upstream and downstream industrial chain. The Company built a BBMG industrial ecology based on the core industrial chain, realized the supply chain services of the whole industrial chain, and accelerated the building of a modern industrial system. BBMG was empowered with digital intelligence, took industrial internet as an effective means to promote industrial digitalization process and accelerate the transformation of manufacturing industry to service-oriented manufacturing. The Company formed the 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.

   With cement, concrete and new materials as the core businesses for the "large building materials industry", the Company built a whole industrial chain cluster of green building materials within the Group; deepened the coordinated development of the industry chain through cluster and park-based development; continuously built the leading position in the regional industry; integrated and developed the advantageous products of each industrial segment to maximize the value of resources. For cement, the Company strengthened the strategic reserve of resources, optimized the layout of advanced production capacity, expanded green supply chain management and realized the transformation and upgrading of the industrial chain and value chain. For concrete, following the principle of becoming the industry leader in the Beijing-Tianjin-Hebei region and starting business and becoming an excellent enterprise outside the Beijing-Tianjin-Hebei region, the Company became a "smart, green, ecological and safe" enterprise and cultivated the competitive edge in concrete business of BBMG characteristics. Xincai Group became the largest PC component supplier with the largest market share in the Beijing-Tianjin-Hebei region and the leader in the integration solution of BBMG intelligent house system, adapting to the development of new construction industrialization and establishing the main industrial support for assembly-type buildings.

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

Relying on cement industry, high-end equipment manufacturing industry built the first brand of integrated service equipment manufacturing and system service provider. The trade service industry built modern green supply chain trade service, expanded offline and online integration and scenario-based new consumption of home furnishing and trade exhibition and trade; developed network freight transport, built smart logistics, built "highway to railway" green supply chain service hub to serve modern urban logistics system and urban consumption upgrade demand, and cultivated emerging industries of the Group.

The property development industry drove the application of 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 and investment in 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 explored new models and refined BBMG's solutions in the fields of old community renovation, technology and cultural innovation parks, cultural skills inheritance of intangible cultural heritage, and leisure and tourism resorts.

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

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 achieve success with high-quality development.

2. Competitive edge in science and technology innovation engine:

The Company highlighted the core engine of innovation, strengthened the leading role of innovation, took science and technology innovation as an important strategic focus, accelerated the implementation of the Company's Three-Year Action Plan for Scientific and Technological Innovation (2021-2023), and consolidated the foundation of the kinetic energy system in the new era. The Company built a science and technology innovation complex and a science and technology innovation ecosystem, and stimulated innovation vitality and gathered innovation elements. The Company deployed the innovation chain around the industrial chain and laid out the industrial chain around the innovation chain. The Company strengthened the linkage and upgrading of industrial chain, value chain and innovation chain, and made up for the weaknesses and sharpened strengths. Focusing on key matters such as "bottleneck" technology, 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 small, medium and large-scale enterprises. The Company promoted the open sharing and benign interaction of "government, industry, academia, research, finance, application and service", promoted BBMG industrial investment and science and technology venture capital business, discovered and cultivated unicorns, small giants and invisible champions, cultivated "technologically advanced" enterprises, and promoted high-quality development of innovative enterprises with multi-layered capital market. 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 Company and the creation of BBMG's characteristic cutting-edge industries. Focusing on "four greens and one new", the Company promoted the overall upgrading of the industry with the research and development of new technologies, new products, new processes and new equipment and the completion of the results to accelerate the progress towards the high-end industry, and constantly injected new vitality into the transformation and upgrading of the Company. Focusing on science and technology innovation and green low-carbon development, the Company built a "1+N+X" science and innovation complex, with BBMG as the theme to gather a number of "government, industry, academia, research, application, finance, and service" innovation elements to create an open and circular science and technology innovation ecosystem. The Company cultivated the advantages of cutting-edge industries in energy conservation and environmental protection, intelligent equipment, new materials, R&D design and inspection and testing, and business incubation services, and established the support of BBMG's modern industrial system. The Company improved the incentive mechanism, promoted contractual management and created a good environment for science and technology innovation, thus injecting vitality and vigor into innovation and development.

The Company has planned ahead and promoted the work of "carbon neutrality and carbon emission peaking", and formulated the 14th Five-Year action plan for carbon neutrality and carbon emission peaking. The Company completed and put the carbon capture transformation project of Beijing BBMG Liushui Environmental Protection Technology Co., Ltd. (1,500 tonnes per year) into operation, sped up the progress of the project of Beijing BBMG Beishui Environmental Protection Technology Co., Ltd. with 100,000 tonnes carbon capture and utilization capability, and laid out zero-carbon buildings in Xingfa Technology Park. The Company enhanced the independent innovation capability, building the largest sludge disposal project in the domestic cement industry in Jingyang, Shaanxi Province, and pioneering the low-temperature sludge drying technology in China. BBMG Mortar Co., Ltd. became the only demonstration enterprise of Beijing-Tianjin-Hebei Cleaner Production Partnership Project in Beijing. Jidong Development Group International Trading Co., Ltd. issued the first cross-border block chain RMB letter of credit. Two enterprises were awarded the title of national technologically advanced "little giant" enterprises, nine enterprises were awarded the title of provincial technologically advanced "little giant" enterprises, and 11 national high-tech enterprises were added, 67 in total. The Company won 10 provincial and ministerial-level awards of science and technology, and was granted 662 patents, including 363 invention patents, 50 software copyrights and 10 industry standards as the editor-in-chief, and 194 science and technology platforms above the provincial level.

3. Competitive edge in green and sustainable development:

The Company practiced in depth the development concept that "Lucid waters and lush mountains are invaluable assets" and continued to consolidate the state-owned enterprise base of green development. The Company practiced the concept of green development and promote sustainable development, and insisted on being the pioneer and leader of "green, recycling and low-carbon" development. The Company considered the strengthening of environmental protection as an important means of the Company for transforming the development pattern, creating benefits, and fulfilling social responsibilities. The Company also strove to overcome the severe and complex economic situation and the profound impact of national industrial policy regulation, took solid steps to promote its work on environmental protection, and persistently promoted high-quality development of the Company with high standard management.

The Company seized the strategic opportunity of carbon neutrality and carbon emissions peaking and accelerated the implementation of the dual carbon action plan. The Company planned and built BBMG Smart City Venous Industrial Park. The Company 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, and promoted ecological restoration and green mine construction. 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, carried out the research on the road map 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.

The Company advocated the innovation and the application of results in energy saving and emission reduction. In terms of treatment of industrial solid waste and domestic waste using cement kilns, the Company accelerated project construction and maximized the advantages of the cement industry to make greater contributions to energy conservation and emission reduction. The Company further promoted the solid waste and hazardous waste treatment business, replicated the cement kiln solid waste co-disposal technology with independent intellectual property rights, and continuously enhanced the social value of "city purifier and government helper". Through stable operation control, the Company's pollutant emission level was better than the national emission control requirements. Pollutant emission concentrations in Beijing, Tianjin, Hebei, Fenwei Plain, and other key regions were significantly lower than the emission limits specified by the state. In 2021, the Company implemented 22 large-scale energy-saving technological transformation projects, involving an investment of nearly RMB150 million.

The Company has always vigorously promoted clean production as a new pollution prevention measure and environmental protection concept. Since the start of the clean production audit, the enterprises have completed multiple rounds of audits and acceptances. By implementing the clean production scheme, all subsidiaries have achieved the purpose of "energy saving, consumption reduction, pollution reduction and efficiency enhancement", achieving the alignment of economic, social and environmental benefits of industrial production.

4. Competitive edge in industry-finance integration:

The industry-finance integration supports and promotes the development of various main businesses of the Company. The Company enhanced its comprehensive strategic cooperation with key financial institutions, continuously innovated financing methods, controlled and reduced the scale of the Company's financing, expanded financing channels, reduced financing costs, ensured the Company's credit adequacy and effectively controlled and reduced the cost of capital usage. The Company's capital management effectively followed the principles of "preventing risks, optimizing structure and promoting development", and implemented strong and effective measures to ensure a reasonable capital scale and sound development scale. The Company promoted the construction of a financial sharing center system to improve the efficiency of capital management. 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. The Company reduced new financing costs by 13 basis points year-on-year; the financing structure was reasonable, with long-term financing accounting for 76.64%. The Company's issuer credit rating remained AAA, and the financing pipelines were smooth to support the development of the main business. Throughout the year, financing from external sources decreased by RMB9 billion, and financing cost decreased by 37 basis points. We optimized the capital structure and kept the Company's debt ratio at approximately 67%. The finance company gave full play to the treasury management function of the Company, facilitated the match of the supply and demand of funds within the Company, and strengthened the centralized management of funds. The comprehensive fund collection rate reached 65.70%, maintaining a high level, greatly improving the efficiency of fund use and reducing the Company's total capital operating costs.

5. Competitive edge in corporate culture and branding:

The Company highlights leading corporate culture and enhances the brand value of the Company. The core value of BBMG's corporate culture is based on the pragmatic working culture of "work with aspiration, competence, efficiency, success and prudence", the human spirits of "eight specials", the development philosophy of "integration, communion, mutual benefit and prosperity", and the corporate spirits of "three emphasis and one endeavor". We united our minds and efforts and forged ahead to carry forward culture and brand value. The Company carries forward the spirit of model workers, labor spirit, craftsmanship and entrepreneurship, and cultivates the culture of innovation. The Company will not forget its original intention and will forge ahead, work hard, face up to difficulties, seize the first opportunity, lay a new situation, and lay the foundation for a good start of the 14th Five-Year plan with excellent performance, thereby achieving quality growth and striving towards the grand goal of building a world-class industrial group and becoming part of the world's top 500 companies.

The culture of BBMG is built based on experiences of numerous cadres and employees within the system. It aims to help employees realize their dreams, and is the driving force and cornerstone for BBMG's substantial development. "BBMG" Brand has been consecutively honored as a well-known trademark in Beijing. The Company ranked 65th in the list of 2021 (18th) "China's 500 Most Valuable Brands". The Company won the "13th Five-Year plan" Chinese Corporate Culture Building Industry Model, Top 100 Chinese Listed Companies Award, etc. BBMG Group and Jidong Cement were awarded the National May Day Labor Certification. BBMG Culture and Technology Co., Ltd. was awarded the title of "2021 Top 10 Scholarly Enterprises" in Beijing. Liu Gengsheng, an employee of Longshuncheng, won the title of "Person of the Year of Great Country Craftsman" in 2021. The superior brand awareness and prestige has created a sound cultural atmosphere and intelligence support for BBMG to achieve a new round of leap-forward development in full force.

DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT

(1) Industry Pattern and Trend

At present, the international environment is becoming more complicated and severe, and the recovery of domestic economy is still unstable. From the perspective of international environment, the recurrence of global epidemic is still the biggest variable, and the superposition of economic globalization encounters a counter-current. Unfavorable factors such as global supply chain bottleneck and energy shortage continue to exert their influence, and the world economy has limited room for resumption of growth. In terms of the domestic economy, due to the inertia of demand contraction, supply shock and anticipated weakening, the downward pressure on economy will continue for a period of time in the future. The Company shall not only be fully prepared for a protracted war mentally, but also prepare in advance the first moves and actual measures for risk prevention, and effectively fight the strategic initiative war of averting danger and turning crisis into opportunities. But at the same time, China's economy is resilient and the favorable long-term fundamentals of Chinese economy remain unchanged; in particular, the general tone of "seeking steady growth" and a number of positive supporting policies put forward by the Central Economic Work Conference have played a decisive role in stabilizing the macro-economic market this year and keeping the economy moving within a reasonable range. From the industry development trend, the building materials industry and the property industry are still in a critical period of transformation and development, and the policy guidance of focusing on structural adjustment will not change in the short term. The Company is facing "four challenges": Firstly, in the context of the constant implementation of the carbon neutrality and carbon emission peaking policy, the building materials industry will be affected by the accelerated elimination of backward production capacity. The Company will be affected by coal and electricity reduction, dual energy consumption control, transport structure adjustment and other industrial policies; secondly, as the Beijing 2022 Olympic Winter Games, the 20th CPC National Congress and other major national events take place, safety, environmental protection policy constraints in Beijing, Tianjin, Hebei and surrounding areas will become more stringent, and shutdown and production restrictions or stagger production will bring a greater impact on the core regional industries of the Company; thirdly, rising energy prices have led to increased costs in downstream industries, and raw material prices are likely to remain at higher levels in the short term, which will affect the profitability of cement and concrete industries and real estate projects; fourthly, with the deepening of the regulation and control of the real estate industry, the "incremental era" will accelerate to transform into "incremental and stocked era", and the "development mode" will accelerate to transform into the "development and operation" mode, and the pressure on de-stocking will increase continuously.

The overall upward trend of Chinese economy remains unchanged. Firstly, based on the central coordination and linkage of active fiscal policy and prudent monetary policy, as well as the organic combination of cross-cycle and counter-cyclical macroeconomic control policies, the market will maintain a reasonable abundance of liquidity. At the same time, Beijing will also actively use market-oriented means such as guidance funds and REITs and play the role of state-owned capital to leverage more social capital to provide more abundant financial support for the capital's cutting-edge industries.

Secondly, the moderately advanced infrastructure investment will play the role of economic support, coupled with the new urban construction driven by urban renewal and the construction of subsidized housing, which will form a more powerful demand support for the Company's large building materials industry and large real estate industry. From Beijing's point of view, this year, it will further promote the Beijing-Tianjin-Hebei world-class city cluster backbone structure; as a result, this will bring strong demands for basic building materials.

Thirdly, the Central Economic Work Conference clearly pointed out to "strengthen the guidance of the real estate market expectation" and "take appropriate measures to promote the virtuous circulation and healthy development of the real estate industry", indicating that the real estate tightening control policy has basically bottomed, the bottom of the market is accelerating, and the real estate market may bottom out.

Fourthly, to enhance the resilience of the supply chain system, the structural policies and science and technology policies issued by the central government will bring benefits to the manufacturing industry in terms of speeding up technological innovation and upgrading digital transformation. In addition, Beijing will implement the construction plan of digital economy benchmark city, strengthen the construction of new infrastructure such as computing algorithm platform, launch 20 major application scenarios, promote the formation of industrial clusters such as block chain, artificial intelligence, virtual reality and ultra-high-definition display, as well as accelerate the construction of three national laboratories, which will create new leading enterprises and bring strong momentum for the transformation of the Company's digital intelligence.

(2) The Company's Development Strategy

The year 2022 is an important year for the implementation of the 14th Five-Year plan, and it is also the closing year of the three-year reform of state-owned enterprises. The 20th CPC National Congress and the Beijing 2022 Olympic Winter Games also take place this year. Therefore, this year is characterized by great events, happy events and significant events. Guided by serving the development of the capital, the Company will integrate into the coordinated development of "five initiatives" and "two regions" construction in Beijing, adhere to the general tone of seeking steady growth, put "steady growth" in a prominent position at all times, deeply understand the four challenges faced by the Company's development, grasp the "four opportunities" and properly handle the dialectical relationship between "challenges" and "opportunities". By implementing the strategic concept of "four developments", taking high-quality development as the theme, reform and innovation as the driving force, and "digitalization" year as the way, the Company will promote the development during the 14th Five-Year period to achieve steady improvement in quality and reasonable growth in quantity, accelerate the upgrading of the industrial chain, and build a new pattern of synergistic development.

Firstly, the Company will continue to seek development.

The Company will seek steady growth. The Company will balance the dialectical relationship between "seeking steady growth" and "making progress", coordinate plans with the development strategies of the state and the law of market economy as a whole, maintain the momentum of steady development, and effectively implement the requirement for steady growth. The Company will carry out tasks ahead of schedule. The Company will plan movements, mobilize staff and arrange the tasks in advance, so that measures are taken during the "window period" and policy dividends are enjoyed, to ensure early launch and early achievement for various measures. The Company will be ready to make "changes". The Company will plan sustainable development with strategic thinking and actively explore the path of transformation and development. For the large building materials segment, the Company will seek "steady growth" by making "progress", and make use of the "window period" of demand growth to achieve a rise in sales, price and profit. The Company will enhance market synergy and industry influence to lead the healthy and standardized development of the industry. For the large real estate segment, the Company will seek steady growth while making profits. The Company will maintain a stable scale of existing assets, revenues and profits; protect profits and ensure the appropriate level of profitability for the "low-profit era" projects. For investment properties, the Company will shorten the incubation period for new projects and seize the opportunities in the post-Winter Olympics era to produce profits and benefits as soon as possible. For the equipment manufacturing industry, the Company will seek steady growth while improving the quality. The Company will comprehensively improve its capability to control and reduce costs, explore external markets and synergize internal markets, focus on enhancing the creation of high value-added products, and form a high-end equipment innovation and development and intelligent manufacturing driving force. For the new commerce and service industry, the Company will seek steady growth while taking appropriate risk control measures. The Company will control and reduce risks to achieve stable operations. The Company will lay out commerce industry chain operations, strengthen profitability, expand experience-based new scenes of new consumer services, promote the development of online and offline integration, build an urban intelligent storage and logistics service platform, and create a high-quality pan-home living service industrial ecology. The Company will promote the network freight business to accelerate synergy with the Company's non-cement industries to provide better value-added services.

Secondly, the Company will focus on innovation-driven development.

The Company will speed up innovation-driven development in technology research and development, institutional mechanisms and business models to stimulate the endogenous power and development vitality of corporate development. The Company will strengthen development with science and technology innovation. The Company will give more prominence to the strategic position of science and technology innovation, form a strategic support for the Group's high-quality development and create a new driving force for high-quality development. The Company will effectively promote technological innovation in both externality and internality and achieve technological empowerment. The Company will accelerate the transformation of technological innovation from quantitative accumulation to qualitative leap. The Company will promote green and low-carbon innovative development and accelerate the transformation of digital intelligence. The Company will carry out the Group's "digitalization" year activities with high standard, accelerate the use of high-value application scenarios of industrial Internet, and build a number of lighthouse factories, black light factories, digital workshops, smart parks and digital communities with leading technology. The Company will establish an innovation service platform for intelligent manufacturing in specific fields, guide the convergence of innovative resources, form intelligent solutions for each industry, realize the parallel promotion and integrated development of informatization, digitization, networking and intelligence, and prepare capacity reserves for building industrial Internet in the future. The Company will deepen the reform of state-owned enterprises. The Company will accelerate the reform action of state-owned enterprises, and come up with real, effective and ultra-regular innovative initiatives in improving the incentive and constraint mechanism, creating a highland of innovative talents, and deeply integrating industry and finance, so as to fully release the dividends of state-owned enterprise reform. The Company will integrate into the trend of innovation and development, and promote the development of "specialized, refined, differentiated and innovative (專精特新)" and little giant enterprises. The Company will achieve model innovation in serving the development of the capital. Focusing on the construction of the "International Science and Innovation Center" and "National Cultural Center" in Beijing, the Company will explore the formation of a dynamic space in conjunction with the capital's high-quality development. Focusing on technology and cultural services, the Company will promote the extension of traditional productive services to specialization and the high-end of the value chain.

Thirdly, the Company will take countermeasures to prevent risks.

The Company will coordinate high-quality development and risk prevention concerning work safety: The Company will follow up and properly resolve risks and hazards in a timely manner, such as preparing for patrol inspections, resolving disputes, handling complaints immediately upon receipt, resolving historical problems, and taking safety and environmental protection countermeasures. The Company will strengthen and improve the construction of the internal control system, enhance the capability to prevent and control major risks, and accelerate the construction of the "four-in-one" management system of law, compliance, internal control and risk control. Therefore, the Company will further optimize the integration of the internal control information system. Moreover, the Company will firmly guard the bottom line of no major risks and improve the effectiveness of ensuring work safety and exercising environmental management in an all-round manner. The Company will also guard against systemic risk events arising from local risks and against the risk of loss of control. The Company will establish a regular communication and coordination mechanism with the local government, make good use of the two mechanisms of "service stewardship" and joint municipal meetings on historical problems, and continuously track new government policies and requirements to find a solution for the Group's historical problems.

The development strategy of core principal business of the Company in 2022:

In terms of the large building materials industry, we plan to promote scale development. Focusing on the carbon neutrality and carbon emission peaking policy and transformation of digital intelligence, we will make use of key strategic resources, 5G+industrial mutual network integration, and carbon neutrality and carbon emission peaking action to achieve industry leadership. We will optimize the layout, adjust the structure, and create new industrial advantages. We will carry out transformation, promote upgrading, and accelerate the digital iteration of the industry. We will expand the path, improve efficiency, and lead green and low-carbon development. In terms of cement, focusing on building a development layout of "one core, one body, two wings, and multiple points", we plan to steadily implement regional mergers and acquisitions and promote capacity replacement. We will strengthen the marketing ability to generate profits, build market advantages, consolidate and expand the value highland in the core areas of the Beijing-Tianjin-Hebei region, and continuously improve the market control in the core region; further extend the industrial chain, make up for the weaknesses and sharpen strengths, and expand the reserve of mining resources; develop the environmental protection industry to create new benefit growth points; promote the development of the building materials park; optimize the site layout and promote the integration of the concrete industry. In terms of new building materials, we plan to carry out integrated and intensified development in all industries to enhance the scale of development and profitability of assembly-type buildings. We will expand the customer demands, cultivate leading enterprises, promote scale expansion and market integration in niche industries, and create "little giant" enterprises and invisible champion enterprises.

In terms of the large real estate industry, we plan to realize steady development. For the property development business, we will make prudent investments and continue to promote the cooperative development model; optimize the layout, and implement targeted policies to achieve "accelerated cash flows". We will coordinate the "six relationships", improve the capability of compound property operation of investment, development and construction, operation and management, and property services, expand the application of green building materials through synergy, and gain benefits from product competitiveness, commercial operation efficiency, and project quality control capability. We will effectively increase our efforts on de-stocking. For the property operation business, we will strengthen the coordination with the development business, build a professional team for commercial operation and enhance the commercial property operation capability; serve the four centers, revitalize our own land resources and promote the establishment of BBMG brand for urban renewal.

(3) Business Plan

In 2022, the Company will adhere to the general principle of seeking progress while maintaining stability and implement the strategic concept of "Four Development". With high-quality development as the theme, reform and innovation as the driving force, and the "digitalization" year as the starting point, it will promote the upgrade of the industrial chain and create a new landscape of coordinated development.

(4) Possible risks

1. Epidemic prevention and control risks

The highly contagious Omicron strain is spreading rapidly overseas and continues to flare up at multiple points in the PRC, resulting in increased pressure to "prevent overseas import and domestic relapse". The pandemic remains one of the important factors affecting China's economic growth in 2022. Under the impact of the centennial pandemic, the upheaval of the century was precipitated, and the external environment became more complex, challenging and uncertain. Numerous uncertainties remain in relation to the current pandemic and the external environment, and the foundation of China's economic recovery is not yet solid. The world economic situation remains complex and challenging. The recovery is unstable and uneven, and various derivative risks caused by the impact of the pandemic cannot be ignored.

Countermeasures: The Company will learn from the experience of pandemic prevention and control and production development in the past two years, make full use of its industrial synergy advantages, and tap into a series of favorable policies issued by the state to ensure sound performance in both pandemic prevention and control and production and operation. The Company will carefully study and identify opportunities and changes, seeking opportunities amidst crisis and chartering new landscape amidst disruption. The Company will seize the major strategic opportunity windows and make centralized planning for the industrial layout and seek progress while maintaining stability, so as to achieve high-quality development of the industry while maintaining steady growth, promote the improvement of scale and profitability, actively cultivate new growth points and development driver, and create strategic emerging industries. The Company will spearhead its development with technological innovation and create a new engine for high-quality development. It will accelerate the digital-intelligence transformation and promote the upgrade of traditional industries. It will adhere to the bottom-line thinking, improve the ability to predict risks, and vigilantly guard against various risks and challenges.

2. Policy risk

The general principle of the real estate policy remains unchanged. The government adheres to the positioning of "housing is for housing, not speculation", adapting measures to local conditions and implementing multi-pronged strategies to facilitate the stable and healthy development of the real estate market. The problem of serious overcapacity in the cement industry has not been fundamentally resolved. Judging from the supply-side structural reforms and high-quality development policies that the state persists with, the government will continue to implement stricter policies to eliminate outdated production capacity and protect the environment. According to the relevant policy measures and action requirements of carbon emission peaking and carbon neutrality, industrial policies such as coal power reduction, dual energy consumption control, and transportation structure adjustment will continue to strengthen the constraints on the cement industry.

Countermeasures: We will strengthen the interpretation, analysis and judgment of national macroeconomic policies and respond to the call of national policies. We will enhance risk awareness and crisis awareness, and accurately predict future development trends. The property business will scientifically study and judge the market and improve the ability to adapt to market pace; improve project operation capabilities, and actively expand online marketing and emerging property business models. Cement enterprises will focus on supply-side structural reform, improve quality and efficiency, and enhance regional market control. Moreover, they will continue to strengthen intra-industry cooperation and promote the construction of integrated cement industry chain, supply chain and innovation chain, accelerate the process of digital transformation and upgrading and formulate carbon emission peak, carbon neutrality and carbon emission reduction plans in advance. Meanwhile, the cement enterprises will seize the opportunities brought by the demands for infrastructure construction of "new infrastructure, new urbanization initiatives and major projects" to further increase market shares.

3. Risk of capital operation

In 2022, the central bank will adhere to the policy of maintaining stability while seeking progress, and adopt a prudent monetary policy flexibly and appropriately. It will intensify cross-cycle adjustment and give full play to the dual functions of monetary policy tools in terms of total amount and structure. It will be more proactive and aggressive, focusing on exerting impacts from the forefront. It will guide financial institutions to increase support for the real economy, especially small and micro enterprises, technological innovation, and green development, stabilize the macroeconomic market, and create a suitable monetary and financial environment for promoting high-quality economic development. However, China's macro leverage ratio is still on the high side and the risk of local debts and corporate debts is rising. Affected by the epidemic, domestic economic circulation and external trade talks, the manufacturing industry and the property industry will face greater pressure, especially the cash flow pressure of the property industry will increase and the liquidity risk will increase, which brings great challenges to the Company's financing and liquidity management.

The Company will innovate financing methods and extensively expand financing channels to raise funds at low cost and ensure the safety and stability of the capital chain of the Company. The Company will continue to promote the "three reductions, one lowering and one promotion" campaign. We will strengthen process control to improve the efficiency of capital turnover of property project, accelerate inventory destocking, and operate in a steadily manner. We will speed up the sales of commodity inventories in various businesses, strengthen the management and control of marketing risks, and reduce and control long-aged receivables. We will leverage the advantages of the finance companies and financial leasing companies to optimize the debt structure of the Company, so as to secure the cash flow of the Company as a whole.

4. Market competition risk

The staggered production in the cement industry only solves the problem of output in the region and does not solve the problem of overcapacity fundamentally. The production capacity structure is in urgent need of optimization. Some small and medium-sized enterprises do not strictly comply with the staggered production policy, resulting in an imbalance between supply and demand, which further aggravates market competition. In the meantime, due to the unbalanced regional development, the gap between the strong in the south and the weak in the north persists in terms of demand and benefit level. Under the superimposition of multiple regulatory policies and the competition of enterprise development, the real estate industry has entered a period of low profit and entered the era of increment + stock, and the pressure of destocking continues to increase. Meanwhile, the concentration of the property industry is accelerating, and the trend of "the big gets bigger, the strong gets stronger" is more notable.

Countermeasures: The cement business actively adapts to the market environment of the industry. The Company will seize the strategic opportunities arising during the period of the industry digital transformation, integrate the advantages of resources, scale and location, optimize the industrial layout, expand advanced production capacity; comprehensively improve the level of operation, strengthen the profitability through marketing, correctly understand the relationship between "quantity, cost, price and profit" to ensure sales growth and steady increase in market share; establish market advantages, improve product quality, service and channels, and improve product, service and marketing capabilities; increase technological improvement, innovation, reduce production costs and enhance market competitiveness; give full play to the leading role of the industry's "leading enterprises", proactively strengthen industrial synergy with upstream and downstream enterprises, strengthen industry self-discipline, maintain a good industry ecology, promote fair peak staggering, consolidate price levels, and correctly handle competition and cooperation to promote the overall high-quality development of the industry. The property business will continuously improve its development and operation capabilities, and improves its profitability in an all-round way. It will insist on "accelerating cash flows" to improve the capital turnover rate and improve the ability of "quick launch, quick sale and quick payment collection"; focus on core competencies and improve project returns. It will steadily participate in the market land acquisition, revitalize the existing land resources, serve the urban development strategy, build a new development space to tap the future value of the land, coordinate the resources of various industrial sectors, and support the high-quality development of the property business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group's total assets amounted to approximately RMB286,356.8 million, representing a decrease of approximately 1.7% from the beginning of the Reporting Period, of which liabilities amounted to approximately RMB190,823.0 million, minority interests amounted to approximately RMB31,816.3 million and total equity attributable to the shareholders of the parent company amounted to approximately RMB63,717.5 million. Total equity attributable to shareholders amounted to approximately RMB63,717.5 million, representing an increase of approximately 0.5% from the beginning of the Reporting Period. As at 31 December 2021, the Group's net current assets were approximately RMB50,224.9 million, representing a decrease of approximately RMB13,634.5 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) as at 31 December 2021 was approximately 66.6%, representing a decrease of approximately 1.0 percentage point from the beginning of the Reporting Period.

As at 31 December 2021, the Group's cash and bank balances amounted to approximately RMB21,922.0 million, representing a decrease of approximately RMB6,721.9 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, short-term financing bonds, perpetual bonds, corporate bonds, medium-term notes, private bonds and banking facilities provided by its principal bankers in the PRC. As at 31 December 2021, the Group's interest-bearing bank borrowings amounted to approximately RMB63,656.6 million (as at 31 December 2020: approximately RMB74,438.0 million) and bore fixed interest rates. Of these borrowings, approximately RMB9,514.3 million interest-bearing bank borrowings were due for repayment within one year, representing an increase of approximately RMB3,677.1 million from the beginning of the Reporting Period. Approximately RMB54,142.3 million interest-bearing bank borrowings were due for repayment after one year, a decrease of RMB14,458.4 million from the beginning of the Reporting Period. The Group's interest-bearing bank borrowings were all denominated in RMB.

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

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

1. No profits shall be distributed to the shareholders;

2. Significant external investment, mergers and acquisitions, and other capital expenditure projects shall be postponed;

3. Salary and bonus of Directors and senior management shall be reduced or suspended;

4. The main responsible person in relation to the Company's bonds shall not be transferred.

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

DISCLOSEABLE TRANSACTIONS DURING THE REPORTING PERIOD

During the Reporting Period, transactions that are required to be disclosed by the Group under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") are as follows:

On 31 March 2021, the Company entered into the merger agreement (the "**Merger Agreement**") with Tangshan Jidong Cement Co., Ltd.* (唐山冀東水泥股份有限公司) ("**Jidong Cement**") and BBMG Jidong Cement (Tangshan) Company Limited* (金隅冀東水泥(唐山)有限責任公司) (the "**JV Company**"), pursuant to which, the JV Company will merge with Jidong Cement (the "**Merger**") such that all the assets and liabilities of the JV Company will be consolidated into Jidong Cement upon completion.

Pursuant to the Merger Agreement, Jidong Cement shall issue the consideration shares to the Company in respect of the 47.09% equity interests in the JV Company directly held by the Company.

According to the asset appraisal report issued by an independent valuer and approved by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (the "**Beijing SASC**"), the appraised value of all shareholders' equity of the JV Company is RMB28,930.4038 million, so that 47.09% of equity interests in the JV Company held by the Company corresponds to an appraised value of RMB13,623.3272 million, with 28 February 2021 as the appraisal base date. The consideration of the transaction is based on the above appraisal results approved by the Beijing SASC and has been determined at RMB13,623.3272 million after negotiation between the parties. Jidong Cement paid the transaction consideration of the JV Company to the Company through issuing shares. Reaching a consensus with Jidong Cement, the issue price of the shares in the transaction is RMB12.78 per share (after the adjustment according to the profit distribution of Jidong Cement for 2020).

Before the completion of the transaction, Jidong Cement is directly held by the Company and Jidong Development Group Co., Ltd.* (冀東發展集團有限責任公司) ("**Jidong Development**") as to 7.0% and 30.0% respectively. Jidong Cement is a non-wholly owned subsidiary of Jidong Development. Its financial statements are consolidated into the financial statements of Jidong Development. Jidong Development is in turn directly held by the Company as to 55.0%, and is a non-wholly owned subsidiary of the Company. Before the completion of the transaction, the JV Company is directly held as to 47.09% and 52.91% by the Company and Jidong Cement respectively.

The entering into of the Merger Agreement will further strengthen the controlling position of the Company in Jidong Cement and reduce unnecessary shareholding levels and increase the management effectiveness of both the Company and Jidong Cement. Upon the completion of the transaction, the core competitiveness and profit sustainability of Jidong Cement can be further enhanced and thus be beneficial to the Company having Jidong Cement as a cement platform at a subsidiary level to expand and further enhance its position with quality and simplifying the equity levels. The transactions contemplated under the Merger Agreement are not expected to have any material effect on the Company's assets position and operating results. The consideration was determined based on arm's length negotiations between the parties and will be based on the valuation results of the JV Company rendered by an independent valuer. The Board considers that the terms of the Merger Agreement are fair and reasonable and are in the interests of the Shareholders as whole.

The Merger Agreement has been completed in November 2021. On 15 November 2021, the registration procedures for the industrial and commercial changes involved in the transfer of the 47.09% equity interest in the JV Company held by the Company to Jidong Cement have been completed. Upon the completion of the industrial and commercial changes, the JV Company became a wholly-owned subsidiary of Jidong Cement. In addition, in the Merger, the Company, as the cash alternative provider, paid cash consideration to the dissenting shareholders of Jidong Cement who have effectively declared the exercise of the cash alternatives, and the Company was granted the corresponding shares of Jidong Cement. When the cash alternatives completed, a total of 5,821,192 units of cash alternatives were effectively declared, and the Company was granted 5,821,192 shares of Jidong Cement and paid the cash consideration. Jidong Cement issued 1,065,988,043 shares to the Company to absorb and merge with the JV Company. Upon the completion of the transaction, Jidong Cement is directly held by the Company and Jidong Development as to 47.53% (1,178,645,057 shares) and 18.47% (457,868,301 shares) respectively, and the Company ceases to hold any direct interests in the JV Company.

For details of the Merger Agreement, please refer to the announcements of the Company dated 31 March 2021, 25 June 2021, 3 November 2021 and 15 December 2021.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

Saved as the Merger Agreement as set out in the section of "Discloseable transactions during the Reporting Period" above, the Group had not conducted any substantial acquisition or disposal of subsidiaries, associates or joint ventures that were required to be disclosed during the Reporting Period.

CONNECTED TRANSACTION

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

PLEDGE OF ASSETS

As at 31 December 2021, certain of the Group's inventories, fixed assets, investment properties, land use rights and equity interest amounting to RMB34,974.7 million in aggregate (as at 31 December 2020: RMB49,487.2 million) were pledged to secure short-term and long-term loans of the Group, which accounted for approximately 12.2% of the total assets of the Group (as at 31 December 2020: 17.0%).

CONTINGENCIES

Unit: RMB

		As at 31 December 2021	As at 31 December 2020
Provision of guarantee on housing mortgage to third parties	*Note 1*	**9,453,598,185.99**	9,895,528,540.97
Provision of guarantee on loans and others to third parties	*Note 2*	**890,000,000.00**	935,000,000.00
Provision of guarantee on loans and others to related parties	*Note 3*	**52,000,000.00**	–
		10,395,598,185.99	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. The guarantee will be released upon obtaining building ownership certificates and completion of formalities of mortgage by the home buyers. The management is of the opinion that in the event of default in payments, the net realizable value of the relevant properties is sufficient to cover the outstanding mortgage principals together with the accrued interests and penalties, and therefore no provision for the guarantees has been made in the financial statements.

Note 2: Jidong Group, a subsidiary of the Group, provided guarantees with joint obligations on the borrowings of RMB890,000,000.00 for Tangshan Culture & Tourism Investment Group Co., Ltd. (唐山市文化旅遊投資集團有限公司). The guarantee will expire on 21 May 2029.

Note 3: Tangshan Jidong Cement Co., Ltd., a subsidiary of the Group, provided guarantees with joint obligations on two borrowings of RMB32,000,000.00 and RMB20,000,000.00 for Anshan Jidong Cement Co., Ltd.. The guarantees, which will expire on 28 July 2022 and 21 December 2022, respectively, were new guarantees during the year ended 31 December 2021.

COMMITMENTS

Unit: RMB

	As at 31 December 2021	As at 31 December 2020
Contracted but not provided for:		
Capital commitments	**268,713,794.64**	1,086,398,279.13
Property development contracts	**9,126,628,410.92**	7,261,767,509.25
	9,395,342,205.56	8,348,165,788.38

The significant commitments made by the Group as at 31 December 2020 had been duly performed as previously undertaken.

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.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had 46,447 employees in total (as at 31 December 2020: 47,405 employees). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB7,015.0 million (for the year ended 31 December 2020: RMB5,916.8 million), representing an increase of approximately 18.6%.

In 2021, the Group deepened the implementation of the "five matching" review mechanism for remuneration, the "annual comprehensive evaluation result" linking mechanism and the "online salary calculation, financial department keeping accounts" payment mechanism. When determining the total salary of a subsidiary, the Group ensures that the per capita income level of the subsidiary matches the "industry, region, position, performance, and corresponding system and mechanism" one by one, and conduct market salary surveys with a combination of cooperating with intermediaries and having the subsidiary collect salary data. Based on the economic benefits and the profit-making per capita of the subsidiary, the Group determines the rate of raise or decrease in the per capita salary to determine the total annual salary of the subsidiary. The Group also linked remuneration management to "annual comprehensive evaluation results". The Group has established the Administrative Measures for the Comprehensive Evaluation of Subsidiaries, putting each subsidiary's annual evaluation results into four grades – "Excellent, Good, Qualified, and Poor". Based on the evaluation results, the Group determines the total salary quota for the year, achieving the management goal of linking the evaluation results of subsidiaries to the total salary. All subsidiaries calculate salaries online through the human resources information system and send vouchers through the financial system to achieve online management of the entire process of salary payment. We standardize the salary structure and salary mechanism through systems and supervise the income of employees at all levels and the use of total salary quota of the subsidiaries in real time, so as to avoid unreasonable increases in labor costs of subsidiaries and realize early warning and supervision.

TRAINING SCHEME

The Group has established a firm new development concept and implemented the strategy of strengthening the enterprise through talents, so as to promote the development and growth of the Group's talent team and improve the overall quality.

For education and training, we adhered to hierarchical and classified management, giving full play to the advantages of hierarchical and classified training. We have established a three-level education and training system at the group level – the secondary group level – the enterprise level, and form a top-down talent training ecological chain with each level performing their duties and reporting to the upper level, deepening the excellent training project and co-creating and sharing learning resources at group level. In 2021, 200,000 employees participated in the training sessions in aggregate, achieving full coverage. In particular, 47,000 employees participated in operation and management training, 51,000 employees participated in professional and technical training, 74,000 employees participated in skill and technology training, and 28,000 employees participated in party-mass relations training. The Group held the "Three Gold" talent training camp, and 700 "Three Gold" talents has been further promoted.

The Group earnestly implemented the state's and Beijing's Vocational Skills Improvement Action Plan (2019-2021), organized and formulated the vocational skills improvement action implementation plan, and guided all member units to carry out their work in an orderly manner. The human resources departments of the subsidiaries took the initiative to actively engage with Ministry of Human Resources and Social Security, the Ministry of Land and Resources and other ministries, and organized employees to conduct training by stages and steps. The employees actively participated in, proactively studied and joint their efforts, significantly improving the professional ability, comprehensive quality and skill level of the Group's workforce. Over the past three years, 49,000 employees of the Group have participated in the training with 1.08 million training hours in aggregate. The Group received RMB45 million of subsidy for vocational skills improvement. In particular, subsidiaries in Beijing received RMB18.88 million.

EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES (AS AT 31 DECEMBER 2021)

Number of incumbent employees of the parent company	167
Number of incumbent employees of major subsidiaries	46,280
Total number of incumbent employees	46,447

Professional Structure

Category	**Number of employees**
Production staff	24,865
Sales staff	4,873
Technical staff	11,135
Financial staff	1,798
Administrative staff	2,822
Others	954
Total	46,447

Education Level

Category	Number of employees
Master's degree and above	1,109
Bachelor's degree	11,877
Junior college	10,579
Technical secondary school and below	22,882
Total	46,447

FOREIGN EXCHANGE RISK MANAGEMENT

The Group mainly operates its business in the PRC. During the Reporting Period, sales proceeds and procurement expenses of the Group were mainly denominated in RMB. Most of the Group's financial instruments such as accounts and bills receivable, cash and bank balances are denominated in the same currency or a currency that is pegged to the functional currency of the operations to which the transactions are related. Accordingly, it is believed that the Group has minimal foreign currency risks. The Group has not used any forward contract or currency borrowing to hedge its interest rate risks. Fluctuations of the exchange rates of foreign currencies did not constitute any major challenges for the Group nor had any significant effects on its operations or working capital during the Reporting Period. However, the management will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

TREASURY POLICIES

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

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

So far as was known to the Directors, as at 31 December 2021, shareholders of the Company who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
A Shares	Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司) *(Note 1)*	Direct beneficial owner	4,797,357,572	57.53	44.93
	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality *(Note 1)*	Held by controlled corporation	4,797,357,572	57.53	44.93
H Shares	Ouyang Jieliang	Beneficial owner	139,000,000	5.94	1.30

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

Save as disclosed above, as at 31 December 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 OFFICER IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, the interests or short positions of the Directors, supervisors or chief executive officer of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register of interests required to be kept under section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, were as follows:

Name of director	Capacity	Number of A Shares held	Number of H Shares held	Percentage of the issued share capital of the Company
Wu Dong	Beneficial owner	60,000	–	0.00%
Wang Zhaojia	Beneficial owner	37,500	–	0.00%
Li Xiaohui	Beneficial owner	140,000	–	0.00%

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

As at 31 December 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 Reporting Period. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

CORPORATE GOVERNANCE CODE

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

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

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

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

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, in order to further improve the risk control capabilities and optimize the management mechanism of the listed company, and improve the legal affairs and management system of the Company, the Company made amendments to the Articles of Association according to the actual circumstances of the Company and the update on relevant contents based on the shareholdings of the Company's promoter shareholder (the "**Amendments to the Articles of Association**"). The Amendments to the Articles of Association had been submitted to the 2021 first extraordinary general meeting which was held on Tuesday, 19 January 2021 as a special resolution for Shareholders' consideration and approval, and had been approved by the shareholders of the Company by voting.

For the particulars of the Amendments to the Articles of Association, please refer to the announcements of the Company dated 30 December 2020 and 19 January 2021.

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 currently comprises four executive Directors, two non-executive Directors and five independent non-executive Directors. It has a strong independence element in its composition.

During the Reporting Period, the change in the composition of the Board was as follows:

During the Reporting Period, the term of the fifth session of the Board of the Company has expired, a general election should be held in accordance with the Articles of Association of the Company. Several candidates to Directors and certain Directors of the Company was elected or re-elected by the shareholders of the Company to constitute the sixth session of the Board of the Company respectively at the 2020 annual general meeting which was held on Wednesday, 12 May 2021 (the "**2020 Annual General Meeting**"). The term of the sixth session of the Board commenced from the conclusion of the 2020 Annual General Meeting and will expire on the date of the annual general meeting of the Company for the year 2023.

The Directors offered for re-election at the 2020 Annual General Meeting are Mr. Zeng Jin, Mr. Jiang Yingwu, Mr. Wu Dong and Mr. Zheng Baojin.

The Directors being nominated for election at the 2020 Annual General Meeting are Mr. Zeng Jin, Mr. Jiang Yingwu, Mr. Wu Dong and Mr. Zheng Baojin and the non-executive Director being nominated for election at the 2020 Annual General Meeting is Mr. Gu Tiemin.

Mr. Wang Zhaojia has fulfilled the relevant requirements and was elected democratically by the staff and workers of the Company as a Director of the Company, Mr. Wang Zhaojia is therefore not subject to election at the 2020 Annual General Meeting.

The independent non-executive Directors being nominated for election at the 2020 Annual General Meeting are Mr. Yu Fei, Mr. Liu Taigang, Ms. Li Xiaohui, Mr. Hong Yongmiao and Mr. Tam Kin Fong.

For details of the nomination and election or re-election of Directors at the 2020 Annual General Meeting, please refer to the announcements of the Company dated 25 March 2021 and 13 May 2021.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to the provisions of the CG Code with written terms of reference, aiming at (among other things) reviewing and supervising the Group's financial reporting procedures. The Audit Committee consists of two non-executive Directors and five independent non-executive Directors. At a meeting convened on 23 March 2022, the Audit Committee reviewed and considered the consolidated financial statements and the internal control audit report of the Group for the Reporting Period. The Audit Committee has also recommended the Board to adopt the Group's consolidated financial statements for the Reporting Period.

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

REMUNERATION AND NOMINATION COMMITTEE

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

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

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This electronic version of this annual results announcement is published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.bbmg.com.cn/listco). The annual report for the Reporting Period containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders and will be available for review on the same websites in due course. The PRC domestic annual results report for the Reporting Period 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 annual results announcement.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members for H Shares of the Company will be closed from Friday, 6 May 2022 to Tuesday, 10 May 2022, both days inclusive, for the purpose of determining entitlements of the Shareholders to attend and vote at the AGM. In order to qualify for the right to attend and vote at the forthcoming AGM of the Company to be held on Tuesday, 10 May 2022, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 5 May 2022.

Subject to the approval of the final dividend by the Shareholders at the forthcoming AGM, the transfer books and register of members for H Shares of the Company will be closed from Saturday, 21 May 2022 to Thursday, 26 May 2022, both days inclusive, for the purpose of determining entitlements of the Shareholders to receive the final dividends for the Reporting Period. In order to qualify for the right to receive the final dividends for the Reporting Period, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 20 May 2022.

APPRECIATION

Finally, on behalf of the Board, I would like to express my sincere gratitude to our shareholders for their long-standing support for the Company's development, and thank the Board and the Supervisory Board for their diligence and all employees of the Company for their hard work. In the coming year, the Company will strive to forge ahead with more aggressive ambition, and build a bright future with shareholders!

By order of the Board
BBMG Corporation*
Zeng Jin
Chairman

Beijing, the PRC
24 March 2022

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 of the Company are Wang Zhaojia and Gu Tiemin; and the independent non-executive directors of the Company are Yu Fei, Liu Taigang, Li Xiaohui, Hong Yongmiao and Tam Kin Fong.