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

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

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

HIGHLIGHTS

- Operating revenue of RMB102,822.2 million, a decrease of approximately 16.8% from 2021
- Gross profit margin from principal business of approximately 14.7%, a decrease of approximately 1.1 percentage points from 2021
- Net profit of approximately RMB1,739.9 million, a decrease of approximately 66.6% from 2021
- Net profit attributable to the shareholders of the parent company of approximately RMB1,212.7 million, a decrease of approximately 58.7% from 2021
- Core net profit attributable to the shareholders of the parent company (excluding the net fair value gains after tax on investment property) of approximately RMB753.4 million, a decrease of approximately RMB1,696.2 million or approximately 69.2% from 2021
- Basic earnings per share attributable to the shareholders of the parent company (before deducting other equity instrument indicators) was RMB0.11, a decrease of approximately RMB0.16 from 2021
- Basic earnings per share attributable to the shareholders of the parent company (after deducting other equity instrument indicators) was RMB0.03, a decrease of approximately RMB0.17 from 2021
- The Board recommended a final dividend of RMB0.067 per share (before tax) for the year ended 31 December 2022

* 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 2022 (the “**Reporting Period**”) together with the comparative figures for the year of 2021. These results have been reviewed by the audit committee of the Company (the “**Audit Committee**”). This annual results announcement (“**this announcement**”) is prepared on the basis of the audited financial results of the Group for the year ended 31 December 2022 and contains the audited consolidated financial statements of the Group for the year ended 31 December 2022.

RESULTS OF OPERATIONS

During the Reporting Period, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB1,212.7 million, representing a decrease of approximately 58.7% over the last year; basic earnings per share (before deducting other equity instrument indicators) was approximately RMB0.11 (for the year ended 31 December 2021: RMB0.27), representing a decrease of approximately RMB0.16 from 2021; total equity attributable to the shareholders of the parent company was approximately RMB63,629.9 million as at the end of the Reporting Period, representing a decrease of approximately RMB87.6 million from the beginning of the Reporting Period.

DIVIDEND

The Board recommended a final dividend of RMB0.067 per share (before tax) for the Reporting Period (for the year ended 31 December 2021: RMB0.104 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 Thursday, 11 May 2023. The recommended final dividend represents a dividend payout ratio of approximately 58.99% for the Reporting Period (for the year ended 31 December 2021: 37.86%).

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 Monday, 10 July 2023 to the holders of H shares (the “**H Shares**”) whose names appear on the register of members on Thursday, 25 May 2023 (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 depository 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

		For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
	Notes		
Operating revenue	5	102,822,162,096.91	123,634,448,111.90
Less: Operating costs	6	87,466,652,954.39	103,564,597,220.34
Tax and surcharges		1,273,573,647.58	1,765,377,283.62
Selling expenses	7	2,369,961,081.83	2,659,027,720.77
Administrative expenses	8	6,958,247,987.11	6,842,283,574.90
Research and development expenses	9	410,138,865.07	346,732,715.51
Finance costs	10	2,687,945,567.39	2,371,660,820.56
Including: Interest expenses		4,445,390,609.30	4,970,126,409.42
Interest income		228,028,363.78	267,349,252.44
Add: Other gains	11	613,356,547.19	879,796,991.98
Investment gains	12	251,483,498.58	792,555,260.75
Including: Gains from investment in associates and joint ventures		176,515,901.37	400,369,364.11
Gains on financial assets measured at amortized cost		9,531,664.42	5,750,489.98
Gains from changes in fair value	13	583,061,237.73	691,814,741.97
Credit impairment losses	14	(453,463,799.20)	(355,182,812.82)
Asset impairment losses	15	(827,767,553.14)	(1,008,653,384.21)
Gains on disposal of assets	16	1,306,717,424.51	73,873,632.49
Operating profit		3,129,029,349.21	7,158,973,206.36
Add: Non-operating revenue	5	373,447,996.57	1,103,370,837.85
Less: Non-operating expenses	6	177,455,035.22	381,829,507.42
Total profit		3,325,022,310.56	7,880,514,536.79
Less: Income tax expenses	17	1,585,135,234.13	2,667,796,286.71
Net profit		1,739,887,076.43	5,212,718,250.08
Classified by continuity of operations			
Net profit from continuing operations		1,739,887,076.43	5,212,718,250.08
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		1,212,673,549.71	2,933,014,544.76
Minority interests		527,213,526.72	2,279,703,705.32

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Unit: RMB

		For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
	Note		
Net other comprehensive income after tax		(140,146,117.20)	294,622,535.71
Net other comprehensive income after tax attributable to shareholders of the parent company		(56,908,877.18)	296,015,245.79
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		23,064,974.00	(5,194,172.00)
Changes in fair value of other equity instruments		(145,655,889.81)	(1,046,692.64)
Other comprehensive income to be reclassified into profit or loss			
Other comprehensive income that may be reclassified to profit or loss under equity method		(1,999,063.63)	(3,746,889.49)
Cash flow hedging reserves		–	(733,367.25)
Exchange differences on foreign currency translation		41,432,378.83	7,294,895.33
The difference between the fair value and the carrying value of inventories/self-occupied properties on the date when it changed to investment properties measured with the fair value model		26,248,723.43	299,441,471.84
Net other comprehensive income after tax attributable to minority interests		(83,237,240.02)	(1,392,710.08)
Total comprehensive income		1,599,740,959.23	5,507,340,785.79
Including: Total comprehensive income attributable to the shareholders of the parent company		1,155,764,672.53	3,229,029,790.55
Total comprehensive income attributable to minority interests		443,976,286.70	2,278,310,995.24
Basic and diluted earnings per share	18		
Before deducting other equity instrument indicators (RMB/share)		0.11	0.27
After deducting other equity instrument indicators (RMB/share)		0.03	0.20

CONSOLIDATED BALANCE SHEET

Unit: RMB

		As at 31 December 2022 Audited	As at 31 December 2021 Audited
Notes			
Assets			
Current Assets			
		15,996,435,857.72	21,921,968,519.94
		1,116,954,484.86	1,152,240,648.45
	20	422,263,122.28	705,691,610.82
	21	7,618,174,146.44	7,523,927,513.40
		1,496,573,941.98	2,514,575,159.07
		1,705,162,281.88	1,745,572,087.55
		7,357,457,848.35	9,432,966,788.14
	22	111,184,131,016.91	116,928,823,487.74
		222,802,259.67	60,328,702.31
		269,845,114.30	127,377,276.90
		9,434,556,250.42	7,845,259,543.05
Total current assets		156,824,356,324.81	169,958,731,337.37
Non-current assets			
		1,155,764,072.96	490,902,028.26
		2,851,242,784.44	1,004,712,317.80
		7,736,678,183.35	6,484,148,919.55
		773,948,747.65	596,774,849.44
		263,969,459.46	
		38,705,919,637.25	36,092,290,068.79
		43,653,968,153.58	44,371,375,769.46
		3,604,955,673.02	1,901,031,174.31
		953,854,888.87	710,751,128.78
		15,887,353,097.03	16,280,896,981.85
		2,513,503,266.59	2,438,315,745.82
		1,763,529,449.55	1,683,402,756.77
		3,826,913,824.26	3,711,928,081.48
		1,004,096,765.50	631,549,281.90
Total non-current assets		124,695,698,003.51	116,398,079,104.21
Total assets		281,520,054,328.32	286,356,810,441.58

CONSOLIDATED BALANCE SHEET (CONTINUED)*Unit: RMB*

		As at 31 December 2022 Audited	As at 31 December 2021 Audited
	<i>Notes</i>		
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	23	25,482,825,771.43	25,140,608,000.00
Bills payable	24	3,633,062,025.07	3,217,498,008.45
Accounts payable	25	19,027,359,975.08	19,796,622,282.33
Receipts in advance		315,238,031.96	328,325,876.17
Contract liabilities		30,357,771,576.04	26,822,950,419.07
Wages payable		541,223,371.35	436,570,855.28
Tax payable		1,841,142,424.48	2,356,197,065.16
Other payables		9,241,191,495.17	9,701,552,654.69
Non-current liabilities due within one year		16,724,946,325.58	15,125,801,960.37
Short-term financing bonds	26	5,000,000,000.00	7,500,000,000.00
Other current liabilities		<u>6,679,901,096.51</u>	<u>9,307,669,006.30</u>
Total current liabilities		<u>118,844,662,092.67</u>	<u>119,733,796,127.82</u>
Non-current liabilities			
Long-term loans	27	32,637,155,002.48	29,001,712,449.80
Bonds payable	26	26,493,958,938.44	33,499,674,504.50
Lease liabilities		481,532,950.83	395,211,550.60
Long-term payables		299,650,814.94	345,169,768.56
Long-term wages payable		449,511,908.54	498,937,107.96
Accrued liabilities		478,333,744.87	503,461,378.37
Deferred income		762,550,771.11	795,357,234.52
Deferred income tax liabilities		6,176,449,471.74	6,044,933,885.02
Other non-current liabilities		<u>310,124.31</u>	<u>4,750,000.01</u>
Total non-current liabilities		<u>67,779,453,727.26</u>	<u>71,089,207,879.34</u>
Total liabilities		<u>186,624,115,819.93</u>	<u>190,823,004,007.16</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)*Unit: RMB*

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

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 2022 and their operating performance and cash flows for 2022.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services. In order to highlight the advantage and realise an industrial synergy effect, the Group adjusted reportable segments in 2022 from four reportable segments (i.e. cement segment, building materials and commerce and logistics segment, property development segment, and property investment and management segment) to two segments (i.e. green building materials segment and property development and operation segment). The former cement segment and building materials and commerce and logistics segment were consolidated into the modern green building materials segment, and the former property development segment and property investment and management segment were consolidated into the new property development and operation segment. The comparative figures of 2021 have been restated, and particulars of the two reportable segments after adjustment are as follows:

- (1) modern green building materials segment includes the manufacture and sale of cement and concrete, the manufacture and sale of building materials and furniture and commerce logistics and services.
- (2) property development and operation segment includes property development and sales, investments in properties for their potential rental income and/or for capital appreciation, and provision of management and security services to residential and commercial properties.

The management 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 2022

	Modern green building materials segment	Property development and operation segment	Unallocated assets/liabilities/ expenses of the Headquarters	Adjustments and eliminations	Total
Revenue from external transactions	77,286,042,288.59	25,536,119,808.32	-	-	102,822,162,096.91
Revenue from inter-segment transactions	<u>1,311,468,032.46</u>	<u>654,582,660.88</u>	<u>-</u>	<u>(1,966,050,693.34)</u>	<u>-</u>
	<u>78,597,510,321.05</u>	<u>26,190,702,469.20</u>	<u>-</u>	<u>(1,966,050,693.34)</u>	<u>102,822,162,096.91</u>
Gains on investment in joint ventures and associates	257,577,493.59	(81,061,592.22)	-	-	176,515,901.37
Asset impairment losses	(135,509,490.58)	(692,258,062.56)	-	-	(827,767,553.14)
Credit impairment losses	(82,981,982.64)	(370,481,816.56)	-	-	(453,463,799.20)
Depreciation and amortisation costs	4,394,818,509.04	421,215,216.73	87,612,993.12	-	4,903,646,718.89
Total profits	2,657,625,713.51	1,611,811,900.03	(931,451,421.59)	(12,963,881.39)	3,325,022,310.56
Income tax expense	565,932,976.27	1,255,306,083.61	(232,862,855.40)	(3,240,970.35)	1,585,135,234.13
Total assets	122,243,602,526.58	205,365,513,346.07	176,567,787.08	(46,265,629,331.41)	281,520,054,328.32
Total liabilities	63,316,058,758.88	142,189,491,465.89	27,268,622,924.57	(46,150,057,329.41)	186,624,115,819.93
Long-term equity investment in joint ventures and associates	1,802,492,705.28	5,934,185,478.07	-	-	7,736,678,183.35
Increase in other non-current assets, excluding long-term equity investments	7,582,004,364.63	2,310,459,068.11	-	-	9,840,759,341.17

For the year ended 31 December 2021

	Modern green building materials segment	Property development and operation segment	Unallocated assets/liabilities/ expenses of the Headquarters	Adjustments and eliminations	Total
Revenue from external transactions	80,115,406,552.63	43,519,041,559.27	–	–	123,634,448,111.90
Revenue from inter-segment transactions	<u>2,000,464,910.09</u>	<u>663,726,557.87</u>	<u>–</u>	<u>(2,664,191,467.96)</u>	<u>–</u>
	<u>82,115,871,462.72</u>	<u>44,182,768,117.14</u>	<u>–</u>	<u>(2,664,191,467.96)</u>	<u>123,634,448,111.90</u>
Gains on investment in joint ventures and associates	432,327,477.70	(31,958,113.59)	–	–	400,369,364.11
Asset impairment losses	(140,862,727.90)	(867,790,656.31)	–	–	(1,008,653,384.21)
Credit impairment losses	(104,865,939.27)	(250,316,873.55)	–	–	(355,182,812.82)
Depreciation and amortisation costs	4,166,210,587.40	386,311,560.36	79,204,150.44	–	4,631,726,298.20
Total profits	6,302,716,716.64	2,767,440,197.60	(1,168,700,740.82)	(20,941,636.63)	7,880,514,536.79
Income tax expense	1,328,364,210.43	1,636,842,670.65	(292,175,185.21)	(5,235,409.16)	2,667,796,286.71
Total assets	120,393,375,703.10	210,911,446,788.07	218,785,418.21	(45,166,797,467.80)	286,356,810,441.58
Total liabilities	60,410,700,499.02	155,321,116,927.98	19,948,988,602.00	(44,857,802,021.84)	190,823,004,007.16
Long-term equity investment in joint ventures and associates	2,000,883,350.47	4,483,265,569.08	–	–	6,484,148,919.55
Increase in other non-current assets, excluding long-term equity investments	6,871,095,479.63	2,163,931,280.77	–	–	9,035,026,760.40

Geographical information

Unit: RMB

Operating revenue

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Asia	102,594,681,725.82	123,052,637,175.55
Europe	104,018,176.45	561,279,352.16
Africa	17,353,506.07	20,531,584.19
Others	106,108,688.57	–
	<u>102,822,162,096.91</u>	<u>123,634,448,111.90</u>

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

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

Information about major customers

For the year ended 31 December 2022, 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 2021: Nil).

5. OPERATING REVENUE AND NON-OPERATING REVENUE

Unit: RMB

Operating revenue is presented as follows:

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Operating revenue from principal business	102,218,691,676.38	122,624,107,338.15
Operating revenue from other business	<u>603,470,420.53</u>	<u>1,010,340,773.75</u>
	<u>102,822,162,096.91</u>	<u>123,634,448,111.90</u>
	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Revenue from contracts with customers	100,789,101,960.61	121,512,630,872.46
Rental income	1,618,439,463.13	1,818,972,337.88
<i>Including: Rental income from investment properties</i>	<i>1,394,949,965.18</i>	<i>1,702,575,271.67</i>
<i>Other rental income</i>	<i>223,489,497.95</i>	<i>116,397,066.21</i>
Interest income	<u>414,620,673.17</u>	<u>302,844,901.56</u>
	<u>102,822,162,096.91</u>	<u>123,634,448,111.90</u>

Non-operating revenue is presented as follows:

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Net gains from fines	32,799,044.31	83,982,984.83
Relocation compensation/government grants	9,226,874.34	175,949,842.70
Amounts not required to be paid	110,197,000.64	50,835,868.43
Gains on disposal of non-current assets	20,694,210.95	340,123,622.48
Others	200,530,866.33	452,478,519.41
	<u>373,447,996.57</u>	<u>1,103,370,837.85</u>

6. OPERATING COSTS AND NON-OPERATING EXPENSES

Unit: RMB

Operating costs are presented as follows:

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Operating costs from principal business	87,241,887,244.89	103,263,395,398.16
Operating costs from other business	224,765,709.50	301,201,822.18
	<u>87,466,652,954.39</u>	<u>103,564,597,220.34</u>

Non-operating expenses are presented as follows:

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Losses on disposal of non-current assets	77,682,007.30	136,686,882.27
Including: Losses on disposal of fixed assets	76,599,802.01	134,177,997.92
Loss on disposal of other non-current assets	1,082,205.29	2,508,884.35
Abnormal losses	44,386.63	89,330,552.34
Expenses on charity donation	19,983,822.91	16,734,082.30
Expenses on compensation, penalties and fines	41,454,650.22	53,736,871.23
Other expenses	38,290,168.16	85,341,119.28
	<u>177,455,035.22</u>	<u>381,829,507.42</u>

7. SELLING EXPENSES

Unit: RMB

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Employee remunerations	951,348,497.37	978,211,171.68
Office expenses	496,513,107.69	492,166,588.73
Lease fee	52,663,243.37	49,570,150.15
Agency intermediary fee	420,089,246.37	632,457,547.00
Advertisement fee	374,485,427.56	358,703,894.00
Others	74,861,559.47	147,918,369.21
	<u>2,369,961,081.83</u>	<u>2,659,027,720.77</u>

8. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Employee remunerations	3,016,372,084.23	2,843,365,459.19
Office expenses	975,560,175.76	1,063,545,729.59
Utilities	83,914,482.88	80,529,541.16
Intermediary service fees	299,507,428.92	312,879,856.23
Leasing expenses	96,357,449.83	89,714,245.14
Sewage and afforestation fees	45,904,810.75	45,941,912.69
Loss on shut down	930,143,973.32	788,524,816.04
Others	1,510,487,581.42	1,617,782,014.86
	<u>6,958,247,987.11</u>	<u>6,842,283,574.90</u>

The above-mentioned administrative expenses included the auditor's remuneration to Ernst & Young Hua Ming LLP for the audit of the annual report of the Company of RMB7,000,000.00 (tax inclusive) (2021: RMB6,300,000.00).

9. RESEARCH AND DEVELOPMENT EXPENSES

Unit: RMB

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Employee remunerations	266,923,247.24	193,181,017.25
Material and equipment cost	73,767,497.13	63,534,280.62
Others	69,448,120.70	90,017,417.64
	<u>410,138,865.07</u>	<u>346,732,715.51</u>

10. FINANCE COSTS

Unit: RMB

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Interest expense	4,950,760,660.53	4,970,126,409.42
<i>Including: Interests on bank loans and other loans to be fully repaid within 5 years</i>	<i>2,709,180,938.94</i>	<i>2,691,875,172.80</i>
<i>Interests on bank loans and other loans to be repaid over 5 years</i>	<i>93,176,312.70</i>	<i>114,063,576.88</i>
<i>Interests expense on lease liabilities</i>	<i>27,184,413.54</i>	<i>25,709,133.51</i>
<i>Interests expense on significant financing component</i>	<i>471,477,258.55</i>	<i>393,766,605.58</i>
Less: Interest income	228,028,363.78	267,349,252.44
Less: Amount of capitalised interest	2,214,405,401.35	2,460,313,949.68
Exchange gains	37,800,460.48	24,295,748.63
Handling charges	103,619,761.22	78,101,914.08
Others	38,198,450.29	26,799,950.55
	<u>2,687,945,567.39</u>	<u>2,371,660,820.56</u>

For the year ended 31 December 2022, the amount of capitalised borrowing costs has included in construction in progress of RMB22,518,868.44 (for the year ended 31 December 2021: RMB55,540,356.44) and costs for properties under development of RMB2,176,000,075.13 (for the year ended 31 December 2021: RMB2,401,317,931.32) and investment properties in progress of RMB15,886,457.78 (for the year ended 31 December 2021: RMB3,455,661.92).

11. OTHER GAINS

Unit: RMB

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited	Related to assets/gains
Refunds of VAT	338,969,593.74	608,686,687.13	Related to gains
Income from other subsidies	268,031,595.72	252,845,218.19	Related to assets/gains
Grants on sale of heat	6,355,357.73	18,265,086.66	Related to gains
	<u>613,356,547.19</u>	<u>879,796,991.98</u>	

12. INVESTMENT GAINS

Unit: RMB

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Gains from long-term equity investments under equity method	176,515,901.37	400,369,364.11
Investment losses from disposal of subsidiaries	(10,187,433.90)	329,541,352.47
Investment gains from disposal of associates	(7,535,662.60)	—
Investment gains from financial assets held for trading during the holding period	6,527,727.25	6,141,431.78
Investment gains from disposal of financial assets held for trading	(1,931,620.65)	12,360,771.94
Investment gains from financial assets measured at amortized cost during the holding period	59,630,691.47	23,662,594.55
Dividend income from investment in other equity instruments during the holding period	18,776,875.92	8,528,010.46
Gains on derecognition of financial assets measured at amortized cost	9,531,664.42	5,750,489.98
Others	155,355.30	6,201,245.46
	<u>251,483,498.58</u>	<u>792,555,260.75</u>

There were no significant restrictions on the repatriation of investment gains of the Group as at 31 December 2022. As at 31 December 2022, investment gain from listed share among the Group's investment gains amounted to RMB13,135,926.21 (2021: net gain of RMB802,010.00).

13. GAINS FROM CHANGES IN FAIR VALUE

Unit: RMB

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Financial assets held for trading	(29,364,411.34)	39,696,150.69
Investment properties measured at fair value	<u>612,425,649.07</u>	<u>652,118,591.28</u>
	<u><u>583,061,237.73</u></u>	<u><u>691,814,741.97</u></u>

14. CREDIT IMPAIRMENT LOSSES

Unit: RMB

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Losses on bad debts of bills receivable	(51,501,746.07)	(47,275,382.29)
Losses on bad debts of accounts receivable	233,814,318.58	150,277,365.88
Losses on bad debts of other receivables	(6,355,561.90)	86,800,381.40
Losses on bad debts of long-term receivables	277,506,788.59	165,655,447.83
Others	<u>–</u>	<u>(275,000.00)</u>
	<u><u>453,463,799.20</u></u>	<u><u>355,182,812.82</u></u>

15. ASSET IMPAIRMENT LOSSES

Unit: RMB

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Losses on decline in value of inventory	695,438,751.88	890,793,381.09
Losses on impairment of contract assets	8,133,330.71	1,190,582.95
Losses on impairment of fixed assets	112,262,120.86	81,352,382.48
Losses on impairment of construction in progress	11,116,316.68	10,278,897.18
Losses on impairment of long-term equity investments	–	48,320.69
Losses on impairment of goodwill	–	26,595,000.00
Others	<u>817,033.01</u>	<u>(1,605,180.18)</u>
	<u><u>827,767,553.14</u></u>	<u><u>1,008,653,384.21</u></u>

16. GAINS ON DISPOSAL OF ASSETS

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Gains on disposal of fixed assets	114,262,033.30	70,181,804.49
Gains on disposal of intangible assets	1,185,395,338.44	2,940,901.49
Others	7,060,052.77	750,926.51
	<u>1,306,717,424.51</u>	<u>73,873,632.49</u>

17. INCOME TAX EXPENSES

Unit: RMB

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Current income tax expense	1,468,638,232.82	2,345,686,513.65
Deferred income tax expense	116,497,001.31	322,109,773.06
	<u>1,585,135,234.13</u>	<u>2,667,796,286.71</u>

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

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Total profit	3,325,022,310.56	7,880,514,536.79
Income tax expense at the statutory income tax rate	746,261,001.40	1,883,243,473.89
Effect of different tax rates applicable to some subsidiaries	(36,507,323.24)	(103,468,360.18)
Adjustments on the current income tax of previous periods	(5,065,915.77)	19,697,556.24
Share of profits and losses of joint ventures and associates	(29,046,657.05)	(132,502,620.58)
Income not subject to tax	(15,925,776.09)	(50,381,513.77)
Expenses not deductible	30,688,978.57	9,135,650.22
Effect of tax rate change on opening balance of deferred income tax	–	1,667,447.58
Deductible temporary difference and deductible losses not recognized	894,730,926.31	1,040,404,653.31
	<u>1,585,135,234.13</u>	<u>2,667,796,286.71</u>
Income tax expense at the effective tax rate of the Group	<u>1,585,135,234.13</u>	<u>2,667,796,286.71</u>

18. EARNINGS PER SHARE

The calculation of basic earnings per share is as follows:

Unit: RMB

	For the year ended 31 December 2022 Audited	For the year ended 31 December 2021 Audited
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	1,212,673,549.71	2,933,014,544.76
Less: Interests on other equity instruments	<u>862,798,631.90</u>	<u>767,955,896.34</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>10,677,771,134.00</u>	<u>10,677,771,134.00</u>
Basic earnings per share – continuing operations	<u>0.03</u>	<u>0.20</u>

The calculation of the basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company 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 2022, basic earnings per shares (before deducting other equity instrument indicators) was RMB0.11 (for the year ended 31 December 2021: 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.

19. DIVIDEND

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Proposed final dividend – RMB0.067 per ordinary share before tax (for the year ended 31 December 2021: RMB0.104 per share before tax)	<u>715,411</u>	<u>1,110,488</u>

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.

20. BILLS RECEIVABLE

Unit: RMB

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

As at 31 December 2022, commercial acceptance bills of RMB6,000,000.00 (31 December 2021: RMB3,100,000.00) were used for discounting of short-term borrowings.

For the year ended 31 December 2022, the movements in provision for bad debts of bills receivables are as follows:

	As at 31 December 2022 Audited	As at 31 December 2021 Audited
Balance at the beginning of the Reporting Period	83,232,369.02	130,507,751.31
Provision for the Reporting Period	736,229.88	–
Reversal for the Reporting Period	(52,237,975.95)	(47,275,382.29)
Others	<u>(3,949,878.53)</u>	<u>–</u>
Balance at the end of the Reporting Period	<u>27,780,744.42</u>	<u>83,232,369.02</u>

21. 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 2022 Audited	At 31 December 2021 Audited
Within 1 year	5,250,658,073.41	5,158,852,453.10
1 to 2 years	2,017,751,554.86	2,234,214,174.38
2 to 3 years	1,048,098,667.18	841,871,168.56
3 to 4 years	453,389,027.64	312,284,638.61
4 to 5 years	219,444,072.16	370,724,976.78
Over 5 years	1,350,723,570.94	1,213,302,055.54
	10,340,064,966.19	10,131,249,466.97
Less: Provision for bad debts of accounts receivable	2,721,890,819.75	2,607,321,953.57
	7,618,174,146.44	7,523,927,513.40

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

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

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

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

22. INVENTORIES

Unit: RMB

	31 December 2022		
	Balance of carrying amount	Provision for decline in value/impairment	Carrying value
Raw materials	2,541,239,163.92	56,974,989.49	2,484,264,174.43
Items in production	1,928,978,453.86	50,284,699.15	1,878,693,754.71
Finished goods	4,692,456,605.82	169,559,607.36	4,522,896,998.46
Turnover materials	5,743,874.97	—	5,743,874.97
Development costs	67,744,521,689.77	257,948,399.81	67,486,573,289.96
Products under development	35,754,271,823.33	1,020,990,038.16	34,733,281,785.17
Contract performance costs	72,677,139.21	—	72,677,139.21
	<u>112,739,888,750.88</u>	<u>1,555,757,733.97</u>	<u>111,184,131,016.91</u>

	As at 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 costs	31,837,094.45	–	31,837,094.45
	<u>118,241,889,627.66</u>	<u>1,313,066,139.92</u>	<u>116,928,823,487.74</u>

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

2022

	Decrease in the year				
	Opening balance	Provision for the year	Removed from upon disposal of subsidiaries	Reversal	Write-off
Raw materials	40,466,874.44	31,144,955.29	265,541.87	11,287,054.46	3,084,243.91
Items in production	28,377,555.08	33,589,156.75	3,972,509.60	–	7,709,503.08
Finished goods	165,065,737.74	47,630,724.38	–	35,087,422.47	8,049,432.29
Development costs	354,120,396.83	31,371,568.02	1,812,098.54	–	125,731,466.50*
Products under development	725,035,575.83	557,752,497.45	–	387,529,501.62	(125,731,466.50)*
	<u>1,313,066,139.92</u>	<u>701,488,901.89</u>	<u>6,050,150.01</u>	<u>433,903,978.55</u>	<u>18,843,179.28</u>
					<u>1,555,757,733.97</u>

* The amount represents the amount of provision for decline in value of inventories of development cost carried forward to products under development upon the completion of property development projects.

2021

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

As at 31 December 2022, the balance of development costs included the capitalised borrowing costs of RMB2,923,665,207.83 (31 December 2021: RMB3,771,967,006.24). The capitalised borrowing costs amounted to RMB2,116,148,037.63 in aggregate in 2022 (2021: RMB2,401,317,931.32), and the rate of interest capitalisation was 3.60% (2021: 4.2%).

23. SHORT-TERM LOANS

Unit: RMB

	As at 31 December 2022 Audited	As at 31 December 2021 Audited
Guaranteed loans (<i>Note</i>)	3,499,460,000.00	1,523,000,000.00
Credit loans	21,748,528,700.00	23,614,508,000.00
Pledged loans	<u>234,837,071.43</u>	<u>3,100,000.00</u>
	<u><u>25,482,825,771.43</u></u>	<u><u>25,140,608,000.00</u></u>

Note: As at 31 December 2022, all guaranteed loans were guaranteed by entities within the Group.

As at 31 December 2022, the interest rates of the above loans were 2.00%-4.20% per annum (as at 31 December 2021: 3.00%-4.35%).

As at 31 December 2022, the Group had no overdue borrowings.

24. BILLS PAYABLE

Unit: RMB

	As at 31 December 2022 Audited	As at 31 December 2021 Audited
Commercial acceptance bills	94,091,365.38	48,489,866.70
Bank acceptance bills	<u>3,538,970,659.69</u>	<u>3,169,008,141.75</u>
	<u><u>3,633,062,025.07</u></u>	<u><u>3,217,498,008.45</u></u>

As at 31 December 2022, the Group had no outstanding bills payable that were due (31 December 2021: Nil).

25. 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 2022 Audited	As at 31 December 2021 Audited
Within 1 year (inclusive of 1 year)	14,645,426,829.98	16,507,895,750.73
1 to 2 years (inclusive of 2 years)	3,046,374,198.75	1,416,747,147.86
2 to 3 years (inclusive of 3 years)	494,573,903.00	452,667,275.41
Over 3 years	840,985,043.35	1,419,312,108.33
	<u>19,027,359,975.08</u>	<u>19,796,622,282.33</u>

26. SHORT-TERM FINANCING BONDS AND BONDS PAYABLE

Unit: RMB

	As at 31 December 2022 Audited	As at 31 December 2021 Audited
Short-term financing bonds	<u>5,000,000,000.00</u>	<u>7,500,000,000.00</u>
Corporate bonds	21,294,735,325.47	27,932,850,068.31
Medium-term notes	<u>12,997,489,458.54</u>	<u>11,000,000,000.00</u>
Balance as at the end of the year	34,292,224,784.01	38,932,850,068.31
Less: Bonds payable due within one year	<u>7,798,265,845.57</u>	<u>5,433,175,563.81</u>
Non-current portion	<u>26,493,958,938.44</u>	<u>33,499,674,504.50</u>
Analysis of maturity of bonds payable:		
Within 1 year (inclusive of 1 year)	7,798,265,845.57	5,433,175,563.81
1 to 2 years (inclusive of 2 years)	7,920,532,843.74	7,795,654,650.53
2 to 5 years (inclusive of 5 years)	18,573,426,094.70	21,214,765,082.08
Over 5 years	<u>–</u>	<u>4,489,254,771.89</u>
	<u>34,292,224,784.01</u>	<u>38,932,850,068.31</u>

- 1) Pursuant to the document [2016] No. 35 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2016 to qualified investors by way of public issuance on 14 March 2016 (hereinafter referred to as “16 BBMG 02”), totalling RMB1,800,000,000 with a term of 7 years (with the issuer’s option to raise the coupon rate at the end of the fifth year and the investors’ entitlement to sell back the bonds) and a coupon rate of 3.5%. As disclosed in the announcement dated 5 March 2021, the issuer decided not to raise the coupon rate of the bonds for the next two years. The total sale back amount as announced on 15 March 2021 was RMB1,353,306,000.00 (exclusive of interests). As announced on 15 March 2021, part of the sale-back bonds were resold with an amount of RMB1,353,300,000.00 (exclusive of interests) and the remaining bonds not resold was cancelled with an amount of RMB6,000.00.
- 2) Pursuant to the document [2017] No. 46 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of public issuance on 19 May 2017 (hereinafter referred to as “17 BBMG 02”), totalling RMB500,000,000 with a term of 7 years (with the issuer’s option to raise the coupon rate at the end of the fifth year and the investors’ entitlement to sell back the bonds) and a coupon rate of 5.38%. On 31 March 2022 (at the end of the fifth year of the duration), the Company published an announcement, in which the Company decided to raise the coupon rate of “17 BBMG 02” for the next two years, i.e. the coupon rate of “17 BBMG 02” for the period from 19 May 2022 to 18 May 2024 shall be 2.95%. The total sale back amount as announced on 25 March 2022 was RMB499,000,000.00 (exclusive of interests).
- 3) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) (《接受註冊通知書》(中市協註[2017]MTN512號)) issued by the National Association of Financial Market Institutional Investors (the “NAFMII”), the Company issued the first tranche of medium term notes of BBMG Corporation for 2018 on 18 January 2018 (hereinafter referred to as “18 BBMG MTN001”), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 5.85%.
- 4) Pursuant to the document [2018] No. 884 issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as “18 BBMG 01”), totalling RMB1,500,000,000 with a term of 5 years (with the issuer’s option to adjust the coupon rate at the end of the third year and the investors’ entitlement to sell back the bonds) and a coupon rate of 4.7%. The total sale back amount as announced on 28 May 2021 was RMB177,064,000.00 (exclusive of interests). As announced on 28 July 2021, part of the sale-back bonds were resold with an amount of 177,000,000.00 (exclusive of interests), and the bond not resold with the remaining amount of RMB64,000.00 were cancelled. The Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as “18 BBMG 02”), totalling RMB1,500,000,000 with a term of 7 years (with the issuer’s option to adjust the coupon rate at the end of the fifth year and the investors’ entitlement to sell back the bonds) and a coupon rate of 5.00%.
- 5) Pursuant to the Notice of Acceptance of Registration issued by the NAFMII, the Company issued the third tranche of medium term notes of BBMG Corporation for 2018 on 9 August 2018 (hereinafter referred to as “18 BBMG MTN003”), totalling RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.70%.

- 6) Pursuant to the document (Zheng Jian Xu Ke document [2018] No. 884) (《證監許可[2018]884號》文件) issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2019 to qualified investors by way of public issuance on 9 January 2019 (hereinafter referred to as “19 BBMG 02”), totalling RMB1,500,000,000 with a term of 7 years (with the issuer’s option to adjust the coupon rate at the end of the fifth year and the investors’ entitlement to sell back the bonds) and a coupon rate of 4.07%.
- 7) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) (《接受註冊通知書》中市協註[2017] MTN512號) issued by the NAFMII, the Company issued the first tranche of medium term notes of BBMG Corporation for 2019 on 7 March 2019 (hereinafter referred to as “19 BBMG MTN001”), totalling RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.35%.
- 8) Pursuant to the No Objection Letter Regarding the Compliance with Transfer Conditions of the Shenzhen Stock Exchange in the Non-Public Issuance of Corporate Bonds for 2018 of Tangshan Jidong Cement Co., Ltd. (Shen Zheng Han [2018] No. 810) (《關於唐山冀東水泥股份有限公司2018年非公開發行公司債券符合深交所轉讓條件的無異議函》(深證函[2018]810號)) issued by the Shenzhen Stock Exchange, Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 28 October 2019 (hereinafter referred to as “19 Jidong 02”), totalling RMB1,500,000,000 with a term of 5 years (with the issuer’s option to adjust the coupon rate at the end of the third year and the investors’ entitlement to sell back the bonds) and a coupon rate of 4.20%. The total sale back amount as announced on 28 October 2022 (at the end of the third year of the duration) was RMB699,000,000.00 (exclusive of interests). As announced, part of the sale-back bonds were resold with an amount of RMB619,000,000.00 (exclusive of interests) and the bonds not resold with the remaining amount of RMB80,000,000.00 were cancelled.
- 9) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DFI6) (《接受註冊通知書》(中市協註[2019]DFI6號)) issued by the NAFMII, the Company issued the second tranche of medium term notes of BBMG Corporation for 2019 on 7 August 2019 (hereinafter referred to as “19 BBMG MTN002”), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 3.94%; and the Company issued the third tranche of medium term notes of BBMG Corporation for 2019 on 12 November 2019 (hereinafter referred to as “19 BBMG MTN003”), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 4.13%.
- 10) Pursuant to the Replies (Zheng Jian Xu Ke [2019] No. 2255) issued by the China Securities Regulatory Commission (中國證券監督管理委員會出具的批復(證監許可[2019]2255號)), the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2020 to qualified investors by way of public issuance on 10 January 2020 (hereinafter referred to as “20 BBMG 02”), totalling RMB4,500,000,000 with a term of 7 years (with the issuer’s option to adjust the coupon rate at the end of the fifth year and the investors’ entitlement to sell back the bonds) and a coupon rate of 3.99%; the Company issued the second tranche of corporate bonds of BBMG Corporation for 2020 to qualified investors by way of public issuance on 15 June 2020 (hereinafter referred to as “20 BBMG 03”), totalling RMB2,000,000,000 with a term of 5 years (with the issuer’s option to adjust the coupon rate at the end of the third year and the investors’ entitlement to sell back the bonds) and a coupon rate of 3.24%; the Company issued the third tranche of corporate bonds of BBMG Corporation for 2020 to qualified investors by way of public issuance on 13 August 2020 (hereinafter referred to as “20 BBMG 04”), totalling RMB1,500,000,000 with a term of 5 years (with the issuer’s option to adjust the coupon rate at the end of the third year and the investors’ entitlement to sell back the bonds) and a coupon rate of 3.64%.

- 11) Pursuant to the Replies (Zheng Jian Xu Ke [2020] No. 2416) issued by the China Securities Regulatory Commission (中國證券監督管理委員會出具的批復(證監許可[2020]2416號)), Tangshan Jidong Cement Co., Ltd. issued the convertible corporate bonds of Tangshan Jidong Cement Co., Ltd. on 5 November 2020 (hereinafter referred to as “Jidong Convertible Bonds”), totally RMB2,820,000,000 with a term of 6 years, and the coupon rate was set as 0.20%, 0.40%, 0.80%, 1.20%, 1.50% and 2.00% for the first year, second year, third year, fourth year, fifth year and sixth year, respectively, with the redemption price at maturity of RMB106 (including the last payment of interests).
- 12) Pursuant to the document (Zheng Jian Xu Ke [2020] No. 2804) (《證監許可[2020]2804號》文件) issued by the China Securities Regulatory Commission, Jidong Cement issued the first tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. to professional investors by way of public issuance on 11 June 2021 (hereinafter referred to as “21 Jidong 01”), totalling RMB1,000,000,000 with a term of 5 years (with the issuer’s option to adjust the coupon rate at the end of the third year and the investors’ entitlement to sell back the bonds) and a coupon rate of 3.67%; Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. to professional investors by way of public issuance on 22 November 2021 (hereinafter referred to as “21 Jidong 02”), totalling RMB1,000,000,000 with a term of 5 years (with the issuer’s option to adjust the coupon rate at the end of the third year and the investors’ entitlement to sell back the bonds) and a coupon rate of 3.57%.
- 13) Pursuant to the document (Zheng Jian Xu Ke [2020] No. 2749) (《證監許可[2020] 2749號》文件) issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds of BBMG Corporation for 2021 to professional investors by way of public issuance on 19 November 2021 (hereinafter referred to as “21 BBMG 01”), totalling RMB2,000,000,000 with a term of 5 years (with the issuer’s option to adjust the coupon rate at the end of the third year and the investors’ entitlement to sell back the bonds) and a coupon rate of 3.17%.
- 14) As approved by the document (Zhong Shi Xie Zhu [2021] No. MTN1) (中市協註[2021] MTN1號文件) from the NAFMII, the Company publicly issued the first tranche of medium term notes of Tangshan Jidong Cement Co., Ltd. for 2022 in the national inter-bank bond market on 31 May 2022 (hereinafter referred to as “22 Jidong Cement MTN001”), totalling RMB1,000,000,000 with a term of 3 years and a coupon rate of 2.93%. Interest was accrued from 31 May 2022 and the maturity date will be 31 May 2025. The interest shall be paid on an annual basis and the principal amount will be repaid in a lump sum at maturity. The last instalment of interest shall be paid together with the principal amount. The Company issued the second tranche of medium term notes of Tangshan Jidong Cement Co., Ltd. for 2022 in the national inter-bank bond market on 26 August 2022 (hereinafter referred to as “22 Jidong Cement MTN002”), totalling RMB1,000,000,000 with a term of 3 years and a coupon rate of 2.84%. Interest was accrued from 26 August 2022 and the maturity date will be 26 August 2025. The interest shall be paid on an annual basis and the principal amount will be repaid in a lump sum at maturity. The last instalment of interest shall be paid together with the principal amount.

27. LONG-TERM LOANS

Unit: RMB

	As at 31 December 2022 Audited	As at 31 December 2021 Audited
Guaranteed loans (<i>Note</i>)	4,740,540,220.79	5,121,681,056.14
Credit loans	24,872,120,000.00	21,594,843,912.14
Mortgaged loans	9,322,533,991.35	7,322,500,142.44
Pledged loans	<u>2,480,000,000.00</u>	<u>4,476,999,999.00</u>
Closing amount	41,415,194,212.14	38,516,025,109.72
Less: Long-term loans due within one year	<u>8,778,039,209.66</u>	<u>9,514,312,659.92</u>
	<u><u>32,637,155,002.48</u></u>	<u><u>29,001,712,449.80</u></u>

Note: As at 31 December 2022, 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 2022 Audited	As at 31 December 2021 Audited
Within 1 year	8,778,039,209.66	9,514,312,659.92
1 to 2 years	13,925,587,633.22	11,383,044,894.58
2 to 5 years	14,856,997,369.26	11,585,417,555.22
Over 5 years	<u>3,854,570,000.00</u>	<u>6,033,250,000.00</u>
	<u><u>41,415,194,212.14</u></u>	<u><u>38,516,025,109.72</u></u>

As at 31 December 2022, the above loans bore an interest rate of 1.20%-5.23% (31 December 2021: 1.20%-7.20%) per annum.

28. NET CURRENT ASSETS

Unit: RMB

	As at 31 December 2022 Audited	As at 31 December 2021 Audited
Current assets	156,824,356,324.81	169,958,731,337.37
Less: Current liabilities	<u>118,844,662,092.67</u>	<u>119,733,796,127.82</u>
Net current assets	<u>37,979,694,232.14</u>	<u>50,224,935,209.55</u>

29. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 31 December 2022 Audited	As at 31 December 2021 Audited
Total assets	281,520,054,328.32	286,356,810,441.58
Less: Current liabilities	<u>118,844,662,092.67</u>	<u>119,733,796,127.82</u>
Total assets less current liabilities	<u>162,675,392,235.65</u>	<u>166,623,014,313.76</u>

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 2022 (the “**Reporting Period**”) and report on the operating results of the Company during the said period for your review.

Review

Results Performance

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

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

Business Performance

Modern green building materials segment remained stable operation In terms of the cement business, externally, the Company played a leading role in the regional market and strove to build a sound industry ecology; internally, the Company focused on green transformation and technological innovation to enhance industrial value and strengthen fine management, and made important contributions to keeping the Company’s economic development stable. In terms of the modern building materials business, the Company focused in depth on the core business, optimized and adjusted the management and control mode of prefabricated industry, strengthened systematic reduction and control of costs, and sped up the process of making technology breakthroughs, so as to provide new driving forces for the enterprise development. In terms of the high-end equipment manufacturing business, the Company comprehensively promoted the strategic centralized and direct procurement, strengthened the quality and cost control of the whole chain, improved the service at home and explored the market abroad, so as to further improve the market competitiveness of products. In terms of the commerce logistics business, the Company adhered to the combination of stability and prevention, accurately combined research with judgment, continued to optimize the business layout, enriched the supporting service functions, and stabilized the channel construction.

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

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

Prospect

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

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

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

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

Summary of Financial Information

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

PARTICULARS OF THE INDUSTRIES IN WHICH THE COMPANY OPERATED AND PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Industries of the Company

1. *Cement industry:*

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

2. *Property development industry:*

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

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

(II) Business of the Company during the Reporting Period

1. Modern Green Building Materials Segment

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

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

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

2. *Property Development and Operation Segment*

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

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

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

Summary of Business Information

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

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

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

1. Modern Green Building Materials Segment

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

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

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

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

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

During the Reporting Period, the modern green building materials segment recorded operating revenue from its principal business of approximately RMB78,274.1 million, representing a year-on-year decrease of approximately 4.3%; and such segment recorded gross profits from principal business of approximately RMB10,046.2 million, representing a year-on-year decrease of approximately 22.6%. During the Reporting Period, sales volume of cement and clinker was approximately 86.9 million tonnes (exclusive of joint ventures and associates of the Company), representing a year-on-year decrease of approximately 12.8%, among which sales volume of cement amounted to approximately 78.0 million tonnes and sales volume of clinker amounted to approximately 8.9 million tonnes; the aggregated gross profit margin for cement and clinker was approximately 18.9%, representing a year-on-year decrease of approximately 7.9 percentage points. The sales volume of concrete business amounted to approximately 11.9 million cubic meters, representing a year-on-year decrease of approximately 22.2%; the gross profit margin of concrete was approximately 8.0%, representing a year-on-year decrease of approximately 2.6 percentage points.

2. Property Development and Operation Segment

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

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

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

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

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

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

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

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

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

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

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

1. Principal business operations

Unit: RMB million

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

2. Investment properties measured at fair value

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

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

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

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

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

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

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group decreased by approximately RMB37.0 million year-on-year to approximately RMB612.4 million, accounting for 18.4% of the profits before tax. The change was mainly due to a year-on-year decrease in the appreciation of investment properties.

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

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

4. Analysis of assets and liabilities

Unit: RMB

Items	Amount at the end of the Reporting Period	Percentage of amount at the end of the Reporting Period over total assets (%)	Amount at the end of last period	Percentage of amount at the end of last period over total assets (%)	Change (%)	Explanation
Bills receivable	422,263,122.28	0.15	705,691,610.82	0.25	-40.16	1
Accounts receivable	7,618,174,146.44	2.71	7,523,927,513.40	2.63	1.25	-
Receivables financing	1,496,573,941.98	0.53	2,514,575,159.07	0.88	-40.48	2
Prepayments	1,705,162,281.88	0.61	1,745,572,087.55	0.61	-2.31	-
Other receivables	7,357,457,848.35	2.61	9,432,966,788.14	3.29	-22.00	-
Inventories	111,184,131,016.91	39.49	116,928,823,487.74	40.83	-4.91	-
Contract assets	222,802,259.67	0.08	60,328,702.31	0.02	269.31	3
Non-current assets due within one year	269,845,114.30	0.10	127,377,276.90	0.04	111.85	4
Debt investments	1,155,764,072.96	0.41	490,902,028.26	0.17	135.44	5
Long-term receivables	2,851,242,784.44	1.01	1,004,712,317.80	0.35	183.79	6

Items	Amount at the end of the Reporting Period	Percentage of	Amount at the end of last period	Percentage of	Change (%)	Explanation
		amount at the end of the Reporting Period over total assets (%)		amount at the end of last period over total assets (%)		
Long-term equity investments	7,736,678,183.35	2.75	6,484,148,919.55	2.26	19.32	-
Investment properties	38,705,919,637.25	13.75	36,092,290,068.79	12.60	7.24	-
Construction in progress	3,604,955,673.02	1.28	1,901,031,174.31	0.66	89.63	7
Right-of-use assets	953,854,888.87	0.34	710,751,128.78	0.25	34.20	8
Other non-current assets	1,004,096,765.50	0.36	631,549,281.90	0.22	58.99	9
Short-term loans	25,482,825,771.43	9.05	25,140,608,000.00	8.78	1.36	-
Bills payable	3,633,062,025.07	1.29	3,217,498,008.45	1.12	12.92	-
Accounts payable	19,027,359,975.08	6.76	19,796,622,282.33	6.91	-3.89	-
Receipts in advance	315,238,031.96	0.11	328,325,876.17	0.11	-3.99	-
Contract liabilities	30,357,771,576.04	10.78	26,822,950,419.07	9.37	13.18	-
Short-term financing bonds payable	5,000,000,000.00	1.78	7,500,000,000.00	2.62	-33.33	10
Long-term loans	32,637,155,002.48	11.59	29,001,712,449.80	10.13	12.54	-
Bonds payable	26,493,958,938.44	9.41	33,499,674,504.50	11.70	-20.91	-
Lease liabilities	481,532,950.83	0.17	395,211,550.60	0.14	21.84	-
Long-term payables	299,650,814.94	0.11	345,169,768.56	0.12	-13.19	-
Accrued liabilities	478,333,744.87	0.17	503,461,378.37	0.18	-4.99	-
Other non-current liabilities	310,124.31	0.00	4,750,000.01	0.00	-93.47	11
Specific reserve	62,794,408.27	0.02	45,874,273.14	0.02	36.88	12

Explanation:

1. Bills receivable: A decrease of approximately 40.16% from the beginning of the Reporting Period, mainly due to the collection of bills as a result of the strengthened efforts on the management of bills of the Company.
2. Receivables financing: A decrease of approximately 40.48% from the beginning of the Reporting Period, mainly due to the collection of bills as a result of the strengthened efforts on the management of bills of the Company.
3. Contract assets: An increase of approximately 269.31% from the beginning of the Reporting Period, mainly due to the increase in the construction projects completed but not yet recognized.
4. Non-current assets due within one year: An increase of approximately 111.85% from the beginning of the Reporting Period, mainly due to the increase in finance lease payment due within one year.
5. Debt investments: An increase of approximately 135.44% from the beginning of the Reporting Period, mainly due to the increase in financial bonds and trust products.

6. Long-term receivables: An increase of approximately 183.79% from the beginning of the Reporting Period, mainly due to the fact that the Company cooperated with other property developers to develop certain property projects and the shareholders provided shareholder loans in proportion to their respective shareholdings.
7. Construction in progress: An increase of approximately 89.63% from the beginning of the Reporting Period, mainly due to continued investment in projects in progress of the Company.
8. Right-of-use assets: An increase of approximately 34.20% from the beginning of the Reporting Period, mainly due to the increase in leased assets of the Company.
9. Other non-current assets: An increase of approximately 58.99% from the beginning of the Reporting Period, mainly due to the increase in the prepayments for projects and equipment by the Company.
10. Short-term financing bonds: A decrease of approximately 33.33% from the beginning of the Reporting Period, mainly due to the repayment of short-term financing bonds by the Company.
11. Other non-current liabilities: A decrease of approximately 93.47% from the beginning of the Reporting Period, mainly due to the maturity of the advance payments on rents of the Company.
12. Specific reserve: An increase of approximately 36.88% from the beginning of the Reporting Period, mainly due to the increase in production safety fees appropriated by the Company.

5. Cash flows

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

Core Competence Analysis

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

The core competitiveness of the Company is detailed as follows:

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

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

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

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

Dependent on cement industry, high-end equipment manufacturing industry nurtured the leading comprehensive service provider and China’s leading comprehensive service provider of intelligent equipment integration in the building materials industry. The trade service industry nurtured modern green supply chain trade service, expanded offline and online integration and scenario-based new consumption of home furnishing and trade exhibition and trade; developed network freight transport, built smart logistics, built “highway to railway” green supply chain service hub to serve modern urban logistics system and urban consumption upgrade demand, and cultivated emerging industries of the Group.

The property development industry drove the application of modern green building materials, mainly cement, and the development of related industries such as design, decoration, property management, community services and asset operation in a market-oriented manner; the manufacturing of modern green building materials and investment property and service industry constructed high-quality products of BBMG by giving full play to the advantages of brand, management and technology with systemization, industrialization, specialization and integration, led construction product innovation with green and low-carbon buildings, and enhanced the product, service and value enhancement capabilities of property development projects with advanced technologies such as green ultra-low energy consumption and assembly-type components. Leveraging on various resources accumulated by the modern green building materials manufacturing industry in the implementation of the “going out” strategy, the property development industry strengthened regional advantages, operated with efforts, expanded the development pipeline, strengthened land resource reserves in core cities, tapped into high-quality regional markets and optimized the core strategies. This allows exploration of new models and refined BBMG’s solutions in the fields such as old community renovation and urban renewal.

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

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

The Company highlighted the core engine of innovation, strengthened the leading role of innovation, took science and technology innovation as an important strategic focus, achieved a perfect ending of the implementation of the Company’s Three-Year Action Plan for Scientific and Technological Innovation (2021-2023) in all aspects, and consolidated the foundation of the driving system in the new era. Concentrating on the scientific and technological innovation complexes and ecological circles at all levels, the Company strengthened the collaborative integration of scientific and technological resources, the research and development of key common technologies and the transformation and implementation of scientific and technological achievements, and promoted open sharing and benign interaction of “government, industry, academia, research, finance, application and service”. The Company deployed the innovation chain around the industrial chain and laid out the industrial chain around the innovation chain. Focusing on key matters such as “bottleneck” technology and industry wide technology, the Company vigorously developed strategic emerging industries, created cutting-edge BBMG characterised industries, and actively cultivated innovative businesses of the Group. The Company constructed a new innovation ecology, and built a new innovation model of “BBMG as the leader + small and medium-sized enterprises in concerted development”, forming a situation of coordinated

development of upstream and downstream, production, supply and marketing, and small, medium and large-scale enterprises. The Company promoted BBMG industrial investment and science and technology venture capital business, identified and cultivated “technologically advanced” small giants, invisible champions and unicorns enterprises, and promoted high-quality development of innovative enterprises with multi-layered capital market. Beijing Building Materials Testing Academy Co., Ltd., a subsidiary of the Company, successfully realized quotation on the National Equities Exchange and Quotations (Stock Code: 873910). For details, please refer to the section headed “Spin-off” in this announcement. Focusing on “four greens and one new”, the Company promoted the overall upgrading of the industry with the research and development of new technologies, new products, new processes and new equipment and the transformation of the results, and constantly injected new vitality into the transformation and upgrading of the Company. Focusing on science and technology innovation and green low-carbon development, the Company cultivated the advantages in cutting-edge industries of energy conservation and environmental protection, intelligent equipment, new materials, R&D design and inspection and testing, and business incubation services, etc. and established the support of BBMG’s modern industrial system.

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

(III) Competitive edge in green and sustainable development:

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

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

The Company seized the strategic opportunity of peak carbon dioxide emissions and carbon neutrality, planned ahead to promote the work in relation to peak carbon dioxide emissions and carbon neutrality, and accelerated the implementation of the work in relation to peak carbon dioxide emissions and carbon neutrality plan. The Company planned a new path of transformation and carried out pilot construction, and the 100,000-ton carbon capture, storage and utilization demonstration project of Beijing BBMG Beishui Environmental Protection Technology Co., Ltd. was accelerated to be put into practice. The Company accelerated the innovation of zero-carbon technology application, promoted the zero-carbon building pilot in Xingfa Science Park and Pinggu Mortar Project, and explored the construction of zero-carbon park in Liuli Wenchuang Park. The Company increased the application of new energy. In 2022, the Company used more than 100 million kwh of green electricity, and a number of enterprises including Jilin BBMG Jidong Environmental Protection Technology Co., Ltd. and Tangshan Qixin Cement Co., Ltd. obtained new energy projects for the record. The Company promoted the green supply chain construction of “highway to railway” in

Beijing, Tianjin and Hebei, and created the whole zero-emission green transportation mode of “highway to railway” trunk transportation + new energy heavy truck distribution. The Company developed alternative fuels and promoted the green development of products in the whole process and life cycle. The Company built a green industrial chain supply chain and led the green transformation of production and consumption patterns. The Company promoted green technology innovation and carried out green design. The Company created a green factory and a green park. The Company played a vanguard and exemplary role in the green Beijing “carbon neutrality and peak carbon emission” action. The Company built a “carbon neutrality and peak carbon emission” information management system, established and improved a “carbon neutrality and peak carbon emission” management system, carried out research on peak carbon emission road map and carbon neutrality countermeasures, and determined the overall thinking and advancing direction for the carbon neutral work in peak carbon emissions for the “14th Five-Year Plan” and even a longer period.

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

(IV) Competitive edge in industry-finance integration:

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

management of funds, and effectively improved the efficiency of fund use, thus reducing the Company's total capital operating costs.

(V) Competitive edge in corporate culture and branding:

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

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

DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT

(1) Industry Pattern and Trend

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

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

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

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

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

(2) The Company’s Development Strategy

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

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

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

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

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

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

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

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

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

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

(3) Business Plan

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

(4) Possible risks

(1) *External environment risk*

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

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

(2) *Policy risk*

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

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

(3) *Risk of capital operation*

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

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

(4) *Market competition risk*

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

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

DISCLOSEABLE TRANSACTIONS DURING THE REPORTING PERIOD

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

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

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

CONNECTED TRANSACTION

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

PLEDGE OF ASSETS

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

CONTINGENCIES

Unit: RMB

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

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

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

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

COMMITMENTS

Unit: RMB

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

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

ESTABLISHMENT AND IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM

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

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

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

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

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

SPIN-OFF

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

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

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

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

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

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

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

EMPLOYEES AND REMUNERATION POLICY

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

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

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

TRAINING SCHEME

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

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

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

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

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

Professional Structure

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

Education Level

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

Gender

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

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 2022, shareholders of the Company who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions:

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

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

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

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

As at 31 December 2022, the interests or short positions of the Directors, supervisors or chief executive officer of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register of interests required to be kept under section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Capacity	Number of A Shares held	Number of H Shares held	Percentage of
				the issued share capital of the Company
Wu Dong	Beneficial owner	60,000	–	0.00%
Wang Zhaojia	Beneficial owner	37,500	–	0.00%
Li Xiaohui	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 2022, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Model Code during the Reporting Period. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

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.

ARTICLES OF ASSOCIATION

During the Reporting Period, the Company did not make any amendments to the articles of association.

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 three executive Directors, two non-executive Directors and five independent non-executive Directors. It has a strong independence element in its composition. At present, there is one female Director in the Board of the Company, which meets the minimum requirement of gender diversity of the Board under Rule 13.92 of the Listing Rules.

During the Reporting Period, the Board has received a resignation letter from the chairman of the Board and an executive director of the Company, Mr. Zeng Jin, on 27 April 2022 tendering his resignation in respect of his duties as the chairman of the Board, an executive Director of the Company and chairman of the Strategic Committee of the Company with effect from 27 April 2022. Following his resignation, Mr. Zeng Jin has also ceased to be an authorised representative of the Company for the purpose of Rule 3.05 of the Listing Rules.

AUDIT COMMITTEE

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

As at the date of this 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.bbmng.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.bbmng.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 Monday, 8 May 2023 to Thursday, 11 May 2023, 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 Thursday, 11 May 2023, 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, 5 May 2023.

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, 20 May 2023 to Thursday, 25 May 2023, both days inclusive, for the purpose of determining entitlements of the Shareholders to receive the final dividends for the Reporting Period. The final dividend is expected to be distributed on or before Monday, 10 July 2022 to the holders of H Shares whose names appear on the register of members on Thursday, 25 May 2022. 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, 19 May 2023.

APPRECIATION

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

By order of the Board
BBMG Corporation*
Jiang Yingwu
Chairman

Beijing, the PRC
29 March 2023

As at the date of this announcement, the executive directors of the Company are 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.