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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 2023**

**HIGHLIGHTS**

- Operating revenue of RMB107,955.7 million, an increase of approximately 5.0% from 2022
- Gross profit margin from principal business of approximately 10.8%, a decrease of approximately 3.9 percentage points from 2022
- Net loss of approximately RMB1,287.4 million, as compared with net profit of approximately RMB1,739.9 million in 2022
- Net profit attributable to the shareholders of the parent company of approximately RMB25.3 million, a decrease of approximately 97.9% from 2022
- Core net loss attributable to the shareholders of the parent company (excluding the net fair value gains after tax on investment property) of approximately RMB777.7 million, as compared with net profit of approximately RMB753.4 million in 2022
- Basic earnings per share attributable to the shareholders of the parent company (before deducting other equity instrument indicators) was approximately RMB0.002, as compared with that of approximately RMB0.11 in 2022
- Basic losses per share attributable to the shareholders of the parent company (after deducting other equity instrument interests) was approximately RMB0.08, as compared with basic earnings per share of approximately RMB0.03 in 2022
- The Board recommended a final dividend of RMB0.025 per share (before tax) for the year ended 31 December 2023

\* 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 2023 (the “**Reporting Period**”) together with the comparative figures for the year of 2022. 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 2023 and contains the audited consolidated financial statements of the Group for the year ended 31 December 2023.

## RESULTS OF OPERATIONS

During the Reporting Period, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB25.3 million, representing a decrease of approximately 97.9% over the last year; basic losses per share (after deducting other equity instrument indicators) was approximately RMB0.08 (for the year ended 31 December 2022: basic earnings per share of approximately RMB0.03), representing a decrease of approximately RMB0.11 from 2022; total equity attributable to the shareholders of the parent company was approximately RMB73,007.0 million as at the end of the Reporting Period, representing an increase of approximately RMB9,377.1 million from the beginning of the Reporting Period.

## DIVIDEND

The Board recommended a final dividend of RMB0.025 per share (before tax) for the Reporting Period (for the year ended 31 December 2022: RMB0.067 per share (before tax)), subject to approval by the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting (the “**AGM**”).

The Company will inform the Shareholders of the information related to the distribution of final dividend by way of announcement as soon as practicable.

## CONSOLIDATED INCOME STATEMENT

Unit: RMB

	Notes	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited
Operating revenue	5	107,955,679,558.02	102,822,162,096.91
Less: Operating costs	6	95,971,802,978.31	87,466,652,954.39
Tax and surcharges		1,096,415,083.87	1,273,573,647.58
Selling expenses	7	2,397,957,824.88	2,369,961,081.83
Administrative expenses	8	6,565,649,925.72	6,958,247,987.11
Research and development expenses	9	530,171,118.93	410,138,865.07
Finance costs	10	2,275,478,938.02	2,687,945,567.39
Including: Interest expenses		2,405,609,128.43	4,445,390,609.30
Interest income		267,644,276.41	228,028,363.78
Add: Other gains	11	573,748,715.68	613,356,547.19
Investment gains	12	131,515,672.92	251,483,498.58
Including: Gains from investment in associates and joint ventures		45,125,348.96	176,515,901.37
Gains on financial assets measured at amortized cost		(11,636,448.79)	9,531,664.42
Gains from changes in fair value	13	1,166,742,940.79	583,061,237.73
Credit impairment losses	14	(123,831,834.73)	(453,463,799.20)
Asset impairment losses	15	(1,858,791,350.18)	(827,767,553.14)
Gains on disposal of assets	16	1,148,782,645.98	1,306,717,424.51
Operating profit		156,370,478.75	3,129,029,349.21
Add: Non-operating revenue	5	320,365,349.30	373,447,996.57
Less: Non-operating expenses	6	176,349,091.38	177,455,035.22
Total profit		300,386,736.67	3,325,022,310.56
Less: Income tax expenses	17	1,587,793,238.16	1,585,135,234.13
Net (loss)/profit		<u>(1,287,406,501.49)</u>	<u>1,739,887,076.43</u>
Classified by continuity of operations			
Net (loss)/profit from continuing operations		<u>(1,287,406,501.49)</u>	<u>1,739,887,076.43</u>
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		<u>25,262,828.59</u>	<u>1,212,673,549.71</u>
Minority interests		<u>(1,312,669,330.08)</u>	<u>527,213,526.72</u>

## CONSOLIDATED INCOME STATEMENT (CONTINUED)

Unit: RMB

	<i>Note</i>	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited
Net other comprehensive income after tax		(100,366,290.04)	(140,146,117.20)
Net other comprehensive income after tax attributable to shareholders of the parent company		(53,940,051.63)	(56,908,877.18)
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		10,483,451.20	23,064,974.00
Changes in fair value of other equity instruments		(53,392,076.82)	(145,655,889.81)
Other comprehensive income to be reclassified into profit or loss			
Other comprehensive income that may be reclassified to profit or loss under equity method		(8,246,099.83)	(1,999,063.63)
Exchange differences on foreign currency translation		(11,905,205.58)	41,432,378.83
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		<u>9,119,879.40</u>	<u>26,248,723.43</u>
Net other comprehensive income after tax attributable to minority interests		<u>(46,426,238.41)</u>	<u>(83,237,240.02)</u>
Total comprehensive income		<u>(1,387,772,791.53)</u>	<u>1,599,740,959.23</u>
<i>Including: Total comprehensive income attributable to the shareholders of the parent company</i>		<u>(28,677,223.04)</u>	<u>1,155,764,672.53</u>
<i>Total comprehensive income attributable to minority interests</i>		<u>(1,359,095,568.49)</u>	<u>443,976,286.70</u>
Basic and diluted earnings/(losses) per share (RMB/share)			
Before deducting other equity instrument indicators	18	<u>0.002</u>	<u>0.11</u>
After deducting other equity instrument indicators		<u>(0.08)</u>	<u>0.03</u>

## CONSOLIDATED BALANCE SHEET

Unit: RMB

	Notes	As at 31 December 2023 Audited	As at 31 December 2022 Audited (Restated)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and bank balances		17,332,116,734.92	15,996,435,857.72
Financial assets held for trading		550,397,005.33	1,116,954,484.86
Bills receivable	20	613,180,024.79	422,263,122.28
Accounts receivable	21	8,190,446,854.77	7,618,174,146.44
Financing receivables		763,501,720.37	1,496,573,941.98
Prepayments		2,019,452,127.40	1,705,162,281.88
Other receivables		6,132,077,812.09	7,357,457,848.35
Inventories	22	95,810,062,788.10	111,184,131,016.91
Contract assets		235,605,433.62	222,802,259.67
Non-current assets due within one year		696,330,818.56	269,845,114.30
Other current assets		8,731,169,477.37	9,434,556,250.42
<b>Total current assets</b>		<b><u>141,074,340,797.32</u></b>	<b><u>156,824,356,324.81</u></b>
<b>Non-current assets</b>			
Debt investments		865,628,511.12	1,155,764,072.96
Long-term receivables		1,709,779,597.92	2,851,242,784.44
Long-term equity investments		9,188,694,018.61	7,736,678,183.35
Investment in other equity instruments		649,405,596.88	773,948,747.65
Other non-current financial assets		369,093,598.93	263,969,459.46
Investment properties		43,671,254,377.67	38,705,919,637.25
Fixed assets		44,080,287,415.16	43,653,968,153.58
Construction in progress		2,604,995,214.22	3,604,955,673.02
Right-of-use assets		977,373,084.17	953,854,888.87
Intangible assets		16,170,020,963.38	15,887,353,097.03
Goodwill		2,528,344,651.55	2,513,503,266.59
Long-term deferred expenditures		1,849,754,144.59	1,763,529,449.55
Deferred income tax assets		3,479,773,641.60	3,866,646,541.48
Other non-current assets		460,393,602.36	1,004,096,765.50
<b>Total non-current assets</b>		<b><u>128,604,798,418.16</u></b>	<b><u>124,735,430,720.73</u></b>
<b>Total assets</b>		<b><u>269,679,139,215.48</u></b>	<b><u>281,559,787,045.54</u></b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

Unit: RMB

	Notes	As at 31 December 2023 Audited	As at 31 December 2022 Audited (Restated)
<b>Liabilities and equity attributable to shareholders</b>			
<b>Current liabilities</b>			
Short-term loans	23	29,527,007,127.21	25,482,825,771.43
Bills payable	24	3,835,290,150.26	3,633,062,025.07
Accounts payable	25	18,524,373,921.94	19,027,359,975.08
Receipts in advance		340,473,964.45	315,238,031.96
Contract liabilities		24,490,019,361.57	30,357,771,576.04
Wages payable		277,870,134.91	541,223,371.35
Tax payable		973,367,636.46	1,841,142,424.48
Other payables		6,352,234,808.50	9,241,191,495.17
Non-current liabilities due within one year		22,401,174,031.96	16,724,946,325.58
Short-term financing bonds	26	6,018,292,602.73	5,000,000,000.00
Other current liabilities		4,864,609,522.05	6,679,901,096.51
<b>Total current liabilities</b>		<b>117,604,713,262.04</b>	<b>118,844,662,092.67</b>
<b>Non-current liabilities</b>			
Long-term loans	27	37,741,846,739.36	32,637,155,002.48
Bonds payable	26	11,099,760,459.11	26,493,958,938.44
Lease liabilities		500,532,265.14	481,532,950.83
Long-term payables		213,484,881.59	299,650,814.94
Long-term wages payable		409,306,793.59	449,511,908.54
Accrued liabilities		516,634,238.79	478,333,744.87
Deferred income		786,216,497.15	762,550,771.11
Deferred income tax liabilities		6,442,273,261.85	6,216,182,188.96
Other non-current liabilities		—	310,124.31
<b>Total non-current liabilities</b>		<b>57,710,055,136.58</b>	<b>67,819,186,444.48</b>
<b>Total liabilities</b>		<b>175,314,768,398.62</b>	<b>186,663,848,537.15</b>

**CONSOLIDATED BALANCE SHEET (CONTINUED)***Unit: RMB*

	As at 31 December 2023 Audited	As at 31 December 2022 Audited (Restated)
<b>Equity attributable to shareholders</b>		
Share capital	<b>10,677,771,134.00</b>	10,677,771,134.00
Other equity instruments	<b>27,468,376,000.00</b>	16,499,000,000.00
<i>Including: Perpetual bonds</i>	<b>27,468,376,000.00</b>	16,499,000,000.00
Capital reserve	<b>5,461,112,758.98</b>	5,432,314,011.21
Other comprehensive income	<b>632,362,250.06</b>	686,302,301.69
Specific reserve	<b>68,415,551.23</b>	62,794,408.27
Surplus reserve	<b>2,935,800,236.68</b>	2,620,134,353.87
General risk reserve	<b>496,135,862.64</b>	495,759,173.46
Retained earnings	<b>25,267,051,623.61</b>	27,155,839,982.99
	<u>73,007,025,417.20</u>	63,629,915,365.49
Total equity attributable to the shareholders of the parent company		
Minority interests	<b>21,357,345,399.66</b>	31,266,023,142.90
	<u>94,364,370,816.86</u>	94,895,938,508.39
<b>Total equity attributable to shareholders</b>		
	<u>269,679,139,215.48</u>	<u>281,559,787,045.54</u>
<b>Total liabilities and equity attributable to shareholders</b>		

*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**”). In addition, relevant financial information is disclosed in the financial statements according to the Regulations on Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting.

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 AND CHANGE IN ACCOUNTING POLICIES**

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.

**Changes in Accounting Policies**

***Recognition of deferred income tax in relation to the lease and decommissioning obligations***

According to the “Interpretation of Accounting Standards for Business Enterprises No. 16”, the provision on the exemption from initial recognition of deferred income tax does not apply to a single transaction that is not a business combination, that affects neither accounting profit nor taxable income (or deductible losses) at the time of the transaction, and that gives rise to equal amounts of taxable and deductible temporary differences on the initial recognition of the assets and liabilities. The Group adopted the above change since 1 January 2023, for taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities for lease transactions in which lease liabilities are initially recognised on the commerce date of the lease term and included in the right-of-use assets, and the transactions in which accrued liabilities are recognised as a results of decommissioning obligations for fixed assets and included in the costs of fixed assets, the Group changed its policy from not recognizing income tax to recognizing corresponding deferred income tax liabilities and deferred income tax assets separately. In accordance with the convergence provisions, the Group adjusted the above transactions that occurred between the beginning of the earliest period of the financial statement presentation in which the interpretation was first applied and the date of the change in accounting policy; if the lease liabilities and right-of-use assets, and accrued liabilities and fixed assets related to decommissioning obligations recognised at the beginning of the earliest period of the financial statement presentation in which the interpretation was first applied resulted in the taxable temporary differences and deductible temporary differences due to the above transactions, there are no cumulative impacts of the Group’s adjustment on the opening retained earnings in the earliest period for which the financial statements are presented the cumulative effect.

The major impact of the retroactive adjustment arising from the above change in accounting policies on the financial statement of the Group are set out below:

*Unit: RMB*

**For the year ended 31 December 2023**

	<b>Before the change in accounting policies</b>	<b><u>Change in accounting policies</u></b>	<b>After the change in accounting policies</b>
		<b>Leasing and decommissioning obligations</b>	
	<b>Opening balance</b>		<b>Closing balance</b>
Deferred income tax assets	<b>3,826,913,824.26</b>	<b>39,732,717.22</b>	<b>3,866,646,541.48</b>
Deferred income tax liabilities	<b>6,176,449,471.74</b>	<b>39,732,717.22</b>	<b>6,216,182,188.96</b>

For the year ended 31 December 2022

	Before the change in accounting policies	<b><u>Change in accounting policies</u></b>	After the change in accounting policies
		Leasing and decommissioning obligations	
	Opening balance		Closing balance
Deferred income tax assets	3,711,928,081.48	36,919,720.12	3,748,847,801.60
Deferred income tax liabilities	6,044,933,885.02	36,919,720.12	6,081,853,605.14

The above change in accounting policies has no impact on the financial statement of the Company.

**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 2023 and their operating performance and cash flows for 2023.

#### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two segments, namely modern green building materials segment and property development and operation segment.

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 2023

	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	78,417,112,676.59	29,538,566,881.43	-	-	107,955,679,558.02
Revenue from inter-segment transactions	<u>1,051,422,583.30</u>	<u>586,247,464.61</u>	<u>-</u>	<u>(1,637,670,047.91)</u>	<u>-</u>
	<u>79,468,535,259.89</u>	<u>30,124,814,346.04</u>	<u>-</u>	<u>(1,637,670,047.91)</u>	<u>107,955,679,558.02</u>
Gains on investment in joint ventures and associates	71,010,722.99	(25,885,374.03)	-	-	45,125,348.96
Asset impairment losses	(307,791,475.37)	(1,550,999,874.81)	-	-	(1,858,791,350.18)
Credit impairment losses	(172,402,535.05)	48,570,700.32	-	-	(123,831,834.73)
Depreciation and amortisation costs	4,724,735,553.36	418,674,811.17	104,252,232.92	-	5,247,662,597.45
Total profits	(1,423,923,462.35)	2,049,741,025.43	(311,036,051.46)	(14,394,774.95)	300,386,736.67
Income tax expense	(5,977,066.79)	1,675,128,011.56	(77,759,012.87)	(3,598,693.74)	1,587,793,238.16
Total assets	113,677,887,593.71	191,233,087,038.61	158,429,598.19	(35,390,265,015.03)	269,679,139,215.48
Total liabilities	63,866,780,144.67	123,687,800,253.12	23,154,146,062.15	(35,393,958,061.32)	175,314,768,398.62
Long-term equity investment in joint ventures and associates	1,533,326,636.56	7,655,367,382.05	-	-	9,188,694,018.61
Increase in other non-current assets, excluding long-term equity investments	5,792,581,632.71	1,158,873,752.68	-	-	6,951,455,385.39

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 (restated)	122,282,643,849.78	205,366,204,740.09	176,567,787.08	(46,265,629,331.41)	281,559,787,045.54
Total liabilities (restated)	63,355,100,082.08	142,190,182,859.91	27,268,622,924.57	(46,150,057,329.41)	186,663,848,537.15
Long-term equity investment in joint ventures and associates	1,802,492,705.28	5,934,185,478.07	-	-	7,736,678,183.35
Increase in other non-current assets, excluding long-term equity investments	7,582,004,364.63	2,258,754,976.54	-	-	9,840,759,341.17

## Geographical information

Unit: RMB

### Operating revenue

	<b>For the year ended 31 December 2023 Audited</b>	For the year ended 31 December 2022 Audited
Asia	<b>107,822,058,250.39</b>	102,594,681,725.82
Europe	<b>116,805,838.15</b>	104,018,176.45
Africa	<b>16,815,469.48</b>	17,353,506.07
Others	<u>-</u>	<u>106,108,688.57</u>
	<u><b>107,955,679,558.02</b></u>	<u>102,822,162,096.91</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 2023, 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 2022: Nil).

## 5. OPERATING REVENUE AND NON-OPERATING REVENUE

*Unit: RMB*

Operating revenue is presented as follows:

	<b>For the year ended 31 December 2023 Audited</b>	For the year ended 31 December 2022 Audited
Operating revenue from principal business	<b>107,068,654,154.25</b>	102,218,691,676.38
Operating revenue from other business	<u><b>887,025,403.77</b></u>	<u>603,470,420.53</u>
	<u><b>107,955,679,558.02</b></u>	<u>102,822,162,096.91</u>
	<b>For the year ended 31 December 2023 Audited</b>	For the year ended 31 December 2022 Audited
Bulk commodity trade	<b>39,225,956,086.77</b>	32,649,749,796.92
Sale of products	<b>35,850,042,491.04</b>	41,127,723,112.41
Sale of properties	<b>25,248,350,728.71</b>	22,867,183,154.57
Rental income	<b>1,827,157,545.30</b>	1,618,439,463.13
Property management	<b>988,961,306.67</b>	898,286,002.92
Hotel operation	<b>418,813,688.92</b>	299,364,609.08
Income from decoration	<b>1,111,993,331.35</b>	264,556,229.28
Treatment of solid wastes	<b>1,031,071,099.12</b>	1,033,851,256.78
Interest income	<b>277,065,252.07</b>	414,620,673.17
Others	<u><b>1,976,268,028.07</b></u>	<u>1,648,387,798.65</u>
	<u><b>107,955,679,558.02</b></u>	<u>102,822,162,096.91</u>

Non-operating revenue is presented as follows:

	<b>For the year ended 31 December 2023 Audited</b>	For the year ended 31 December 2022 Audited
Gains on disposal of non-current assets	29,081,039.85	20,694,210.95
Net gains from fines	35,187,372.79	32,799,044.31
Relocation compensation/government grants	12,157,182.19	9,226,874.34
Amounts not required to be paid	106,180,644.50	110,197,000.64
Others	<u>137,759,109.97</u>	<u>200,530,866.33</u>
	<u><b>320,365,349.30</b></u>	<u><b>373,447,996.57</b></u>

## 6. OPERATING COSTS AND NON-OPERATING EXPENSES

*Unit: RMB*

Operating costs are presented as follows:

	<b>For the year ended 31 December 2023 Audited</b>	For the year ended 31 December 2022 Audited
Operating costs from principal business	95,550,472,031.04	87,241,887,244.89
Operating costs from other business	<u>421,330,947.27</u>	<u>224,765,709.50</u>
	<u><b>95,971,802,978.31</b></u>	<u><b>87,466,652,954.39</b></u>

Non-operating expenses are presented as follows:

	<b>For the year ended 31 December 2023 Audited</b>	For the year ended 31 December 2022 Audited
Losses on disposal of non-current assets	61,257,136.20	77,682,007.30
<i>Including: Losses on disposal of fixed assets</i>	<b>61,257,136.20</b>	76,599,802.01
<i>Loss on disposal of other non-current assets</i>	-	1,082,205.29
Abnormal losses	1,265,348.87	44,386.63
Expenses on charity donation	17,100,506.17	19,983,822.91
Expenses on compensation, penalties and fines	40,365,219.87	41,454,650.22
Other expenses	<u>56,360,880.27</u>	<u>38,290,168.16</u>
	<u><b>176,349,091.38</b></u>	<u><b>177,455,035.22</b></u>

## 7. SELLING EXPENSES

Unit: RMB

	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited
Employee remunerations	963,842,420.46	951,348,497.37
Office expenses	430,858,992.16	496,513,107.69
Lease fee	52,828,199.75	52,663,243.37
Agency intermediary fee	484,722,970.07	420,089,246.37
Advertisement fee	396,028,812.61	374,485,427.56
Transportation and traveling expenses	48,678,566.40	32,626,254.31
Others	20,997,863.43	74,861,559.47
	<u>2,397,957,824.88</u>	<u>2,369,961,081.83</u>

## 8. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited
Employee remunerations	2,769,479,413.32	3,016,372,084.23
Office expenses	1,022,055,187.21	975,560,175.76
Utilities	79,108,961.69	83,914,482.88
Intermediary service fees	282,427,153.13	299,507,428.92
Leasing expenses	119,759,753.82	96,357,449.83
Sewage and afforestation fees	31,532,024.73	45,904,810.75
Loss on shut down	909,332,728.59	930,143,973.32
Others	1,351,954,703.23	1,510,487,581.42
	<u>6,565,649,925.72</u>	<u>6,958,247,987.11</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 RMB6,800,000.00 (tax inclusive) (for the year ended 31 December 2022: RMB7,000,000.00).

## 9. RESEARCH AND DEVELOPMENT EXPENSES

Unit: RMB

	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited
Employee remunerations	329,795,897.34	266,923,247.24
Material and equipment cost	111,747,488.50	73,767,497.13
Others	88,627,733.09	69,448,120.70
	<u>530,171,118.93</u>	<u>410,138,865.07</u>

## 10. FINANCE COSTS

Unit: RMB

	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited
Interest expense	3,946,386,499.61	4,950,760,660.53
Less: Interest income	267,644,276.41	228,028,363.78
Less: Amount of capitalised interest	1,540,777,371.18	2,214,405,401.35
Exchange gains	48,564,603.95	37,800,460.48
Handling charges	45,297,412.64	103,619,761.22
Others	43,652,069.42	38,198,450.29
	<u>2,275,478,938.02</u>	<u>2,687,945,567.39</u>

For the year ended 31 December 2023, the amount of capitalised borrowing costs has included in construction in progress of RMB38,298,205.92 (for the year ended 31 December 2022: RMB22,518,868.44), costs for properties under development of RMB1,485,169,228.41 (for the year ended 31 December 2022: RMB2,176,000,075.13) and investment properties of RMB17,309,936.85 (for the year ended 31 December 2022: RMB15,886,457.78).

## 11. OTHER GAINS

Unit: RMB

	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited	Related to assets/gains
Refunds of VAT	279,883,875.61	338,969,593.74	Related to gains
Income from other subsidies	286,807,140.07	268,031,595.72	Related to assets/gains
Grants on sale of heat	<u>7,057,700.00</u>	<u>6,355,357.73</u>	Related to gains
	<u><b>573,748,715.68</b></u>	<u><b>613,356,547.19</b></u>	

## 12. INVESTMENT GAINS

Unit: RMB

	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited
Gains from long-term equity investments under equity method	45,125,348.96	176,515,901.37
Investment gains from disposal of long-term equity investments	3,408,900.54	(17,723,096.50)
Investment gains from financial assets held for trading during the holding period	7,624,994.90	6,527,727.25
Dividend income from investment in other equity instruments on hand during the holding period	15,925,615.16	18,776,875.92
Interest income from debt investments during the holding period	55,376,727.74	59,630,691.47
Investment gains from disposal of financial assets held for trading	2,495,632.00	(1,931,620.65)
Gains on derecognition of financial assets measured at amortized cost	(11,636,448.79)	9,531,664.42
Investment gains from disposal of other debt investments	7,998,755.53	-
Others	<u>5,196,146.88</u>	<u>155,355.30</u>
	<u><b>131,515,672.92</b></u>	<u><b>251,483,498.58</b></u>

During the year, due to the changes in the intention of holding of the management, the Group derecognized certain financial assets measured at amortized cost and recognized a gain of RMB7,998,755.53 (2022: gain of RMB9,531,664.42) and a loss of RMB11,636,448.79, which were included in investment gains.

### 13. GAINS FROM CHANGES IN FAIR VALUE

Unit: RMB

	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited
Financial assets held for trading	96,188,098.03	(29,364,411.34)
Investment properties measured at fair value	<u>1,070,554,842.76</u>	<u>612,425,649.07</u>
	<u>1,166,742,940.79</u>	<u>583,061,237.73</u>

### 14. CREDIT IMPAIRMENT LOSSES

Unit: RMB

	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited
Losses on bad debts of bills receivable	(657,140.89)	(51,501,746.07)
Losses on bad debts of accounts receivable	159,452,046.34	233,814,318.58
Losses on bad debts of other receivables	(27,479,126.63)	(6,355,561.90)
Losses on bad debts of long-term receivables	<u>(7,483,944.09)</u>	<u>277,506,788.59</u>
	<u>123,831,834.73</u>	<u>453,463,799.20</u>

### 15. ASSET IMPAIRMENT LOSSES

Unit: RMB

	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited
Losses on decline in value of inventory	1,720,255,885.12	695,438,751.88
Losses on impairment of contract assets	3,348,703.72	8,133,330.71
Losses on impairment of fixed assets	103,558,834.34	112,262,120.86
Losses on impairment of construction in progress	21,868,493.72	11,116,316.68
Losses on impairment of long-term equity investments	4,981,823.43	-
Prepayments	3,789,002.75	983,440.62
Others	<u>988,607.10</u>	<u>(166,407.61)</u>
	<u>1,858,791,350.18</u>	<u>827,767,553.14</u>

## 16. GAINS ON DISPOSAL OF ASSETS

	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited
Gains on disposal of fixed assets	22,641,273.77	114,262,033.30
Gains on disposal of intangible assets	1,066,751,642.71	1,185,395,338.44
Others	59,389,729.50	7,060,052.77
	<u>1,148,782,645.98</u>	<u>1,306,717,424.51</u>

## 17. INCOME TAX EXPENSES

*Unit: RMB*

	For the year ended 31 December 2023 Audited	For the year ended 31 December 2022 Audited
Current income tax expense	904,579,365.86	1,468,638,232.82
Deferred income tax expense	683,213,872.30	116,497,001.31
	<u>1,587,793,238.16</u>	<u>1,585,135,234.13</u>

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

	<b>For the year ended 31 December 2023 Audited</b>	For the year ended 31 December 2022 Audited
Total profit	<b>300,386,736.67</b>	3,325,022,310.56
Income tax expense at the statutory income tax rate	<b>75,096,684.17</b>	746,261,001.40
Effect of different tax rates applicable to some subsidiaries	<b>(20,498,878.35)</b>	(36,507,323.24)
Adjustments on the current income tax of previous periods	<b>(122,615,168.69)</b>	(5,065,915.77)
Share of profits and losses of joint ventures and associates	<b>(1,680,688.00)</b>	(29,046,657.05)
Income not subject to tax	<b>(4,299,432.51)</b>	(15,925,776.09)
Expenses not deductible	<b>23,778,813.72</b>	30,688,978.57
Effect of tax rate change on opening balance of deferred income tax	<b>(31,809,684.46)</b>	-
Effect of utilization of deductible losses on deferred income tax asset not recognized previously	<b>(535,366,987.69)</b>	(259,348,995.65)
Effect of deductible temporary difference or deductible losses on deferred income tax asset not recognized in the period	<b>1,621,230,529.04</b>	1,085,194,723.12
Reversal of deductible losses on deferred income tax asset previously recognized	<b>583,128,103.87</b>	68,441,440.50
Others	<b>829,947.06</b>	443,758.34
	<b><u>1,587,793,238.16</u></b>	<b><u>1,585,135,234.13</u></b>
Income tax expense at the effective tax rate of the Group		

## 18. EARNINGS PER SHARE

The calculation of basic earnings per share is as follows:

*Unit: RMB*

	<b>For the year ended 31 December 2023 Audited</b>	For the year ended 31 December 2022 Audited
<b>Earnings</b>		
Net profit for the year attributable to ordinary shareholders of the Company	<b>25,262,828.59</b>	1,212,673,549.71
Less: Interests on other equity instruments	<b><u>882,597,950.00</u></b>	<u>862,798,631.90</u>
<b>Shares</b>		
Weighted average number of ordinary shares in issue of the Company	<b><u>10,677,771,134.00</u></b>	<u>10,677,771,134.00</u>
<b>Basic (losses)/earnings per share – continuing operations (after deducting other equity instrument indicators)</b>	<b><u>(0.08)</u></b>	<u>0.03</u>
<b>Basic earnings per share – continuing operations (before deducting other equity instrument indicators)</b>	<b><u>0.002</u></b>	<u>0.11</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.

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

## 19. DIVIDEND

	<b>For the year ended 31 December 2023 RMB'000</b>	For the year ended 31 December 2022 RMB'000
Proposed final dividend – RMB0.025 per ordinary share before tax (for the year ended 31 December 2022: RMB0.067 per share before tax)	<b><u>266,944</u></b>	<u>715,411</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 2023 Audited	At 31 December 2022 Audited
Bank acceptance bills	256,403,385.75	21,913,374.00
Commercial acceptance bills	<u>383,900,242.57</u>	<u>428,130,492.70</u>
Less: Provision for bad debts of bills receivables	<u>27,123,603.53</u>	<u>27,780,744.42</u>
	<u><u>613,180,024.79</u></u>	<u><u>422,263,122.28</u></u>

For the year ended 31 December 2023, the movements in provision for bad debts of bills receivables are as follows:

	As at 31 December 2023 Audited	As at 31 December 2022 Audited
Balance at the beginning of the Reporting Period	27,780,744.42	83,232,369.02
Provision for the Reporting Period	5,200,998.61	736,229.88
Reversal for the Reporting Period	(5,858,139.50)	(52,237,975.95)
Others	<u>–</u>	<u>(3,949,878.53)</u>
Balance at the end of the Reporting Period	<u><u>27,123,603.53</u></u>	<u><u>27,780,744.42</u></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 2023 Audited	At 31 December 2022 Audited
Within 1 year	6,189,659,061.37	5,250,658,073.41
1 to 2 years	1,712,414,104.79	2,017,751,554.86
2 to 3 years	969,555,899.61	1,048,098,667.18
3 to 4 years	483,129,415.95	453,389,027.64
4 to 5 years	263,346,501.24	219,444,072.16
Over 5 years	<u>1,432,160,614.19</u>	<u>1,350,723,570.94</u>
	<b>11,050,265,597.15</b>	10,340,064,966.19
Less: Provision for bad debts of accounts receivable	<u>2,859,818,742.38</u>	<u>2,721,890,819.75</u>
	<b><u>8,190,446,854.77</u></b>	<b><u>7,618,174,146.44</u></b>

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

	As at 31 December 2023 Audited	As at 31 December 2022 Audited
Balance at the beginning of the Reporting Period	2,721,890,819.75	2,607,321,953.57
Provision for the Reporting Period	173,037,229.09	283,588,692.73
Transferred in upon acquisition of subsidiaries	41,793,582.13	2,483,101.56
Reversal for the Reporting Period	(13,585,182.75)	(49,774,374.15)
Write-off for the Reporting Period	(37,314,018.38)	(67,542,252.91)
Removed from upon disposal of subsidiaries	(26,006,542.10)	(59,104,718.44)
Other transfer in/(transfer out)	<u>2,854.64</u>	<u>4,918,417.39</u>
Balance at the end of the Reporting Period	<b><u>2,859,818,742.38</u></b>	<b><u>2,721,890,819.75</u></b>

	31 December 2023				Carrying value
	Balance of carrying amount		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Individual provision for bad debts	1,446,636,893.99	13.09	761,717,087.64	52.65	684,919,806.35
Provision for bad debts by credit risk characteristics group	<u>9,603,628,703.16</u>	<u>86.91</u>	<u>2,098,101,654.74</u>	21.80	<u>7,505,527,048.42</u>
	<u><b>11,050,265,597.15</b></u>	<u><b>100.00</b></u>	<u><b>2,859,818,742.38</b></u>	<b>25.88</b>	<u><b>8,190,446,854.77</b></u>

  

	31 December 2022				Carrying value
	Balance of carrying amount		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
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><b>10,340,064,966.19</b></u>	<u><b>100.00</b></u>	<u><b>2,721,890,819.75</b></u>	<b>26.32</b>	<u><b>7,618,174,146.44</b></u>

## 22. INVENTORIES

*Unit: RMB*

	31 December 2023		
	Balance of carrying amount	Provision for decline in value/impairment	Carrying value
Raw materials	1,904,254,102.49	60,875,495.89	1,843,378,606.60
Items in production	1,564,512,802.61	74,118,103.18	1,490,394,699.43
Finished goods	5,391,958,410.45	185,909,471.68	5,206,048,938.77
Turnover materials	8,126,063.29	–	8,126,063.29
Development costs	51,340,926,934.99	1,260,325,393.30	50,080,601,541.69
Products under development	38,217,628,230.10	1,116,631,333.01	37,100,996,897.09
Contract performance costs	<u>80,516,041.23</u>	<u>–</u>	<u>80,516,041.23</u>
	<u><b>98,507,922,585.16</b></u>	<u><b>2,697,859,797.06</b></u>	<u><b>95,810,062,788.10</b></u>

	As at 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>

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

### 2023

	Opening balance	Provision for the year	Decrease in the year			Closing balance
			Removed from upon disposal of subsidiaries	Reversal	Write-off	
Raw materials	56,974,989.49	21,198,277.56	–	16,987,685.28	310,085.88	60,875,495.89
Items in production	50,284,699.15	88,364,876.31	–	64,531,472.28	–	74,118,103.18
Finished goods	169,559,607.36	83,397,916.18	7,404,127.60	59,643,924.26	–	185,909,471.68
Development costs	257,948,399.81	1,063,094,902.41	–	–	60,717,908.92*	1,260,325,393.30
Products under development	1,020,990,038.16	475,302,503.99	3,698,463.73	436,680,654.33	(60,717,908.92)*	1,116,631,333.01
	<u>1,555,757,733.97</u>	<u>1,731,358,476.45</u>	<u>11,102,591.33</u>	<u>577,843,736.15</u>	<u>310,085.88</u>	<u>2,697,859,797.06</u>

### 2022

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

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

As at 31 December 2023, the balance of development costs included the capitalised borrowing costs of RMB3,679,334,038.33 (31 December 2022: RMB2,923,665,207.83). The capitalised borrowing costs amounted to RMB1,485,169,228.41 in aggregate in 2023 (2022: RMB2,176,000,075.13), and the rate of interest capitalisation was 3.41% (2022: 3.60%).

## 23. SHORT-TERM LOANS

*Unit: RMB*

	As at 31 December 2023 Audited	As at 31 December 2022 Audited
Guaranteed loans ( <i>Note</i> )	2,430,713,163.87	3,499,460,000.00
Credit loans	26,949,984,819.23	21,748,528,700.00
Pledged loans	<u>146,309,144.11</u>	<u>234,837,071.43</u>
	<u>29,527,007,127.21</u>	<u>25,482,825,771.43</u>

*Note:* As at 31 December 2023, all guaranteed loans were guaranteed by entities within the Group.

As at 31 December 2023, the Group had no overdue borrowings.

## 24. BILLS PAYABLE

*Unit: RMB*

	As at 31 December 2023 Audited	As at 31 December 2022 Audited
Commercial acceptance bills	92,968,347.39	94,091,365.38
Bank acceptance bills	<u>3,742,321,802.87</u>	<u>3,538,970,659.69</u>
	<u>3,835,290,150.26</u>	<u>3,633,062,025.07</u>

As at 31 December 2023, the Group had no outstanding bills payable that were due (31 December 2022: 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 date of receipt of goods delivered by the suppliers or rendering of services from the suppliers is as follows:

	As at 31 December 2023 Audited	As at 31 December 2022 Audited
Within 1 year (inclusive of 1 year)	12,579,807,756.03	14,645,426,829.98
1 to 2 years (inclusive of 2 years)	3,611,932,583.23	3,046,374,198.75
2 to 3 years (inclusive of 3 years)	1,395,902,637.03	494,573,903.00
Over 3 years	<u>936,730,945.65</u>	<u>840,985,043.35</u>
	<u>18,524,373,921.94</u>	<u>19,027,359,975.08</u>

## 26. SHORT-TERM FINANCING BONDS AND BONDS PAYABLE

*Unit: RMB*

	As at 31 December 2023 Audited	As at 31 December 2022 Audited
Short-term financing bonds	<u>6,018,292,602.73</u>	<u>5,000,000,000.00</u>
Corporate bonds	16,344,899,403.93	21,294,735,325.47
Medium-term notes	<u>8,655,330,297.12</u>	<u>12,997,489,458.54</u>
Balance as at the end of the year	25,000,229,701.05	34,292,224,784.01
Less: Bonds payable due within one year	<u>13,900,469,241.94</u>	<u>7,798,265,845.57</u>
Non-current portion	<u>11,099,760,459.11</u>	<u>26,493,958,938.44</u>
Analysis of maturity of bonds payable:		
Within 1 year (inclusive of 1 year)	13,900,469,241.94	7,798,265,845.57
1 to 2 years (inclusive of 2 years)	4,956,128,551.41	7,920,532,843.74
2 to 5 years (inclusive of 5 years)	<u>6,143,631,907.70</u>	<u>18,573,426,094.70</u>
	<u>25,000,229,701.05</u>	<u>34,292,224,784.01</u>

As at 31 December 2023, the balance of bonds payable is as follows:

- (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. The remaining amount of RMB1,799,994,000 (exclusive of interests) was due for payment on 14 March 2023.
- (2) 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%, which was due for payment on 20 January 2023.
- (3) 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). On 12 July 2021, the coupon rate was adjusted to 3.35%. As announced on 28 July 2021, part of the sale-back bonds were resold with an amount of RMB177,000,000.00 (exclusive of interests), and the bond not resold with the remaining amount of RMB64,000.00 were cancelled, which was due for payment on 12 July 2023. 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%. On 26 May 2023 (at the end of the fifth year of the duration), the Company published an announcement, in which the Company decided to adjust the coupon rate of “18 BBMG 02” for the next two years, i.e. the coupon rate of the bond for the period from 12 July 2023 to 11 July 2025 shall be 2.80%.
- (4) 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%, which was due for payment on 11 August 2023.

- (5) 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%.
- (6) 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%.
- (7) 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%.
- (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%. On 28 October 2022, the coupon rate for the next two years of the duration was adjusted to 2.94% and the sale-back bonds amounted to RMB699,000,000.00 (exclusive of interests). The company announced to resell part of the sale-back bonds 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 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 3.00%; 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%. On 30 June 2023, the coupon rate was adjusted to 2.90%. The total sale back amount as announced on 11 September 2023 (at the end of the third year of the duration) was RMB861,000,000, the bonds with an amount of RMB240,000,000 were resold and the remaining part not resold with the amount of RMB521,000,000 were cancelled.
- (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 instalment 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 13 October 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 2023 Audited	As at 31 December 2022 Audited
Guaranteed loans ( <i>Note</i> )	5,784,009,894.74	4,740,540,220.79
Credit loans	32,673,200,637.85	24,872,120,000.00
Mortgaged loans	6,224,194,588.51	9,322,533,991.35
Pledged loans	<u>1,373,418,848.61</u>	<u>2,480,000,000.00</u>
Closing amount	46,054,823,969.71	41,415,194,212.14
Less: Long-term loans due within one year	<u>8,312,977,230.35</u>	<u>8,778,039,209.66</u>
	<u><u>37,741,846,739.36</u></u>	<u><u>32,637,155,002.48</u></u>

*Note:* As at 31 December 2023, 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 2023 Audited	As at 31 December 2022 Audited
Within 1 year	8,312,977,230.35	8,778,039,209.66
1 to 2 years	11,324,838,500.00	13,925,587,633.22
2 to 5 years	21,035,479,691.52	14,856,997,369.26
Over 5 years	<u>5,381,528,547.84</u>	<u>3,854,570,000.00</u>
	<u><b>46,054,823,969.71</b></u>	<u><b>41,415,194,212.14</b></u>

As at 31 December 2023, the above loans bore an interest rate of 1.20%-5.15% (31 December 2022: 1.20%-5.23%) per annum.

## 28. NET CURRENT ASSETS

*Unit: RMB*

	As at 31 December 2023 Audited	As at 31 December 2022 Audited
Current assets	141,074,340,797.32	156,824,356,324.81
Less: Current liabilities	<u>117,604,713,262.04</u>	<u>118,844,662,092.67</u>
Net current assets	<u><b>23,469,627,535.28</b></u>	<u><b>37,979,694,232.14</b></u>

## 29. TOTAL ASSETS LESS CURRENT LIABILITIES

*Unit: RMB*

	As at 31 December 2023 Audited	As at 31 December 2022 Audited
Total assets	269,679,139,215.48	281,559,787,045.54
Less: Current liabilities	<u>117,604,713,262.04</u>	<u>118,844,662,092.67</u>
Total assets less current liabilities	<u><b>152,074,425,953.44</b></u>	<u><b>162,715,124,952.87</b></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 2023 and the operating results of the Company during the said period for your review.

### Review

#### Results Performance

In 2023, facing the complex and changing internal and external environments, cement price experienced a significant decrease in general, and the real estate market failed to recover as expected. Under such great pressure with many difficulties and tasks to be tackled, the Company thoroughly implemented the work requirements of the “One High, Double Win, Three Coordination” (一高雙贏三統籌), forged ahead amidst a lot of challenges and made progress by overcoming difficulties, achieving hard-won extraordinary results.

During the Reporting Period, the Company recorded an operating revenue of approximately RMB107,955.7 million, representing a year-on-year increase of approximately 5.0%; net profit attributable to the shareholders of the parent company amounted to approximately RMB25.3 million, representing a year-on-year decrease of approximately 97.9%; basic earnings per share attributable to the shareholders of the parent company (before deducting other equity instrument indicators) amounted to approximately RMB0.002, as compared with that of approximately RMB0.11 for the same period of last period.

#### Business Performance

**Modern green building materials segment remained stable and accelerated the extension, supplement and enhancement of the industrial chain.** In terms of the cement business, in the dilemma featuring “continuously shrinking demand and price fall at a low level”, the Company adhered to refined management, made more efforts in reducing costs and increasing efficiency, and took effective measures to strive to increase its market share. During the year, the reserves of mine resources increased by 691 million tonnes, leading to an increase of more than 10 million tonnes in the aggregate production capacity and Liaoning Jinzhong New Materials Group (遼寧金中新材料集團) was established. In terms of the concrete business, the Company focused on internal management and market expansion, with its production capacity as well as production and sales volume outperforming the peers, and realized a turnaround from loss to profit. The Company also successfully launched the first asset securitization product of accounts receivable for concretes on the Shanghai Stock Exchange, with RMB550 million raised. In terms of the modern building materials business, the Company was committed to the improvement of development quality and systematic reduction and control of costs, and stepped up efforts in the innovation of marketing model and regional market layout, with new projects such as mortar, aeration, rock wool and paint successfully put into operation and gradually generating profits. The Company made a strategic investment in Easyhome New Rail Group Corporation Limited and acquired 10% of its shares, achieving coordinated development by leveraging on the existing advantages of both parties.

**Property development and operation segment improved quality while ensuring stability.** In terms of the real estate development business, the Company insisted on “closely monitoring cash, facilitating collection and ensuring delivery for use”, effectively revitalized its own industrial land, accelerated de-stocking, carefully selected best land in land auction, and successively acquired two parcels of quality land in core areas in Suzhou and Shanghai, resulting in an increase of a total of approximately 162,000 sq.m. (attributable area) in its land reserves for the year. In terms of the property management business, the Company made innovations in the operation strategies with the occupancy rate of office buildings surpassing the average level in the market, and the operation of industrial parks and hotel for vacations was steadily improved.

In 2023, the Company strengthened scientific and technological innovation and empowered production capacity upgrading. The investment in R&D throughout the year increased by 14%, and the Company won 9 provincial and ministerial level science and technology awards and was granted 623 patents. The Company also won a title of National Industrial Design Centre, with five national high-tech enterprises and 24 provincial “technologically advanced” enterprises newly certified. The Company prepared the action plan for peak carbon dioxide emissions and issued regulations such as the Implementation Rules for Transactions of Carbon Emission Rights and the Administrative Measures on Control of Greenhouse Gas Emissions, with seven enterprises accredited as National Green Factories and two enterprises accredited as National Green Supply Chain Management Enterprises. In 2023, BBMG was shortlisted in the Hang Seng Corporate Sustainability Index and the ESG of Listed Companies of State-owned Enterprises Pioneer 100 Index, and played a leading role in the domestic building materials industry in terms of environment, society and governance.

## **Prospect**

At present, from the negative perspective, the global development has entered into a stage of deep adjustment with slow and unbalanced growth, the domestic cement industry still faces acute deep-seated problems of overcapacity and insufficient market demand, and the real estate industry is still in the stage of deep adjustment. However, new strategic development opportunities are emerging. Firstly, the special treasury bonds amounting to RMB1 trillion issued by the central government in the fourth quarter of 2023 will be implemented in 2024, and the implementation of “three major projects”, namely the rebuilding of villages in cities, construction of government-subsidized housing and public facilities for both daily and emergency use, will be sped up, all of which will provide strong support for the demands of building materials such as cement. Meanwhile, the green and low-carbon transformation will accelerate the phase-out of enterprises with poor quality and low efficiency, and the cement industry is expected to be granted a window of opportunity for adjustments. Secondly, the year of 2024 is the kickoff of implementation of “dual scheme” for housing, and with the faster establishment of a new model of real estate development, the real estate market will gradually stabilize and form a new balance. Thirdly, housing decoration, renovation of old houses and smart home will create potential market demands for the household industry, indicating significant potential in the household and building materials markets.

Facing such challenges and opportunities, the Group will act on the principle of “striving for progress while maintaining stability, promoting stability through progress, and establishing the new before abolishing the old”, and continue to implement the work requirements of the “One High, Double Win, Three Coordination” (一高雙贏三統籌) with the “One Profit and Five Rates” (一利五率) indicators of state-owned enterprises as the guideline while focusing on the central task of improving economic efficiency and the primary task of high-quality development, in a bid to achieve better operating results.

**Enhancing benefits of the modern green building materials segment.** In terms of the cement business, the Company will make solid efforts in the leading role of core regional markets such as the Beijing-Tianjin-Hebei region, maintain a good relationship between quantity and price, create a value highland and enhance the economic benefits. Besides, the Company will coordinate the integration of regional markets, increase of mine resources reserves, green and low-carbon transformation and improvement of production and achievement of efficiency targets for co-disposal projects. In terms of the modern building materials business, the Company will make solid efforts in the achievement of production targets and generation of benefits for new projects, accelerate the layout of competitive industries in economically developed areas such as Eastern China and Southern China, and further expand the civil household market. In addition, the Company will adhere to the dual driving forces of “technology + investment”, strive to realize the scale development of modern materials industry, and create new economic “growth poles”.

**Strengthening operation of the property development and operation segment.** In terms of the property development business, the Company will follow the policy orientation, take an active part in the construction of government-subsidized housing and urban renewal, and create a new model of business development. The Company will also further enhance the competitiveness of products, and in turn improve the benefits through refined management. The Company will adopt a customized policy for a particular project, accelerate de-stocking and prevent operational risks effectively. In terms of the property management business, the Company will continue to improve the service quality and comprehensively strengthen the operation capacity of various businesses such as buildings, hotels, commercial complexes and parks.

## Summary of Financial Information

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>	Change
Operating revenue	<b>107,955,680</b>	102,822,162	5.0%
Operating revenue from principal business	<b>107,068,654</b>	102,218,692	4.7%
Gross profit from principal business	<b>11,518,182</b>	14,976,804	-23.1%
Gross profit margin from principal business	<b>10.8%</b>	14.7%	a decrease of 3.9 percentage points
Net profit attributable to the shareholders of the parent company	<b>25,263</b>	1,212,673	-97.9%
Basic earnings per share attributable to the shareholders of the parent company (before deducting other equity instrument interests)	<b>RMB0.002</b>	RMB0.11	-98.2%
Basic (losses)/earnings per share attributable to the shareholders of the parent company (after deducting other equity instrument interests)	<b>RMB(0.08)</b>	RMB0.03	-366.7%
Cash and bank balances	<b>17,332,117</b>	15,996,436	8.3%
Current assets	<b>141,074,341</b>	156,824,356	-10.0%
Current liabilities	<b>117,604,713</b>	118,844,662	-1.0%
Net current assets	<b>23,469,628</b>	37,979,694	-38.2%
Non-current assets	<b>128,604,798</b>	124,695,698	3.1%
Non-current liabilities	<b>57,710,055</b>	67,819,186	-14.9%
Total assets	<b>269,679,139</b>	281,559,787	-4.2%
Equity attributable to the shareholders of the parent company	<b>73,007,025</b>	63,629,915	14.7%
Debt ratio (total liabilities to total assets) (%)	<b>65.0</b>	66.3	a decrease of 1.3 percentage points

## **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***

According to the Statistical Communique on the 2023 National Economic and Social Development issued by the National Bureau of Statistics of China, in 2023, the total fixed assets investment in the PRC was RMB50,970.8 billion, representing an increase of 2.8% over last year. Fixed assets investment (excluding farmers) was RMB50,303.6 billion, increased by 3.0%, of which the infrastructure investment increased by 5.9% and the real estate development investment decreased by 9.6%. The national cement output declined for three consecutive years to 2.02 billion tonnes, representing a year-on-year decrease of 0.7%. From the perspective of cement supply and demand, the contradiction between the excess production capacity and insufficient market demand in the cement industry remained prominent, and the cement price in various regions generally recorded a significant year-on-year decrease, which has great influence on the benefits of the industry.

#### **(2) *Property development industry***

In 2023, China's real estate market continued to adjust at the bottom, and the annual investment amount declined significantly. Both the supply and demand sides of the market weakened, and the saleable area fell but remained at a high level.

According to the data of the National Bureau of Statistics, in 2023, the investment in real estate development in China was RMB11,091.3 billion, representing a decrease of 9.6% over last year. Among them, the investment in residential properties was RMB8,382.0 billion, representing a decrease of 9.3%. Investment in residential properties accounted for 75.6% of aggregate investment in real estate development, representing a decrease of 0.1 percentage point over last year. The construction sites for corporate use of real estate developers were 8,383.64 million sq.m., representing a decrease of 7.2% over last year, among which 5,898.84 million sq.m. were area of construction sites for residential properties, representing a decrease of 7.7%. The area of newly commenced construction of real estates was 953.76 million sq.m., representing a decrease of 20.4%. Of this, the area of newly commenced construction of residential properties was 692.86 million sq.m., representing a decrease of 20.9%. The area of completed real estate was 998.31 million sq.m., representing an increase of 17.0%. Of this, the area of completed residential properties was 724.33 million sq.m., representing an increase of 17.2%. The area of sold commodity housing was 1,117.35 million sq.m., representing a decrease of 8.5% over last year, among which the area of sold residential properties decreased by 8.2% over last year. The sales of commodity housing amounted to RMB11,662.2 billion, representing a decrease of 6.5%. Of this, the sales of residential

properties decreased by 6.0%. As at the end of 2023, the area of commodity housing for sales was 672.95 million sq.m., representing an increase of 19.0% compared with last year. Of this, the area of residential properties for sales increased by 22.2%.

## **(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 aggregate production capacity amounted to 72.0 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 5.4 million tonnes (including construction waste). 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 and the Winter Olympic Stadium, 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 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.. At present, the Company has made its presence in 17 cities including Beijing, Shanghai, Tianjin, Chongqing, Hangzhou, Nanjing, Tangshan and Suzhou, 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 2.516 million sq.m. such as high-end office buildings, commercial and industrial parks, of which 846,000 sq.m. are grade B and above high-end investment properties in core areas in Beijing, and manages properties inside and outside Beijing of the area of 18.37 million sq.m.. 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

	2023	2022	Change
<b>1. Modern green building materials segment</b>			
Aggregate sales volume of cement and clinker (in million tonnes)	<b>93.24</b>	86.87	7.3%
Sales volume of ready-mixed concrete (in million cubic metres)	<b>13.87</b>	11.92	16.4%
Stone wool boards (in thousand tonnes)	<b>100.8</b>	94.8	6.3%
<b>2. Property development and operation segment</b>			
Booked gross-floor area (“GFA”) (in thousand sq.m.)	<b>1,165.8</b>	1,244.2	-6.3%
Contracted sales GFA (in thousand sq.m.)	<b>1,133.6</b>	916.3	23.7%
GFA of investment properties (in thousand sq.m.)	<b>2,516.5</b>	2,323.9	8.3%

In 2023, facing the influence of various risks such as the complex and changing internal and external environment and lower-than-expected recovery of economies, the cadres and employees of BBMG made concerted efforts to overcome all difficulties and challenges, adhered to the general work tone of striving for progress while maintaining stability, fully implemented the work requirements of the “One High, Double Win, Three Coordination” (一高雙贏三統籌), and went all out to stabilize growth, propelled reform, promoted development and prevent risks, and overcame unprecedented difficulties and challenges, thereby achieving hard-won development achievements.

During the Reporting Period, the Company recorded operating revenue of approximately RMB107,955.7 million, of which operating revenue from its principal business amounted to approximately RMB107,068.7 million, representing a year-on-year increase of approximately 4.7%; total profit amounted to approximately RMB300.4 million, representing a year-on-year decrease of approximately 91.0%; net loss amounted to approximately RMB1,287.4 million, as compared with net profit of approximately RMB1,739.9 million for the same period of last year; and net profit attributable to the shareholders of the parent company amounted to approximately RMB25.3 million, representing a year-on-year decrease of approximately 97.9%.

## **1. Modern Green Building Materials Segment**

As the cement business was faced with the industry dilemma of “continuously shrinking demand, price fall at a low level and sharp decline in benefits”, the Company insisted on refined management and focused on cost reduction and efficiency improvement. In addition, the Company continued to deepen the concept of “customer-oriented, upgrade based on ability-concentration”, actively expanded the market to stabilize prices and increase production, and took effective measures to enhance market share. In terms of the cement business, the Company reserved customer resources in advance by strengthening market development, and the sales volume rose against the trend; in addition, the Company focused on management internally and expanded the market externally, strengthened the management and control of the risks of accounts receivable, and strove to improve the operation quality. In terms of the modern building materials business, the Company focused on the special actions for quality improvement and systematic cost reduction and control internally, and strengthened the innovation of marketing model and regional market layout externally, and the operating quality continued to improve, maintaining a good development trend as a whole. In terms of the high-end equipment manufacturing business, the Company continuously enhanced the competitiveness of products, strengthened internal and external coordination, and promoted external markets to improve quality and increase output. In terms of the commerce logistics business, the Company continuously optimized the operating layout on the basis of strictly preventing risks. The Company gave full play to the advantage of “BBMG” brand to enrich supporting services and stabilize customer resources.

During the Reporting Period, the modern green building materials segment recorded operating revenue from its principal business of approximately RMB78,953.5 million, representing a year-on-year increase of approximately 0.9%; and such segment recorded gross profits from principal business of approximately RMB6,978.1 million, representing a year-on-year decrease of approximately 30.5%. During the Reporting Period, the aggregated sales volume of cement and clinker was approximately 93.24 million tonnes (exclusive of joint ventures and associates of the Company), representing a year-on-year increase of approximately 7.3%, among which sales volume of cement amounted to approximately 86.33 million tonnes and sales volume of clinker amounted to approximately 6.91 million tonnes; the aggregated gross profit margin for cement and clinker was approximately 8.9%, representing a year-on-year decrease of approximately 11.1 percentage points. The sales volume of concrete business amounted to approximately 13.87 million cubic meters, representing a year-on-year increase of approximately 16.4%; the gross profit margin of concrete was approximately 12.8%, representing a year-on-year increase of approximately 4.8 percentage points.

## 2. Property Development and Operation Segment

For the real estate development business, facing the downward pressure on the real estate industry, the Company took different measures for difference projects, and insisted on the “closely monitoring cash, facilitating collection and ensuring delivery for use”. The delivery rate of key projects such as Hangzhou Jianqiao and Fengqi Home reached above 98%.

In 2023, the Company acquired the use right of three parcels of state-owned construction land. The details are as follows:

No.	Name of projects (parcel of land)	Location	Use of land	Land area of the project ( <i>m</i> <sup>2</sup> )	Planned plot ratio area ( <i>m</i> <sup>2</sup> )	Land price ( <i>RMB million</i> )	Method of acquisition	Date of acquisition ( <i>yy-mm</i> )	Percentage of ownership
1	Plot located on the east of Jinxi street and the south of Xiluoxiang, Suzhou Industrial Park	Suzhou Industrial Park	Class 2 residential land	49,479	74,219	2,896.58	Listing	2023.11.29	60%
2	Plot C-03 at district of Qixin Cement Factory, Lubei District, Tangshan	North of Xinhudong Road, Lubei District, Tangshan	Class 2 residential land	35,687	71,374	442.52	Auction	2023.11.29	100%
3	Plots 061-02 and 065-01, Taopu Smart City (Unit W06-1401), Putuo District, Shanghai	Taopu Smart City, Putuo District, Shanghai	Class 2 residential land	18,411	46,029	2,277.00	Listing	2023.12.5	100%
Total (equity)				<u>83,785</u>	<u>161,934</u>	<u>4,457.47</u>	-	-	-

For the property management business, the Company made innovation in the business strategy, focused on the implementation of key tasks, and the occupancy rate of office buildings outperformed the market averages. The operation quality of cultural and creative industrial park, hotel for vacations and commercial business has been improved continuously.

During the Reporting Period, the property development and operation segment recorded the revenue from its principal business of approximately RMB28,458.5 million, representing a year-on-year increase of approximately 10.1%, and the gross profit from its principal business was approximately RMB4,754.1 million, representing a year-on-year decrease of approximately 15.5%. The booked GFA was approximately 1,165,800 sq.m., representing a year-on-year decrease of approximately 6.3%, among which booked GFA of commodity housing amounted to 852,400 sq.m., representing a year-on-year decrease of approximately 27.65%; booked GFA of policy-oriented housing was approximately 313,400 sq.m., representing a year-on-year increase of approximately 375.64%. During the year, the aggregated contracted sales amount was approximately RMB23,284.0 million, representing a year-on-year decrease of approximately 28.43%, among which the aggregated contracted sales amount of commodity housing amounted to approximately RMB20,355.0 million, representing a year-on-year decrease of approximately 37.02%, and the aggregated contracted sales amount of policy-oriented housing amounted to approximately RMB2,929.0 million, representing a year-on-year increase of approximately 1,262%; the aggregated contracted sales area was 1,133,600 sq.m., representing a year-on-year increase of approximately 23.72%, among which aggregated contracted sales areas of commodity housing amounted to 963,600 sq.m., representing a year-on-year increase of approximately 5.48%, and the aggregated contracted sales area of policy-oriented housing amounted to 170,000 sq.m., representing a year-on-year increase of approximately 5,973.0%. As at the end of the Reporting Period, the Company's land bank was 5,860,200 sq.m. on an attributable basis.

As at the end of the Reporting Period, the Company held approximately 2,516,000 sq.m. of investment properties such as high-end office buildings, commercial and industrial parks, with a consolidated average occupancy rate of 82% and a consolidated average rental unit price of approximately RMB5.9/sq.m./day. The grade B and above high-end investment properties held in core areas in Beijing totaled 846,000 sq.m., with a consolidated average occupancy rate of approximately 86% and a consolidated average rental unit price of approximately RMB9.2/sq.m./day.

## RENTAL OPERATIONS OF THE MAJOR INVESTMENT PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2023

Property Name	Location	Use	Gross area (thousand sq.m.)	Fair value (RMB million)	Rental unit price (RMB/sq.m./day)	Average occupancy rate (Note 1)	Unit fair value (RMB/sq.m.)	Expiration of the land use right (Year)
Phase 1 of Global Trade Center	North Third Ring Road, Beijing	No. 36, North Third Ring East Road, Dongcheng District, Beijing	108.0	3,846.8	11.5	80%	35,619	2054
Phase 2 of Global Trade Center	North Third Ring Road, Beijing	No. 36, North Third Ring East Road, Dongcheng District, Beijing	141.0	4,399.2	10.0	91%	31,200	2058
Phase 3 of Global Trade Center	North Third Ring Road, Beijing	No. 36, North Third Ring East Road, Dongcheng District, Beijing	57.0	1,422.0	9.2	78%	24,947	2058
Tengda Plaza	West Second Ring Road, Beijing	No. 169, Xizhimenwai Street, Haidian District, Beijing	68.0	2,007.8	10.0	89%	29,526	2045
Jin Yu Building Tower A	West Second Ring Road, Beijing	No. 129, Xuanwumen West Street, Xicheng District, Beijing	41.0	1,550.0	11.9	90%	37,805	2058
Jin Yu Building Tower B	West Second Ring Road, Beijing	No. 129, Xuanwumen West Street, Xicheng District, Beijing	41.0	1,478.6	11.4	51%	36,063	2052
Building Materials Trading Tower, Jianda Building	East Second Ring Road, Beijing	No. 14, Dongtucheng Road, Chaoyang District, Beijing	59.0	1,132.2	6.2	78%	19,190	Note 2, 3
Huan Bohai Golden Shore Shopping Mall	Hexi District, Tianjin	No. 473, Jiefang South Road, Hexi District, Tianjin	302.0	2,427.7	2.0	91%	8,040	2060
Pangu Plaza Building 5	North Fourth Ring Road, Beijing	No. 27 Courtyard, North Fourth Ring Middle Road, Chaoyang District, Beijing	137.0	6,414.6	12.0	19%	46,822	Note 2
Phase 1 of Hi-tech Industrial Park	South Sixth Ring Road, Beijing	No. 3 Courtyard, Qingxiang North Road, Daxing District, Beijing	122.0	1,035.5	2.2	96%	8,488	2058
Phase 2 of Hi-tech Industrial Park	South Sixth Ring Road, Beijing	No. 3 Courtyard, Qingxiang North Road, Daxing District, Beijing	101.0	535.0	2.5	34%	5,297	2058
Other properties	Beijing	Beijing	120.0	1,050.2	6.0	97%	8,752	-
Subtotal			1,297.0	27,299.6				
Other properties	Beijing and Tianjing Municipality		1,219.5	16,371.0				
Total			<u>2,516.5</u>	<u>43,670.7</u>	<u>5.9</u>	<u>82%</u>	<u>17,354</u>	

*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	78,953.5	71,975.5	8.8	0.9	5.5	Decrease of 4.0 percentage points
Property development and operation segment	28,458.6	23,704.4	16.7	10.1	17.2	Decrease of 5.1 percentage points
Eliminations	<u>(343.4)</u>	<u>(129.4)</u>				
Total	<u>107,068.7</u>	<u>95,550.5</u>	10.8	4.7	9.5	Decrease of 3.9 percentage points

## **2. Investment properties measured at fair value**

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

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

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

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

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

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

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group increased by approximately RMB458.1 million year-on-year to approximately RMB1,070.6 million, accounting for 517.8% of the profits before tax. The change was mainly due to a year-on-year increase in the appreciation of investment properties.

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

- (1) Selling expenses were approximately RMB2,398.0 million, representing a year-on-year increase of approximately RMB28.0 million or 1.2%.
- (2) Administrative expenses were approximately RMB6,565.6 million, representing a year-on-year decrease of approximately RMB392.6 million or 5.6%. Such decrease was mainly due to the year-on-year decrease in salary and remuneration and maintenance expenses.

- (3) Finance costs were approximately RMB2,275.5 million, representing a year-on-year decrease of approximately RMB1,737.3 million or 39.1%. Such decrease was mainly due to the year-on-year decrease in interest expense as a result of a decline in interest rates.
- (4) Investment gains were approximately RMB131.5 million, representing a year-on-year decrease of approximately RMB120.0 million or 47.7%. Such decrease was mainly due to the year-on-year decrease of gains on investment in joint ventures and associates of the Company during the Reporting Period.
- (5) Credit impairment losses were approximately RMB123.8 million, representing a year-on-year decrease of approximately RMB329.6 million or 72.7%. Such decrease was mainly due to the decrease in provision on loss of long-term receivables of the Company during the Reporting Period comparing the same period of last year.
- (6) Asset impairment losses were approximately RMB1,858.8 million, representing a year-on-year increase of approximately RMB1,031.0 million or 124.6%. Such increase was mainly due to the year-on-year increase in provision of inventory impairment of property projects during the Reporting Period.

#### 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 (%)	Explanations
Financial assets held for trading	550,397,005.33	0.20	1,116,954,484.86	0.40	-50.72%	1
Bills receivable	613,180,024.79	0.23	422,263,122.28	0.15	45.21%	2
Accounts receivable	8,190,446,854.77	3.04	7,618,174,146.44	2.71	7.51%	-
Receivables financing	763,501,720.37	0.28	1,496,573,941.98	0.53	-48.98%	3
Prepayments	2,019,452,127.40	0.75	1,705,162,281.88	0.61	18.43%	-
Other receivables	6,132,077,812.09	2.27	7,357,457,848.35	2.61	-16.65%	-
Inventories	95,810,062,788.10	35.53	111,184,131,016.91	39.49	-13.83%	-
Non-current assets due within one year	696,330,818.56	0.26	269,845,114.30	0.10	158.05%	4
Debt investments	865,628,511.12	0.32	1,155,764,072.96	0.41	-25.10%	-
Long-term receivables	1,709,779,597.92	0.63	2,851,242,784.44	1.01	-40.03%	5
Other non-current financial assets	369,093,598.93	0.14	263,969,459.46	0.09	39.82%	6
Long-term equity investments	9,188,694,018.61	3.41	7,736,678,183.35	2.75	18.77%	-
Investment properties	43,671,254,377.67	16.19	38,705,919,637.25	13.75	12.83%	-
Construction in progress	2,604,995,214.22	0.97	3,604,955,673.02	1.28	-27.74%	-
Right-of-use assets	977,373,084.17	0.36	953,854,888.87	0.34	2.47%	-
Other non-current assets	460,393,602.36	0.17	1,004,096,765.50	0.36	-54.15%	7

Items	Amount at the end of the Reporting Period	Percentage of	Amount at the end of last period	Percentage of	Change (%)	Explanations
		amount at the end of the Reporting Period over total assets (%)		amount at the end of last period over total assets (%)		
Short-term loans	29,527,007,127.21	10.95	25,482,825,771.43	9.05	15.87%	-
Bills payable	3,835,290,150.26	1.42	3,633,062,025.07	1.29	5.57%	-
Accounts payable	18,524,373,921.94	6.87	19,027,359,975.08	6.76	-2.64%	-
Receipts in advance	340,473,964.45	0.13	315,238,031.96	0.11	8.01%	-
Contract liabilities	24,490,019,361.57	9.08	30,357,771,576.04	10.78	-19.33%	-
Wages payable	277,870,134.91	0.10	541,223,371.35	0.19	-48.66%	8
Tax payable	973,367,636.46	0.36	1,841,142,424.48	0.65	-47.13%	9
Other payables	6,352,234,808.50	2.36	9,241,191,495.17	3.28	-31.26%	10
Non-current liabilities due within one year	22,401,174,031.96	8.31	16,724,946,325.58	5.94	33.94%	11
Bonds payable	11,099,760,459.11	4.12	26,493,958,938.44	9.41	-58.10%	12
Lease liabilities	500,532,265.14	0.19	481,532,950.83	0.17	3.95%	-
Long-term payables	213,484,881.59	0.08	299,650,814.94	0.11	-28.76%	-
Accrued liabilities	516,634,238.79	0.19	478,333,744.87	0.17	8.01%	-
Other non-current liabilities	-	0.00	310,124.31	0.00	-100.00%	13
Other equity instruments	27,468,376,000.00	10.17	16,499,000,000.00	5.86	66.49%	14

#### Explanations

1. Financial assets held for trading: A decrease of 50.7% from the beginning of the Reporting Period, mainly due to the recovery of wealth management investments of the Company during the Reporting Period.
2. Bills receivable: An increase of approximately 45.2% from the beginning of the Reporting Period, mainly due to an increase in the letter of credits settlement business of the Company during the Reporting Period.
3. Receivables financing: A decrease of approximately 49% from the beginning of the Reporting Period, mainly due to a decrease in bank acceptance bills received by the Company during the Reporting Period.
4. Non-current assets due within one year: An increase of 158.1% from the beginning of the Reporting Period, mainly due to an increase in the Company's finance lease payment due within one year during the Reporting Period.
5. Long-term receivables: A decrease of 40% from the beginning of the Reporting Period, mainly due to the collection of the loans in proportion to shareholdings for property projects during the Reporting Period.

6. Other non-current financial assets: An increase of 39.8% from the beginning of the Reporting Period, mainly due to an increase in the external investment fund of the Company during the Reporting Period.
7. Other non-current assets: A decrease of 54.2% from the beginning of the Reporting Period, mainly due to the transfer of prepayments for projects and equipment of the Company to fixed assets during the Reporting Period.
8. Wages payable: A decrease of 48.7% from the beginning of the Reporting Period, mainly due to a decrease in performance related bonuses of the Company during the Reporting Period.
9. Tax payable: A decrease of 47.1% from the beginning of the Reporting Period, mainly due to the settlement of land appreciation tax of the Company during the Reporting Period.
10. Other payables: A decrease of 31.3% from the beginning of the Reporting Period, mainly due to the year-on-year decrease in interests payable.
11. Non-current liabilities due within one year: An increase of 33.9% from the beginning of the Reporting Period, mainly due to the increase in the bonds due within one year.
12. Bonds payable: A decrease of 58.1% from the beginning of the Reporting Period, mainly due to the repayment of the bonds by the Company during the Reporting Period.
13. Other non-current liabilities: A decrease of 100% from the beginning of the Reporting Period, mainly due to the maturity of the advance payments on rents of the Company during the Reporting Period.
14. Other equity instruments: An increase of 66.5% from the beginning of the Reporting Period, mainly due to an increase in the issuance of perpetual bonds of the Company during the Reporting Period.

## 5. Cash flows

During the Reporting Period, a net increase of approximately RMB4,003.7 million in cash and cash equivalents was recognized in consolidated financial statements of the Company. Such increase was the combined effect of: (i) the net cash inflows generated from operating activities of approximately RMB7,140.8 million, representing a year-on-year decrease in net cash inflows of approximately RMB6,824.3 million, which was mainly due to the year-on-year decrease of inflows from the operation of property projects during the Reporting Period; (ii) the net cash inflows generated from investment activities of approximately RMB1,324.4 million, as compared with net cash outflows of approximately RMB6,732.5 million for the same period of last year, which was mainly due to the recovery of payment for cooperative property projects during the Reporting Period; (iii) the net cash outflows generated from financing activities of approximately RMB4,463.2 million, representing a year-on-year decrease in net cash outflows of approximately RMB8,202.2 million, which was mainly due to the year-on-year increase of the issuance of bonds during the Reporting Period; and (iv) the exchange realignment of approximately RMB1.7 million.

## Core Competence Analysis

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”, insisting on the work requirements of the “One High, Double Win, Three Coordination” (一高雙贏三統籌), comprehensively promoting the implementation of the development planning under the 14th Five-Year Plan, serving the development of the capital in the new era, serving the construction of “four centers” of Beijing, and improving the level of “four services” to make dedicated efforts in the building of core areas of the capital in the new era. 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, 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, and accelerated the construction of a modern industrial system with BBMG’s characteristics. BBMG was empowered with digital intelligence, and accelerated 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.

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

The Company took science and technology innovation as an important strategic focus, 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 by concentrating on the scientific and technological innovation complexes and ecological circles at all levels, 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. Focusing on key matters such as “bottleneck” technology and industry wide technology, the Company used the research and development funds where they were indeed needed. In 2023, the Company made nearly 800 patent applications, including over 170 invention patents, which laid a solid foundation for the Company to develop strategic emerging industries and cultivate innovative businesses. 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.

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

The Company seized the strategic opportunity of peak carbon dioxide emissions and carbon neutrality, and insisted on being the pioneer and leader of “green, recycling and low-carbon” development. In 2023, the Company invested nearly RMB220 million to implement various large-scale energy-saving technological transformation projects, in a bid to accelerate the implementation of the work in relation to peak carbon dioxide emissions and carbon neutrality plan and consolidate the foundation of state-owned enterprise of green development. The Company continued to improve the “carbon neutrality and peak carbon emission” management system, carried out research on peak carbon emission road map and carbon neutrality countermeasures, and played a vanguard and exemplary role in the green Beijing “carbon neutrality and peak carbon emission” action. 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 built green industrial and supply chains, led green transformation of production and consumption mode, 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, achieving the alignment of economic, social and environmental benefits.

***(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 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's issuer credit rating remained AAA, the financing pipelines were smooth in supporting the development of the main business, and the capital structure was optimized.

**(V) *Competitive edge in corporate culture and branding:***

The core value of BBMG's corporate culture is based on the pragmatic working culture of "work with aspiration, competence, efficiency, success and prudence", the human spirits of "eight specials", the development philosophy of "integration, communion, mutual benefit and prosperity", and the corporate spirits of "three emphasis and one endeavor". We united our minds and efforts and forged ahead to carry forward culture and brand value. The Company followed the instructions of Xi Jinping, general secretary of the Communist Party of China Central Committee, on the building of world-class enterprises with outstanding products and brands, leading innovation and modern governance, facilitated full implementation of the Group's C-end brand strategies and promoted brand upgrading, demonstrating "BBMG" Brand power. "BBMG" Brand has been consecutively honored as a well-known trademark in Beijing. The Company ranked 64th in the list of 2023 (20th) "China's 500 Most Valuable Brands" with a value of RMB113.556 billion.

## **DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT**

### **(1) Industry Pattern and Trend**

The uncertainties, instability factors and risks in international environment are increasing, the global financial environment is volatile, trade protectionism is intensifying, and global economic growth is weak, so it will take time for the world economy to fully recover. In 2023, the main indicators of domestic economic and social development have been significantly improved compared with last year, and China's economic growth was in the forefront of major economies in the world. China's strong political advantages, institutional advantages and super-large-scale market advantages have not changed, and the basic trend is improving for a long time. The general situation of China's overall economic improvement remains unchanged.

Facing the complicated and changeable external environment, there are still four opportunities in the building materials and real estate industries.

Firstly, strengthen the expansion of domestic demand and continuously upgrade the strategy. The demands for urban renewal, renovation of old urban residential communities, renovation of villages in cities and improvement of living and inhabiting quality have been effectively released, continuing to promote the upgrading of traditional consumption. Strengthening the expected guidance of the real estate market and promoting the just-needed consumption of high-quality home decoration are conducive to the expected improvement of the building materials and real estate industries in the future and drive demand to bottom out and rebound.

Secondly, the development of a new round of scientific and technological revolution and industrial transformation is accelerating. The digital economy is bringing new impetus to global economic growth. The application of large-scale models in the field of artificial intelligence has accelerated the updating iteration of new materials, new energy, biotechnology and digital technology, profoundly affecting all aspects of human life. The strong demand for computing power, algorithms and data broke out, accelerating the construction of new infrastructure and spawning new industries, new formats and new models.

Thirdly, adhere to green and low-carbon development and optimize the energy structure. The formation of zero-carbon industrial system in the future is accelerating. Cement business, main business of the Company, is a big carbon emitter, and is the first industry to benefit from the “carbon neutrality and carbon emission peaking”. The Company will actively plan new energy projects, vigorously promote the substitution of raw materials and fuel materials, steadily and orderly promote the technological transformation of energy saving and carbon reduction, and accelerate the research on the application of hydrogen energy in industrial decarbonization, making a good technical reserve for carbon neutrality. The Company will actively explore the construction of zero-carbon computing center by setting up a smart computing laboratory.

Fourthly, the Company’s C-side strategy has achieved initial results. The rapid development of civilian businesses such as BBMG Tiantan decoration reflects that the large household business has become the core of the Company’s growth strategy. In 2023, the amount of new contracts of the decoration business exceeded RMB1 billion, ranking among the top three in Beijing, and providing a state-owned enterprise guarantee for the people’s good quality of life. The Company’s strategic investment in Easyhome New Retail Group Corporation Limited will further strengthen the synergy in civilian businesses, logistics and transportation, digitalization and other fields, and promote the Company to reduce costs and increase efficiency and achieve a “win-win” situation.

## **(2) The Company’s Development Strategy**

Guided by the development of the capital in the new era, the Company actively integrates into the new pattern of linkage development of Beijing’s “five initiatives”, serves the construction of the capital’s “four centers”, acts on the principle of “seeking progress while maintaining stability, promoting stability through progress, and establishing the new before abolishing the old”, takes the improvement of economic benefits as the core and high-quality development as the primary task, continues to implement the work requirements of the “One High, Double Win, Three Coordination” (一高雙贏三統籌), and makes dedicated efforts in “progress, innovation, refinement, stability, stringency and efficiency”, so as to promote the Company to achieve effective improvement in quality and reasonable growth in quantity.

Firstly, strengthen, optimize and expand main businesses on an ongoing basis. In terms of the building materials segment, the Company will explore markets externally and reduce costs internally, make solid efforts in the leading role of core regional markets such as the Beijing-Tianjin-Hebei region, create a value highland and take the lead in winning the “war of economic recovery”. Besides, the Company will coordinate the mine resource reserves, integration of regional markets, transformation of production lines with no or low efficiency and achievement of production and efficiency targets for new projects, and ensure new breakthroughs during the year. In terms of the property development business, the Company will develop a new model, take an active part in the construction of government-subsidized housing and urban renewal, comprehensively strengthen the operation capacity of various businesses such as self-owned buildings, hotels, commercial complexes and parks, and continue to improve the service quality.

Secondly, create new productive forces for new industrialization. The Company will focus on its main responsibilities and main businesses to vigorously develop the new materials industry, and accelerate the construction of a modern industrial system with BBMG’s characteristics. The Company will continue to refine the technological innovation mechanism, and promote the transfer of scientific and technological achievements to more physical achievements. The Company will adhere to green low-carbon development, vigorously promote the replacement of raw and fuel materials, and propel the technological transformation of energy conservation and carbon reduction in an orderly manner, with the aim to build technology reserves for achieving carbon neutrality. The Company will also accelerate the scenario-based innovation of intelligent factories, intelligent parks and digital supply chain, and fuel the transformation and upgrading of traditional industries with digital economy.

Thirdly, improve lean management level. The Company will make more efforts in benchmarking industry-leading enterprises, strengthen cost control and create competitive strength featuring low costs. The Company will further enhance the scientific decision-making level of investment projects to ensure precise and efficient project investments. The Company will also continue to deepen the precise implementation of the reform of state-owned enterprises, and focus on improving its professional capabilities in the control, guidance and services in strategic guidance, layout optimization, resource allocation, capital operation, risk management and control as well as assessment and incentives, etc.

Fourthly, ensure security in the pursuit of development. The Company will strengthen risk management and control of trading business, and continuously improve its capabilities in identifying and preventing non-performing business. The Company will pay close attention to the management of the whole process of bidding and procurement, and consolidate the defense line of compliance. The Company will closely monitor the fulfillment of safety and environmental protection responsibilities, thoroughly carry out investigation and rectification of hidden dangers in safety and environmental protection, and ensure high-quality development with high-level safety. Besides, the Company will take the initiative to speed up resolution of the historical problems.

Fifthly, insist on exercising full and rigorous governance over the Party and management of enterprises. The Company will strictly implement the “three-important and one-big” decisions, rules and standards, conduct ex ante research, and consolidate Party leadership on all fronts in the improvement of modern corporate governance of state-owned enterprises with Chinese characteristics.

Sixthly, adapt to new development trends rapidly. The Company will further emancipate minds, change traditional views, adapt to the work requirements brought by new trends, new changes and new tasks as soon as possible, strengthen front-line management and carry out researches and studies in a practical way, in a bid to ensure comprehensive resolution of actual problems. The Company will enhance service awareness and build a strong first-class head office. The Company will strengthen work implementation, focus on major conflicts, and make targeted efforts to coordinate all key tasks in an efficient manner. The Company will also carry forward the fighting spirit, and make long, tenacious efforts to tackle long-term and systematic work such as technological innovation, digital intelligent transformation as well as peak carbon dioxide emissions and carbon neutrality.

### **(3) Business Plan**

In 2024, BBMG will adhere to the principle of “seeking progress while maintaining stability, promoting stability with progress and establishing the new before abolishing the old”, focus on the central task of improving economic efficiency and the primary task of high-quality development, continue to implement the work requirements of the “One High, Double Win, Three Coordination” (一高雙贏三統籌), and take the “year of efficiency improvement” as the starting point, deepening reform as the driving force and scientific and technological innovation as the guide to strengthen the coordination between internal and external industries, build a modern industrial system with BBMG characteristics and further enhance the core competitiveness, so as to comprehensively complete all the goals and tasks in 2024 with high quality.

### **(4) Possible risks**

Firstly, the external environment is complex and severe, and the economic operation is facing new difficulties and challenges. A new round of scientific and technological revolution and industrial transformation is surging, and it has become an important driving force for the transformation, upgrading, renewal and iteration of traditional industries. The new era and new journey endow state-owned enterprises with a new mission and a new orientation, so as to promote new industrialization and accelerate the construction of a Chinese-style modern industrial system. While consolidating and upgrading the core main business, it is extremely urgent for the Company to build a strategic pillar of new industries in the future.

Responses: The Group will strengthen the research and judgment on the external development environment and closely integrate into the industrial transformation. The Group will take scientific and technological innovation as the engine, develop new productive forces with new industrialization, expand new industries, new businesses and new kinetic energy, and cultivate new industrial pillars of the Group. The Group will strengthen scientific and technological innovation, especially original and subversive scientific and technological innovation, and fight

hard for key core technologies. The Group will plan the industrial chain around the development of new productive forces, and steadily improve the resilience and safety level of industrial and supply chains. The Group will always take green development as the background of high-quality development, accelerate the green transformation of development mode and help the “carbon neutrality and carbon emission peaking”.

Secondly, due to the impact of multiple factors such as the downward pressure on the economy and the continuous bottoming out of the real estate market, the impact on the Company’s two core main businesses far exceeded expectations, and the objective environment seriously restricted the high-quality development of the Company’s core main businesses.

Responses: The Company will respond to the call of national policies, strengthen the follow-up, analysis and judgment of national macroeconomic policies. The Company will also enhance the risk awareness and crisis awareness and accurately predict future development trends. For the real estate business, the Company will proactively adapt to and study the new situation and new mode of real estate, and transform to a high-quality sustainable development mode with efficient operation and quality. The Company will focus on industrial opportunities brought by “Three Major Projects” and stabilize the overall economic development.

The overcapacity in the cement industry is still severe, and the contradiction between supply and demand in the market is becoming more and more prominent. Due to the continuous sharp drop in prices caused by the price reduction and quantity grabbing, fierce competition in the industry, rising cost of raw materials, frequent peak-shifting production, environmental protection investment and other factors, the profitability of cement was greatly reduced, and the whole industry is in a state of low profit or loss.

Responses: The Company will expand the market externally and reduce the cost internally, focus on the market traction in core areas such as Beijing, Tianjin and Hebei, and create a value highland. The Company will continue to optimize the industrial layout, expand the advanced production capacity, comprehensively improve the operation level, strengthen the marketing profitability, and promote the rise of quantity, price and profit. The Company will coordinate and focus on mining resource reserves, regional market integration, transformation of ineffective and inefficient production lines, and collaborative disposal of projects to achieve targets in production and efficiency, so as to win the “war of economic recovery”.

The real estate industry is deeply adjusted, the policy transmission is not as expected, the market stock remains high, the relationship between supply and demand has fundamentally changed, and the industry logic has been profoundly changed. It is increasingly difficult for the Company to acquire land, the selling price and sales are declining, and the future land reserve is limited, making it difficult to support the Company’s real estate industry to develop by leaps and bounds.

Responses: The Company will build a new model of real estate business development and actively participate in the construction of affordable housing and urban renewal. The Company will strengthen sales through the “one project, one policy” system to effectively prevent and control operating risks. The Company will further enhance the product strength and minimize the cost through lean management.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2023, the Group’s total assets amounted to approximately RMB269,679.1 million, representing a decrease of approximately 4.2% from the beginning of the Reporting Period, of which liabilities amounted to approximately RMB175,314.8 million, minority interests amounted to approximately RMB21,357.3 million and total equity attributable to the shareholders of the parent company amounted to approximately RMB73,007.0 million. Total equity attributable to shareholders amounted to approximately RMB94,364.4 million, representing a decrease of approximately 0.6% from the beginning of the Reporting Period. As at 31 December 2023, the Group’s net current assets were approximately RMB23,469.6 million, representing a decrease of approximately RMB14,510.1 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) as at 31 December 2022 was approximately 65.0%, representing a decrease of approximately 1.3 percentage points from the beginning of the Reporting Period.

As at 31 December 2023, the Group’s cash and bank balances amounted to approximately RMB17,332.1 million, representing an increase of approximately RMB1,335.7 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 2023, the Group’s interest-bearing bank borrowings amounted to approximately RMB75,581.8 million (as at 31 December 2022: approximately RMB66,898.1 million) and bore fixed interest rates. Of these borrowings, approximately RMB37,839.9 million interest-bearing bank borrowings were due for repayment within one year, representing a decrease of approximately RMB3,579.1 million from the beginning of the Reporting Period. Approximately RMB37,741.8 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB5,104.7 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 transaction of the Group that was required to be disclosed was set out as below:

On 17 November 2023, the Company entered into the share transfer agreement with Beijing Easyhome Investment Holding Group Co., Ltd. (北京居然之家投資控股集團有限公司) (the “**Seller**”), Mr. Wang Linpeng and Khorgas Huixinda Building Material Co., Ltd. (霍爾果斯慧鑫達建材有限公司), pursuant to which, the Company has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, 628,728,827 shares (the “**Target Shares**”) of Easyhome New Retail Group Corporation Limited (a company established under the laws of the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000785)), representing approximately 10.00% of the total issued share capital of the Target Company as at the date of the Share Transfer Agreement, at the consideration of RMB2,231.99 million (equivalent to approximately HK\$2,429.61 million), subject to the transitional period adjustments. The consideration shall be funded by internal resources of the Company. The consideration was the aggregate value of the transfer price of RMB3.55 per Target Share, which was determined after arm's length negotiations with the Seller, after taking reference of the secondary market trading price of the shares of the Target Company. Any matter in relation to the acquisition of the Target Shares was completed in December 2023. For details of the acquisition, please refer to the announcement of the Company dated 17 November 2023.

## **MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES**

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 2023, certain of the Group's inventories, fixed assets, investment properties, land use rights and equity interest amounting to RMB27,517.9 million in aggregate (as at 31 December 2022: RMB39,070.7 million) were pledged to secure short-term and long-term loans of the Group, which accounted for approximately 10.2% of the total assets of the Group (as at 31 December 2022: 13.9%).

## CONTINGENCIES

*Unit: RMB*

		As at 31 December 2023	As at 31 December 2022
Provision of guarantee on housing mortgage to third parties	<i>Note 1</i>	7,998,223,302.70	6,289,946,154.12
Provision of guarantee on loans and others to third parties	<i>Note 2</i>	775,000,000.00	840,000,000.00
Provision of guarantee on loans and others to related parties	<i>Note 3</i>	<u>608,389,590.51</u>	<u>817,630,801.70</u>
		<u><b>9,381,622,893.21</b></u>	<u><b>7,947,576,955.82</b></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 RMB775,000,000.00 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 in May 2029.

Note 3: The Company provided a secured guarantee for the bank loan projects of Nanjing Huayu Real Estate Development Co., Ltd. (南京鑼隅房地產開發有限公司), an associate of the Group, amounting to RMB526,736,600.00. The guarantee will expire on 21 March 2025. The Company provided an 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), an associate of the Group, with guarantee amount of RMB11,652,990.51, which will expire on 10 October 2025.

Tangshan Jidong Cement Co., Ltd., a subsidiary of the Group, provided guarantees with joint obligations on five borrowings with an amount of RMB5,000,000.00, RMB15,000,000.00, RMB15,000,000.00, RMB10,000,000.00 and RMB25,000,000.00 for Anshan Jidong Cement Co., Ltd., which will expire on 29 July 2024, 29 May 2024, 15 December 2024, 26 October 2024, and 23 November 2024, respectively.

## COMMITMENTS

Unit: RMB

	As at 31 December 2023	As at 31 December 2022
Contracted but not provided for:		
Capital commitments	917,589,823.48	699,644,218.25
Property development contracts	<u>5,771,393,707.41</u>	<u>7,100,337,988.90</u>
	<u><b>6,688,983,530.89</b></u>	<u><b>7,799,982,207.15</b></u>

The significant commitments made by the Group as at 31 December 2023 had been duly performed as previously undertaken.

## ESTABLISHMENT AND IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM

The Company continued to promote and improve the internal control system and further enhanced its capability to prevent and control major risks.

Firstly, the Company established a sound management system for rules and regulations to consolidate the foundation of internal control and compliance management. The Company conducted investigation and research on the management system for rules and regulations, formulated the Management System for Rules and Regulations, further optimized the layered, classified and hierarchical regulation management model, specified the effectiveness levels, decision-making body, procedures for formulation and revision of the regulations and rules and the management responsibilities of each departments for such regulations and rules, and further enhanced the top-level design and life cycle management, so as to improve the refinement and systematization of group management and control.

Secondly, the Company identified and sorted out the obligations of internal and external compliance on a coordinated basis and made efforts to optimize and improve the procedures of systems. During the year, the Company formulated and revised the institutional documents on corporate governance, procurement, bidding and tendering, assets, human resources, energy, safety and environmental protection in combination with changes in external laws and regulations. The Company completed the revision of internal control management processes of nine fields including the assets, procurement, bidding and tendering, assets and environmental protection of the headquarters. The relevant enterprises of the Company revised the Internal Control (Compliance) Manual according to their business characteristics, thereby integrating compliance risk points into the internal control process, and opening up the legal, compliance and internal control work.

Thirdly, the Company continued to improve the informatization construction, and successively launched projects such as the sunshine bidding and procurement platform, the “1211” integrated management and control information platform, the financial smart taxation and intelligent analysis platform and the compliance management platform, providing strong support for the efficient and compliant operations of the businesses of the Group, and the comprehensive operation quality and efficiency were more optimized.

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 I**”).

As the Company does not intend to effect any sale of its shares in BBMTA in connection with the Proposed Spin-off I, and there is no planned issue of new shares by BBMTA in connection with the Proposed Spin-off I for now, BBMTA will still remain an indirect non wholly-owned subsidiary of the Company immediately upon the completion of the Proposed Spin-off I, and the financial results and position of BBMTA will continue to be consolidated in the financial statements of the Company. The Proposed Spin-off I 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 I 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 I, 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**

On 1 March 2024, China Asset Management Co., Ltd\* (華夏基金管理有限公司) and CITIC Securities Co., Ltd\* (中信証券股份有限公司) submitted, among others, the application materials on the registration and listing of infrastructure REITs fund established under the pilot program of the China Securities Regulatory Commission and the National Development and Reform Commission (the “**Publicly Traded REITs**”) to the China Securities Regulatory Commission and the Shanghai Stock Exchange.

The Company proposes to choose the underlying assets in the Industrial Park of BBMG Intelligent Manufacturing Workshop in Xisanqi, Haidian District, Beijing (北京市海澱區西三旗金隅智造工場產權一期) as the underlying assets for the issuance of the Publicly Traded REITs. The Company has submitted the PN15 Application to the Stock Exchange in relation to the proposed spin-off and separate listing of the units of Publicly Traded REITs (the “**Proposed Spin-off II**”). The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off II.

The Company expects that the Proposed Spin-off II only involves the issuance and listing of the units of the Publicly Traded REITs on the Shanghai Stock Exchange. Upon completion of the Proposed Spin-off II, the Publicly Traded REITs will be held as to 35% and 65% by the Company and other public investors respectively. Considering the Company’s indirect control over the Underlying Assets, the financing amount, and the impact on the current asset-liability ratio and net profits as well as opinions of accounts, and the proposed subscription of 35% of the units of the Publicly Traded REITs by the Company, the Publicly Traded REITs will not be consolidated into the consolidated financial statements of the Company. Instead, the financial statements of the Publicly Traded REITs will be treated as investments in listed securities by the Company.

The Directors consider that the Proposed Spin-off II will enable the Company to (i) enhance the Company's capital market influence through innovative capital operation models and (ii) broaden investment and financing channels to revitalize existing infrastructure assets.

For further details, please refer to the announcement of the Company dated 1 March 2024. As at the date of this announcement, the Proposed Spin-off II has not been completed and further announcements in relation to the Proposed Spin-off II will be made by the Company as and when appropriate.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2023, the Group had 44,885 employees in total (as at 31 December 2022: 45,991 employees). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB7,075.3 million (for the year ended 31 December 2022: RMB7,267.4 million), representing a decrease of approximately 2.6%.

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.

## 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 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, organized and conducted trainings both online and offline, and created and shared learning resources. In 2023, a total of 4,371 trainings were conducted for all enterprises, and the number of training participation was 210,000 person times, including 45,000 person times of operation management training, 44,000 person times of professional technology training, 81,000 person times of skilled craftsmen training and 40,000 person times of the Party and masses training, totaling 1,970,000 courses. The annual training coverage rate reached 100%.

The Company held a “Three Gold” talent training class. Focusing on the construction of talent pipeline and personal long-term development, the Company highlighted the improvement of political quality, cultivation of leadership thinking, innovation of management methods and promotion of digital transformation, striving to achieve the goal of fully completing all the tasks in the whole year, building a world-class industrial group and entering the world’s top 500 companies. The Company organized more than 850 newly employed college graduates with excellent work performance and high comprehensive quality to participate in the Group’s “Three Gold” talent training class, further broadening their horizons, strengthening their awareness, improving their abilities, and letting them use what they have learned to put forward suggestions for the development bottlenecks and stranglehold problems encountered by the Company and turn the learning results into a powerful driving force to promote the high-quality development of the Company.

The Company continued to strengthen the construction of skilled talents of the Group, and obtained the professional skills self-certification qualification of 9 types of work, including solid waste disposal workers, and 800 people obtained certificates through the skill level certification training examination. Wang Yichun Studio of Beishui Company won the title of “Beijing Skills Master Studio”, and as a high-skilled talent of Beijing, Mr. Liu Gengsheng of LongshunCheng Company “enjoys the special government allowance of the State Council”.

**EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES (AS AT 31 DECEMBER 2023)**

	<b>Number of employees</b>
Number of incumbent employees of the parent company	175
Number of incumbent employees of major subsidiaries	<u>44,710</u>
<b>Total number of incumbent employees</b>	<b><u><u>44,885</u></u></b>

**Professional Structure**

<b>Category</b>	<b>Number of employees</b>
Production staff	22,676
Sales staff	4,587
Technical staff	13,215
Financial staff	1,854
Administrative staff	1,975
Others	<u>578</u>
<b>Total</b>	<b><u><u>44,885</u></u></b>

**Education Level**

<b>Category</b>	<b>Number of employees</b>
Master's degree and above	1,464
Bachelor's degree	13,763
Junior college	10,595
Technical secondary school and below	<u>19,063</u>
<b>Total</b>	<b><u><u>44,885</u></u></b>

## **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 2023, 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 2023, 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 2023, none of the Directors, supervisors or chief executive officer of the Company had an interest or short position 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 C3 to the Listing Rules.

## **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 2023, 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 C1 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, save for the resignation of Ms. Li Xiaohui as an independent non-executive director of the Company, chairman of the Audit Committee, a member of the Remuneration and Nomination Committee, and a member of the Strategic Committee (for details, please refer to the section “Board Composition” of this announcement).

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 four executive Directors, two non-executive Directors and four 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.

According to the resolution of the Board dated 9 February 2023, Mr. Jiang Yingwu, an executive director of the Company, was appointed as the chairman of the sixth session of the Board and the chairman of the Strategic Committee of the sixth session of the Board with effect from 9 February 2023 and the term of each appointment is the same as that of the sixth session of the Board. On the same day, the Board received the resignation report of Mr. Jiang Yingwu in relation to the resignation from the position of general manager of the Company due to job change, and the resignation from the position of general manager of the Company took effect on 9 February 2023. For details of the above changes, please refer to the announcement of the Company dated 9 February 2023.

The Company received a resignation letter from the independent non-executive director of the Company, Ms. Li Xiaohui, on 3 April 2023. Ms. Li Xiaohui resigned as an independent non-executive director of the Company, the chairman of the Audit Committee, a member of the Remuneration and Nomination Committee and a member of the Strategic Committee due to her work re-designation. Following the resignation of Ms. Li Xiaohui as an independent non-executive director, there is a vacancy for the chairman of the Audit Committee as required under Rule 3.21 of the Listing Rules. In order to satisfy the requirement under Rule 3.23 of the Listing Rules, at the 25th meeting of the sixth session of the Board held on 27 April 2023, (i) Mr. Hong Yongmiao, an independent non-executive director of the Company, has been elected as the chairman of the Audit Committee of the sixth session of the Board; (ii) Mr. Liu Taigang, an independent non-executive director of the Company, has been elected as the chairman of the Remuneration and Nomination Committee of the sixth session of the Board; and (iii) Mr. Hong Yongmiao has resigned as the chairman of the Remuneration and Nomination Committee of the sixth session of the Board but has remained as a member for the Remuneration and Nomination Committee of the sixth session of the Board. The above appointment took effect on 27 April 2023. The term of office of the newly elected chairmen of the Audit Committee and Remuneration and Nomination Committee and the remained member for the Remuneration and Nomination Committee is the same as the sixth session of the Board and as disclosed in the 2022 annual report of the Company. Upon above election of the Chairman of the Audit Committee, the Company has complied with relevant requirements under Rule 3.21 and Rule 3.23 of the Listing Rules. For details of the above changes, please refer to the announcements of the Company dated 3 April 2023 and 27 April 2023.

On 14 June 2023, the Company received a resignation letter from Mr. Wu Dong to tender his resignation as an executive director and a member of the Remuneration and Nomination Committee of the Company with effect from 14 June 2023. Mr. Wu Dong's resignation is a result of his work re-designation. For details of the above resignation of Mr. Wu Dong, please refer to the announcement of the Company dated 14 June 2023.

Pursuant to the meeting of the Board held on 24 August 2023, Mr. Gu Yu was appointed as the general manager of the Company on 24 August 2023 for a term commencing from 24 August 2023 and expiring on the date of the annual general meeting of the Company for the year 2023. At the meeting of the Board held on the same day, Mr. Gu Yu and Mr. Jiang Changlu have been nominated by the Board to be elected as the directors of the Company. According to the Articles of Association, the election of Mr. Gu Yu and Mr. Jiang Changlu as the directors of the Company (the “**Proposed Election**”) is subject to shareholders' approval at the extraordinary general meeting. The Proposed Election had been considered and approved at the 2023 first extraordinary general meeting of the Company held on 27 September 2023 by a resolution. Mr. Gu Yu and Mr. Jiang Changlu have been appointed as the executive directors of the Company since 27 September 2023. For details of the Proposed Election, please refer to (i) the announcement of the Company dated 24 August 2023; (ii) the notice and circular of the 2023 first extraordinary general meeting of the Company dated 11 September 2023; and (iii) the announcement of the Company dated 27 September 2023 in relation to the poll results of the 2023 first extraordinary general meeting.

On 30 October 2023, the Board has received a resignation letter from Mr. Wang Zhaojia (“**Mr. Wang**”) to tender his resignation as a non-executive Director, the deputy general manager of the Company and a member of the Audit Committee of the Company with effect from 30 October 2023. For details of the resignation of Mr. Wang, please refer to the announcement dated 30 October 2023.

In accordance with the recent notice of “Resolutions of the third co-meeting of leaders during the closing period of the sixth meeting of the second workers’ congress” (《第二次職代會第六次會議閉幕期間第三次團長聯席會議決議》) issued by the labor union of the Company, Ms. Hao Liwei (“**Ms. Hao**”) has been appointed as a non-executive director of the Company with effect from 18 December 2023. According to the articles of association of the Company, as Ms. Hao has fulfilled the relevant requirements and was elected democratically by the staff and workers of the Company as a director of the Company, Ms. Hao is therefore not subject to election at general meetings of the Company. For details of the appointment of Ms. Hao, please refer to the announcement dated 18 December 2023.

## **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 one non-executive Director and four independent non-executive Directors. At a meeting convened on 27 March 2024, 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 Gu Tiemin (non-executive Director), Yu Fei (independent non-executive Director), Liu Taigang (independent non-executive Director), Hong Yongmiao (independent non-executive Director) and Tam Kin Fong (independent non-executive Director). Hong Yongmiao (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 Jiang Changlu (executive Director), Yu Fei (independent non-executive Director), Liu Taigang (independent non-executive Director), Hong Yongmiao (independent non-executive Director) and Tam Kin Fong (independent non-executive Director). Liu Taigang (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.bbm.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.bbm.com.cn/listco>) around the same time as this annual results announcement.

## **AGM AND CLOSURE OF REGISTER OF MEMBERS**

A notice convening the forthcoming annual general meeting of the Company will be published and (if applicable) despatched to the shareholders of the Company in the manner required by the Listing Rules and the articles of association of the Company in due course.

For arrangement of closure of register of members involving the determining entitlements of the Shareholders to (i) attend and vote at the AGM; and (ii) receive the final dividends for the Reporting Period, the Company will inform the Shareholders by way of announcement as soon as possible.

## **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 forge ahead to win a better future!

By order of the Board  
**BBMG Corporation\***  
**Jiang Yingwu**  
*Chairman*

Beijing, the PRC  
28 March 2024

*As at the date of this announcement, the executive directors of the Company are Jiang Yingwu, Gu Yu, Jiang Changlu and Zheng Baojin; the non-executive directors of the Company are Gu Tiemin and Hao Liwei; and the independent non-executive directors of the Company are Yu Fei, Liu Taigang, Hong Yongmiao and Tam Kin Fong.*