



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

2021

ANNUAL REPORT



BBMG

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FINANCIAL HIGHLIGHTS

	2021	2020	Change	
Operating revenue (RMB'000)	123,634,448	108,004,884	15,629,564	14.5%
Gross profit margin from principal business (%)	15.8	18.9		Decreased by 3.1 percentage points
Net profit attributable to the shareholders of the parent company (RMB'000)	2,933,015	2,843,773	89,242	3.1%
Core net profit attributable to the shareholders of the parent company (excluding the net gains after tax on fair value on investment property) (after tax) (RMB'000)	2,443,927	2,449,535	-5,608	-0.2%
Basic earnings per share attributable to the shareholders of the parent company (before deducting other equity instrument indicators) (RMB)	0.27	0.27	-	-
Basic earnings per share attributable to the shareholders of the parent company (after deducting other equity instrument indicators) (RMB)	0.20	0.19	0.01	5.3%
Final dividend per share (RMB)	0.104	0.06	0.044	73.3%
Cash and bank balances (RMB'000)	21,921,969	28,643,886	-6,721,917	-23.5%
Total assets (RMB'000)	286,356,810	291,352,383	-4,995,573	-1.7%
Total equity attributable to the shareholders of the parent company (RMB'000)	63,717,492	63,375,936	341,556	0.5%
Net profit margin (%) (net profit/operating revenue)	4.22	4.77		Decreased by 0.55 percentage point
Return on total assets (%) (net profit attributable to the shareholders of the parent company/total assets)	1.02	0.98		Increased by 0.04 percentage point
Debt ratio (%) (total liabilities/total assets)	66.6	67.6		Decreased by 1.0 percentage point

CORPORATE INFORMATION

Chinese name of the Company	北京金隅集團股份有限公司
English name of the Company	BBMG Corporation*
Headquarters	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
Registered office and principal place of business in the PRC	No. 36, North Third Ring East Road Dongcheng District, Beijing, the PRC
Principal place of business in Hong Kong	Room 405, Kai Wong Commercial Building, 222 Queen's Road Central, Hong Kong
Website of the Company	www.bbm.com.cn/listco
Legal representative	Zeng Jin
The Board of Directors	
<i>Executive Directors</i>	Zeng Jin (<i>Chairman</i>) Jiang Yingwu (<i>General Manager</i>) Wu Dong Zheng Baojin
<i>Non-executive Directors</i>	Wang Zhaojia Gu Tiemin
<i>Independent non-executive Directors</i>	Yu Fei Liu Taigang Li Xiaohui Hong Yongmiao Tam Kin Fong

* For identification purpose only

CORPORATE INFORMATION

The Supervisory Board*Supervisors*Guo Yanming (*Chairman*) (*resigned on 31 March 2022*)

Yu Kaijun

Zhang Qicheng

Gao Junhua

Wang Guijiang

Gao Jinliang

Qiu Peng

Committees*Audit Committee*Li Xiaohui (*Chairman*)

Wang Zhaojia

Gu Tiemin

Yu Fei

Liu Taigang

Hong Yongmiao

Tam Kin Fong

*Remuneration and**Nomination Committee*Hong Yongmiao (*Chairman*)

Wu Dong

Yu Fei

Liu Taigang

Li Xiaohui

Tam Kin Fong

*Strategic Committee*Zeng Jin (*Chairman*)

Jiang Yingwu

Zheng Baojin

Yu Fei

Liu Taigang

Li Xiaohui

Hong Yongmiao

Tam Kin Fong

Authorised Representatives

Zeng Jin

Lau Fai Lawrence

Board Secretary

Zhang Jianfeng

CORPORATE INFORMATION

Company Secretary

Lau Fai Lawrence

Listing Information*A Shares*

A share registrar

China Securities Depository and Clearing Corporation Limited, Shanghai Branch
3rd Floor, China Insurance Building
166 Lujiazui Road East, Pudong New District, Shanghai, the PRC

Place of listing

Shanghai Stock Exchange

Stock name

BBMG

Board lot

100 shares

Stock code

601992.SH

H Shares

H share registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

Place of listing

The Stock Exchange of Hong Kong Limited
(the "**Hong Kong Stock Exchange**")

Stock name

BBMG

Board lot

1,000 shares

Stock code

02009.HK

Principal BankersIndustrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of Beijing Co., Ltd.
China Construction Bank Corporation
Bank of China Limited**Independent Auditor**Ernst & Young Hua Ming LLP
Certified Public Accountants**Legal Advisers**Withers
*As to Hong Kong law*Guantao Law Firm
As to PRC law

CORPORATE PROFILE

BBMG Corporation

BBMG Corporation (hereinafter referred to as “**BBMG**” or the “**Company**”) was established in December 2005. Fully leveraging on its unique resources, the Company and its subsidiaries (the “**Group**”) are principally engaged in the manufacture of building materials supplemented by property development and property investment and management, forging an unique, one-stop, vertical industrial chain structure among major building materials manufacturers in the People’s Republic of China (“**PRC**”) or (“**China**”).

1. Cement and ready-mixed concrete segment

The Company is the third largest cement industrial group in China with strong scale advantage and market dominance within the region, and is the leader of low-carbon, green, and environmentally-friendly development, energy saving and emission reduction, and circular economy in the cement industry in China. The cement business continued to adopt Beijing, Tianjin and Hebei as its core strategic region, and continued to expand the coverage of its network, mainly with presence in 13 provinces (municipalities and autonomous regions), including Beijing, Tianjin and Hebei Province, Shaanxi, Shanxi, Inner Mongolia, Northeastern region, Chongqing, Shandong, Henan and Hunan. The production capacity of clinker amounted to approximately 120.0 million tonnes; the production capacity of cement amounted to approximately 170.0 million tonnes. With cement as its core product, the Company forms a complete industry chain of building materials with upstream and downstream support, extends to related products and services through an internal synergetic mechanism. Currently, the production capacity of ready-mixed concrete amounted to approximately 54.0 million cubic meters while the production capacity of aggregates and grinding aids and admixtures amounted



CORPORATE PROFILE

to approximately 49.0 million tonnes and approximately 0.24 million tonnes respectively. Its annual capacity for disposal of hazardous wastes and solid wastes was nearly 4.68 million tonnes (including construction waste). The Company will insist to promote market expansion and strategic resources consolidation simultaneously and has had a total of nearly 1,664 million tonnes of limestone reserve in Beijing, Tianjin and Hebei.

2. Modern building materials and commerce and logistics segment

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



CORPORATE PROFILE

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

4. Property investment and management segment

The Company is one of the largest investors and managers of investment properties in Beijing with the most diversified businesses, holding nearly 1.75 million sq.m. of investment properties such as high-end office buildings, commercial and industrial parks in Beijing and Tianjin (of which approximately 1.10 million sq.m. are high-end investment properties in core areas in Beijing), and managing nearly 16.0 million sq.m. of properties inside and outside Beijing (including residential communities and commercial units at low floors) in Beijing and Tianjin. Its professional capabilities, brand awareness, occupancy rate and revenue have led the industry in Beijing even the country for years.

The H shares of BBMG were successfully listed on the Main Board of the Hong Kong Stock Exchange on 29 July 2009 and the Company was successfully listed on the domestic A share market of the Shanghai Stock Exchange on 1 March 2011. The dual listing in both markets has further enhanced a more solid and concrete foundation and continues to provide a broader platform for the future development of BBMG.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

Mr. Zeng Jin, born in February 1970, has been an executive director and a chairman of the Board of Directors (the “**Board**”) of the Company since 21 August 2020. He has been serving as the party secretary of the Company since July 2020. Zeng Jin had also served as the executive director of the Company from 15 August 2017 to 26 December 2018 and had served as the general manager of the Company from 5 August 2016 to 26 December 2018. Zeng Jin has been serving as the party secretary of the Company since July 2020. He joined Beijing North Star Industrial Group Company Limited in September 1992 and served as the deputy party secretary of Beijing North Star Industrial Group Company Limited and Beijing North Star Company Limited (the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange) (stock codes: 00588.HK and 601588.SH, respectively). He had been the executive director of Beijing North Star Company Limited between March 2012 and August 2016 and had been the general manager of Beijing North Star Company Limited from December 2014 to June 2016. From December 2014 to June 2016, Zeng Jin served as the director of Beijing North Star Industrial Group Company Limited (the parent company of Beijing North Star Company Limited). He has been the deputy party secretary and director of BBMG Group Company Limited during the period from June 2016 to 26 December 2018. During the period from November 2018 to June 2019, Zeng Jin has been the Deputy Secretary General of the Beijing Municipal Government. During the period from June 2019 to July 2020, Zeng Jin served as the deputy secretary of District Committee of Haidian District of Beijing Municipality of the CPC and the secretary of the Party Group of Haidian District People’s Government of Beijing Municipality, and successively served as the Deputy Head, Acting Head and Head of Haidian District People’s Government of Beijing Municipality during the relevant period, and was also the deputy secretary of the Zhongguancun Science City Working Committee of Beijing Municipal Committee of the CPC and the Director of the Zhongguancun Science City Management Committee from January 2020 to July 2020. Mr. Zeng Jin graduated from the Department of Civil Engineering of Southeast University in 1992 and received a master’s degree in Business Administration from Tsinghua University in 1999 and later graduated from Renmin University of China with a doctoral degree in Management in 2010. Zeng Jin is a senior engineer and senior economist. Zeng Jin has extensive experience in real estate development and management.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Jiang Yingwu, born in October 1966, is the executive director, general manager and deputy secretary of the communist party committee of the Company. He has served as the general manager and the deputy secretary of the communist party committee of the Company since December 2020, and has served as the executive director of the Company since 19 January 2021. Jiang Yingwu had been the vice general manager of the Company from October 2016 to December 2020 and a standing member of the party committee of the Company from June 2017 to December 2020. Jiang Yingwu, who holds the title of senior economist and senior engineer, graduated with a bachelor's degree in inorganic materials science and silicate engineering from Shandong College of Building Materials Industry (山東建材工業學院) in August 1989. Jiang Yingwu had been a section member and deputy section chief of the technology quality section of Beijing Yanshan Cement Plant (北京燕山水泥廠), cadre and vice manager of the technology department of the headquarters of Beijing City Building Material Group (北京市建材集團), vice manager of the technology department of BBMG Group Company Limited, the head of the general office of the Building Materials Industry Association (建材行業協會), and the head of the strategic development department, the manager of the policy research office and the head of the organization department of the party committee of the Company.

Mr. Wu Dong, born in August 1968, is the executive director and deputy secretary of the communist party committee of the Company. He has been an executive director of the Company since 27 November 2015 and has been the deputy secretary of the communist party committee of the Company and the BBMG Assets Management Co., Ltd. ("**BBMG Assets**", formerly known as BBMG Group Company Limited) since July 2012. He was the assistant to the secretary of the communist party committee of BBMG Assets from June 2011 to July 2012. Before joining the Company, Wu Dong had served in various positions in different entities, including, among others, Beijing Coal Corporation and the Organization Department of Beijing Municipal Communist Party Committee. He obtained a Master of Public Administration degree from Guanghua School of Management, Peking University in August 2005. Wu Dong is a senior policy analyst (高級政工師) and an economist.

Mr. Zheng Baojin, born in February 1966, is the executive director, a standing member of the party committee and deputy general manager of the Company. He has been appointed as an executive director of the Company since 15 August 2017 and acted as the secretary of the Board of the Company from 25 January 2016 to 24 August 2021. Zheng Baojin began working in July 1987 by joining Hebei Taihang Cement Co., Ltd., where he took up various positions until May 2011, including the director of the securities department, a director of the board, the deputy general manager and the secretary of the board. Zheng Baojin served as the director of the Board Office of the Company from October 2009 to January 2016. He had been the director of Jidong Cement between October 2016 and September 2017. Zheng Baojin graduated from the Tangshan Engineering Technology Institute in July 1987 with industry management engineering profession. He holds a college degree and is a senior economist.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang Zhaojia, born in September 1963, has been appointed as a non-executive director of the Company since 21 August 2020 and has been the deputy general manager of the Company since June 2012. From September 1984 to October 2009, Wang Zhaojia served successively as vice president, executive vice president, deputy secretary to the party committee and president of Beijing Building Materials Research Institute (北京市建築材料科學研究院); deputy director and director of the technology center of Beijing Building Materials Group Co., Ltd. (北京建築材料集團有限責任公司); deputy general manager of Beijing CEM-FIL Glass Fiber Co., Ltd. (北京賽姆菲爾玻璃纖維有限公司); deputy general manager and president of Beijing Saint-Gobain Fiberglass Co., Ltd. (北京聖戈班維特克斯玻璃纖維有限公司); president of Owens Corning Compound Materials (Beijing) Co., Ltd. (歐文斯科寧(北京)複合材料有限公司); president of Beijing Namei Technology Development Co., Ltd. (北京市納美科技發展有限公司); deputy general engineer of BBMG Group Company Limited and director of the technology center of the Company. Wang Zhaojia served as the vice president of the Company from October 2009 to July 2012. Meanwhile, he has served as the secretary to the party committee and executive director of Beijing Building Materials Academy Co., Ltd. (北京建築材料科學研究總院有限公司) since August 2018. Wang Zhaojia graduated from Wuhan University majoring in political economy in 2011. He is a doctoral candidate and a professorate senior engineer.

Mr. Gu Tiemin, born in May 1968, has been a non-executive director of the Company since 12 May 2021. Gu Tiemin graduated from the Law Department of the College of Humanities and Law of Beijing Union University (北京聯合大學) in July 1991, majoring in law. In the same year, he worked for the Legal Office of Beijing Municipal Government (北京市政府法制辦公室). Gu Tiemin received his Master of Law degree from the Law School of Renmin University of China (中國人民大學) in January 2001 and is a senior economist and lawyer. Gu Tiemin is currently an expatriate full-time director of Beijing State-owned Capital Operation and Management Center (北京國有資本經營管理中心).

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Gu Tiemin served as a section member, deputy chief section member, chief section member and deputy director of the Supervision and Guidance Division of the Legal Office of Beijing Municipal Government (北京市政府法制辦公室), researcher and deputy director of the Beijing Xuanwu District Government Legal Office (北京市宣武區政府法制辦) (director-general-level), deputy director (director-general-level) and director of the Regulations Division of the Beijing Municipal Commission of Foreign Trade and Economic Cooperation (北京市外經貿委法規處), director of the Legal and Fair Trade Division of the Beijing Municipal Commerce Bureau (北京市商務局法制與公平貿易處), director of the Circulation Order Division of the Beijing Municipal Commission of Commerce (北京市商務委員會流通秩序處), deputy Director of Beijing Technology Exchange and Training Center (Beijing International Technology Cooperation Center) (北京技術交流培訓中心(北京國際技術合作中心)) and deputy General Manager of Beijing Capital Agribusiness Group Co., Ltd. (北京首都農業集團有限公司). Gu Tiemin served as a deputy secretary and deputy director of the Party Committee of Beijing Technology Exchange and Training Center (Beijing International Technology Cooperation Center) (北京技術交流培訓中心(北京國際技術合作中心)) from August 2015 to June 2019. Gu Tiemin served as a secretary of the Party Committee and chairman of the Board of Directors of Beijing International Technology Cooperation Center Limited (北京國際技術合作中心有限公司) from June 2019 to March 2021 (retaining his status as a cadre under municipal Party committee). Gu Tiemin has served as an expatriate full-time director of Beijing State-owned Capital Operation and Management Center (北京國有資本經營管理中心) since March 2021 (retaining his status as a cadre under municipal Party committee).

Mr. Yu Fei, born in March 1977, has been an independent non-executive director of the Company since 12 May 2021. Yu Fei graduated from the Graduate School of the Chinese Academy of Social Sciences (中國社會科學院) in July 2004 with a doctorate degree in civil and commercial law. Yu Fei is currently a dean, professor and doctoral tutor of Civil, Commercial and Economic Law School of China University of Political Science and Law (中國政法大學) and a practising lawyer. Yu Fei took a temporary post in Zhongguancun Science and Technology Park Changping Park (deputy-director-general-level) and concurrently served as a council member of the China Law Society (中國法學會), vice president of Beijing Real Estate Law Research Association (北京市不動產法研究會), vice president of Beijing Debt Law Research Association (北京市債法學研究會), member of Tianjin Procuratorate Expert Advisory Committee (天津市檢察院專家諮詢委員會), expert advisor of Beijing Xicheng District Court (北京市西城區法院), etc. He is an Adjunct Professor at East China University of Political Science and Law (華東政法大學), Zhengzhou University (鄭州大學) and the Henan Branch of the National Prosecutors College of P.R.C (國家檢察官學院). Yu Fei was also elected to the “New Century Excellent Talent Support Plan of the Ministry of Education”, and awarded an award of “Beijing Youth May 4th Medal”.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Liu Taigang, born in July 1966, has been an independent non-executive director of the Company since 12 May 2021. Liu Taigang graduated from the Law School of Renmin University of China (中國人民大學) in July 1996 with a doctor's degree, majoring in administrative law. Liu Taigang is currently a professor and doctoral tutor of public administration in the School of Public Administration of Renmin University of China, and a director of the Teaching and Research Section of Public Organization and Human Resources. Liu Taigang was a legal advisor of the Office of Tong Chi Kin Kwan Tsui Hang Legislative Councillor (唐志堅關翠杏立法議員辦事處) (seconded from the Macau Branch of Xinhua News Agency (新華社)). Liu Taigang was also a member of the Beijing Party Committee of China National Democratic Construction Association (中國民主建國會), member of the Central Legal Committee of the China National Democratic Construction Association, member of the sixth and seventh session of the Chinese People's Political Consultative Conference of Haidian District, Beijing and member of the 3rd batch of special inspectors of the State Ministry of Supervision (國家監察部).

Ms. Li Xiaohui, born in December 1967, has been an independent non-executive director of the Company since 12 May 2021. Li Xiaohui was awarded the degree of doctor of economy in National Economic Management by the Central University of Finance and Economics (中央財經大學) in July 2001. Li Xiaohui is currently a professor and doctoral tutor of accounting of the School of Accountancy of Central University of Finance and Economics (中央財經大學) and is a PRC Certified Public Accountant.

Li Xiaohui worked for Canshi Certified Public Accountants (滄獅會計師事務所), the State-owned Assets Administration Bureau of the Hebei Provincial Department of Finance (河北省財政廳) and the Professional Standards Department of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會). Li Xiaohui has been a professor at the School of Accountancy of Central University of Finance and Economics (中央財經大學) since September 2003 and served as vice dean and Secretary of the Party General Branch of the School of Accountancy. Li Xiaohui has been an independent non-executive director of Poly Culture Group Corporation Limited (保利文化集團股份有限公司) (listed on the Main Board of the Stock Exchange, stock code: 3636) since December 2010 and an independent non-executive director of Bank of Communications Co., Ltd. (listed on the Main Board of the Stock Exchange, stock code: 3328) since November 2020. Li Xiaohui served as an independent non-executive director of China U-Ton Future Space Industrial Group Holdings Ltd. (中國優通未來空間產業集團控股有限公司) (listed on the Main Board of the Stock Exchange, stock code: 6168) from May 2012 to July 2020.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Hong Yongmiao, born in February 1964, has been an independent non-executive director of the Company since 12 May 2021. Hong Yongmiao obtained a doctor's degrees in Economics of University of California, San Diego in June 1993. Hong Yongmiao is an academician of the Academy of Sciences for the Developing World (發展中國家科學院) and fellow of the Econometric Society (世界計量經濟學學會). He is a distinguished research fellow at the Institute of Mathematics and Systems of the Chinese Academy of Sciences (中國科學院), a distinguished professor at the School of Economics and Management of the University of Chinese Academy of Sciences and a distinguished research fellow and executive director of the prediction science research center of the Chinese Academy of Sciences. Hong Yongmiao was formerly a professor in the Department of Economics and Department of Statistics of Cornell University (康奈爾大學), and a professor and dean of the Wang Yanan Institute for Studies in Economics of Xiamen University (廈門大學). Hong Yongmiao has served as an Independent non-executive director of the China Everbright Bank Company Limited (中國光大銀行股份有限公司) (SEHK stock code: 6818) since September 2019.

Mr. Tam Kin Fong, born in April 1971, has been an independent non-executive director of the Company since 12 May 2021. Tam Kin Fong graduated from the City University of Hong Kong (香港城市大學) in July 1994 with a Bachelor of Arts (Hons) degree in accounting. After graduation, Tam Kin Fong worked at the auditing department of PricewaterhouseCoopers, and also served as a financial controller of a subsidiary of NWS Holdings Limited (新創建集團有限公司). Tam Kin Fong is currently a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Tam Kin Fong is currently a managing director of Dakin Capital Limited (德健融資有限公司), where he is responsible for the business of the licensed corporation carrying out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance. Before he joined Dakin Capital Limited, Tam Kin Fong held positions in various international and Hong Kong investment banks, including vice president of Daiwa Securities Co., Ltd. (大和證券有限公司), executive director and co-head of Hong Kong Merchants Securities Co., Ltd. (香港招商證券有限公司) and head of investment banking department of Ping An of China Securities (Hong Kong) Company Limited (中國平安證券(香港)有限公司). He has more than 25 years of experience in corporate finance and accounting.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Supervisors

Mr. Guo Yanming, born in January 1962, has been appointed as a supervisor and a chairman of the Supervisory Board of the Company since 20 August 2020. He has served as the non-executive director of the Company from 27 June 2017 to 20 August 2020. Guo Yanming has been the chairman of the labor union of the Company since August 2016. Guo Yanming has served as a standing member of the party committee of the Company from August 2016 to June 2021. Guo Yanming has served as a supervisor of China National Building Material Company Limited (listed on the Main Board of the Stock Exchange; stock code: 03323). Guo Yanming had served as the vice general manager of the Company from 26 October 2012 to April 2017, during which he was primarily responsible for the overall operation and development of the modern building materials segment and works in relation to production safety. Guo Yanming had served as the Company's general economist from March 2006 to April 2009. Guo Yanming has accumulated more than 26 years of experience in corporate management and human resources in the building materials industry. Since June 2003, Guo Yanming has been the general manager assistant for the BBMG Group Company Limited. In August 1985, Guo Yanming graduated from Beijing Economics College (currently known as Capital University of Economics and Business), where he majored in industrial enterprise administration. Mr. Guo Yanming is a senior economist.

Mr. Yu Kaijun, born in April 1963, has been appointed as a supervisor of the Company since 27 November 2015. Yu Kaijun was the non-executive director of the Company from 7 August 2014 to 27 November 2015. Yu Kaijun graduated from the Hong Kong Polytechnic University with a major in accounting. Yu Kaijun holds a master degree in accounting and is a senior accountant. Yu Kaijun is currently the specialist of China National Building Material Company Limited (listed on the main board of the Stock Exchange ; stock code: 03323) and a director of CNBM Investment Co., Ltd. Yu Kaijun has served as the secretary to the board and vice president of China National Building Material Company Limited (中國建材股份有限公司) in June 2018 and during the period from May 2018 to November 2021, respectively. Yu Kaijun has served as general counsel of China National Building Material Company Limited during the period from March to November 2021. Yu Kaijun served as the chief financial officer of China National Materials Company Limited from July 2010 to May 2018. Yu Kaijun worked at the Finance Bureau of Pingliang District of Gansu Province from July 1982 to November 1990. Yu Kaijun served as chief financial officer and deputy general manager of Shenzhen Languang Science & Technology Co., Ltd. (and its predecessor, Shenzhen Languang Electronic Industrial Corporation) from November 1990 to October 2001. Yu Kaijun served as chief financial officer of Sinoma International Engineering Co. Ltd. (listed on the Shanghai Stock Exchange; stock code: 600970) from December 2001 to January 2011. Yu Kaijun served as a supervisor of Ningxia Building Materials Group Co., Ltd. (listed on the Shanghai Stock Exchange; stock code: 600449) and Xinjiang Tianshan Cement Co., Ltd. (listed on the Shenzhen Stock Exchange; stock code: 000877) from December 2011 to April 2015.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Qicheng, born in June 1966, has been appointed as a supervisor of the Supervisory Board of the Company since 20 August 2020. Zhang Qicheng has also served as the supervisor of the Company from 27 June 2017 to 16 October 2018. Zhang Qicheng has been the head of the audit department of the Company since November 2015. Zhang Qicheng has served as the deputy chief accountant and director of the finance department of Beijing Building Materials Group Corporation Real Estate Development Co., Ltd. (北京建築材料集團總公司房地產開發有限公司) from February 2001 to March 2002. He joined Beijing GEM Real Estate Development Co., Ltd. (北京嘉業房地產開發公司) in March 2002 and took up various positions until November 2015, including chief financial officer, chief accountant, secretary to the party committee, secretary to the disciplinary committee and chairman of the labor union. He has been severing as the chairman of the Supervisory Board of BBMG Jidong Cement (Tangshan) Co., Ltd. since May 2018, and the director of the Office of Inspection of the party committee of the Company since December 2019. Zhang Qicheng graduated from North China University of Technology majoring in economics and management in July 1987 and obtained a master's degree in management from Central China Normal University in June 2010.

Mr. Gao Junhua, born in January 1974, has been appointed as a supervisor of the Supervisory Board of the Company since 12 May 2021. Gao Junhua holds a bachelor's degree in engineering and is an engineer. Gao Junhua graduated from Wuhan Industrial University (武漢工業大學) in July 1996, majoring in automation. Gao Junhua is currently a deputy secretary of the Disciplinary Committee of the Company. Gao Junhua joined Beijing General Factory of Building Materials Products (北京市建材製品總廠) in July 1996 and served successively as a technician, deputy director, branch party secretary, chief deputy director and workshop director of the keel workshop of Beijing General Factory of Building Material Products, a deputy office director, director, head of organization department, deputy secretary of the communist party committee, secretary to the discipline inspection committee and chairman of the labor union of Beijing Star Building Material Company (北京星牌建材公司), a secretary to the discipline inspection committee and chairman of the labor union of Beijing BBMG Energy-saving Insulation Company (北京金隅節能保溫公司). Gao Junhua served as a secretary to the discipline inspection committee and a chairman to the labor union of Beijing BBMG Energy-Saving Insulation (Jinhaiyan Glass Wool) Company Limited (北京金隅節能保溫(金海燕玻璃棉)有限公司) from May 2016 to August 2018; he served as a deputy director of the discipline inspection and supervision office and a director of the discipline inspection and supervision and investigation office of the Company from August 2018 to November 2020; Gao Junhua has served as a deputy secretary to the discipline inspection committee of the Company since November 2020.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang Guijiang, born in February 1980, has been appointed as a supervisor of the Supervisory Board of the Company since 12 May 2021. Wang Guijiang holds a bachelor's degree in law and is a political engineer. Wang Guijiang graduated from Hebei Institute of Building and Technology (河北建築科技學院) in June 2003, majoring in clerical and office automation. He served as an office secretary of Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司). Wang Guijiang graduated from Hebei University (河北大學) in June 2006, majoring in administrative management. Wang Guijiang is currently an office director and a director of the Party Committee Office of the Company. Wang Guijiang served successively as an office secretary of Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司), assistant to office director and deputy director of Handan branch of Hebei Taihang Cement Co., Ltd., office director, director of the Party Group Work Department, secretary of the Youth League Committee, manager assistant, director of the discipline inspection and supervision office, chairman of the labor union and deputy secretary of the communist party committee of Handan Shexian BBMG Cement Co., Ltd. (邯鄲涉縣金隅水泥有限公司). Wang Guijiang served as a deputy head of the organization division of the Party Committee of the Company from March 2016 to October 2020; and has served as an office director and director of the Party Committee Office of the Company since October 2020.

Mr. Gao Jinliang, born in March 1977, has been appointed as a supervisor of the Company since 26 November 2020. Gao Jinliang has been the vice chairman of the labor union of the Company since October 2020 and has been the head of the Labour Union Affairs Department of the Company since December 2020. He worked in Beijing Woodworking Factory since August 2001. Gao Jinliang served successively as the business manager of sales department of decoration materials branch of Beijing Woodworking Factory and an officer of Youth League Committee, an officer of CPC Organization Department and the assistant minister of BBMG Group Company Limited. Gao Jinliang served as the vice chairman of the labor union of the Company from February 2008 to July 2018, the deputy party secretary of Tangshan Branch of BBMG Jidong Cement (Tangshan) Co., Ltd. from July 2018 to October 2020, and the secretary of the discipline inspection committee and chairman of the labor union of Tangshan Branch of BBMG Jidong Cement (Tangshan) Co., Ltd. from July 2018 to October 2019, and a supervisor of Jidong Cement Fengrun Co., Ltd. from December 2018 to October 2019. Gao Jinliang obtained a master's degree in business administration from University of Chinese Academy of Sciences in July 2010. Gao Jinliang is a senior political engineer.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Qiu Peng, born in November 1984, has been appointed as a supervisor of the Supervisory Board of the Company since 12 May 2021. Mr. Qiu Peng holds a master's degree in management and graduated from the Business School of Central University of Finance and Economics (中央財經大學) in July 2010, majoring in technology economics and management and worked for the Company. Mr. Qiu Peng is currently a head of the asset management department of the Company, supervisor of Tianjin Building Materials Group (Holdings) Co., Ltd. (天津市建築材料集團(控股)有限公司), chairman of the supervisory committee of BBMG Finance Co., Ltd. (北京金隅財務有限公司), supervisor of BBMG Finance Lease Co., Ltd. (金隅融資租賃有限公司) and supervisor of Beijing BBMG Finance Lease Co., Ltd. (北京金隅融資租賃有限公司). Mr. Qiu Peng served as an officer of the Board Office, deputy director of the Strategic Development Department, deputy director of the Operation and Information Management Department and deputy director of the Operation and Information Management Department of the Company.

Senior Management

Ms. Li Li, born in May 1968, has served as the deputy general manager of the Company since November 2019. Ms. Li Li holds a university degree and a master's degree in accounting. Ms. Li Li also graduated from Guanghua School of Management of Peking University majoring in executive master of business administration. She is a senior accountant. From 1990 to 1997, Ms. Li Li served successively as a technician, a staff member of the technology department, the chief of the finance unit of the sixth project department, and a staff member of the finance department of Hydropower Branch of Beijing Fifth Urban Construction Engineering Company (北京市第五城市建設工程公司水電分公司). From 1997 to 2011, she served successively as a staff member of the listed company preparatory committee of Beijing Urban Construction Group (北京城建集團上市公司籌備委員會), a member of the planning and finance department of Beijing Urban Construction Co., Ltd., and a staff member of the Planning and Finance Department, deputy manager of the Financial Department, manager of the Financial Department, deputy chief accountant and chief accountant of Beijing Urban Construction Investment Development Co., Ltd. (北京城建投資發展股份有限公司). Ms. Li Li served as the chief financial officer and deputy general manager of Beijing Urban Construction Group Co., Ltd. from 2011 to 2019.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Liu Wenyan, born in June 1967, has been a deputy general manager of the Company since 26 October 2012, has served as the secretary of the communist party committee and chairman of Jidong Development Group Co., Ltd. (“**Jidong Group**”) from October 2016 to April 2020. Liu Wenyan served as executive director and chairman of Tangshan Jidong Equipment and Engineering Co., Ltd. (唐山冀東裝備工程股份有限公司) from April to August 2018, and has served as the secretary of the communist party committee, chairman and general manager of BBMG New Building Materials Industrialization Group Limited (北京金隅新型建材產業化集團有限公司) from August 2018 to May 2020 (served as general manager till March 2019). Liu Wenyan has extensive experience in the cement industry and served as a deputy manager of Beijing Liulihe Cement Co., Ltd., a wholly-owned subsidiary of the Company, from February 2004 to March 2007. He is mainly responsible for the overall business development, planning and management of the cement operations of the Company. He graduated from the Materials Faculty of the Beijing University of Technology majoring in materials engineering. He is a master degree graduate and an engineer.

Mr. Jiang Changlu, born in May 1965, has been a deputy general manager and standing member of the party committee of the Company since June 2017 and has served as the secretary of the communist party committee and chairman of Jidong Cement from October 2016 to January 2020. Jiang Changlu began working in August 1987, and graduated from the University of Science and Technology Beijing majoring in environmental science and engineering. He is a master of engineering and a senior economist. Jiang Changlu served as supervisor of the Technology Department, technician of Raw Material Workshop, operator of New Line Branch, deputy director of Production Safety Department, deputy manager of Transportation Company, director and branch secretary of Supply Department, deputy director and chief despatcher of Production Management Department, director of Supply Department and vice manager of Beijing Liulihe Cement Factory from August 1987 to November 2005; deputy director and director of the Cement Business Division of the Company, deputy manager of the Cement Branch, manager of BBMG Cement Trading Co., Ltd., vice general manager and chairman of Hebei Taihang Cement Co., Ltd. from November 2005 to May 2011; and director of the Cement Business Division of the Company and manager of BBMG Cement Trading Co., Ltd. from May 2011 to October 2015.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. An Zhiqiang, born in November 1965. An Zhiqiang had served as assistant to the general manager of the Company from December 2015 to June 2016 and has served as the deputy general manager of the Company since May 2016. An Zhiqiang has served as the secretary of the communist party committee and the vice chairman of Tianjin Building Materials Group (Holding) Co., Ltd. (天津市建築材料集團(控股)有限公司) since June 2018 (served as chairman since March 2019). An Zhiqiang began working in July 1988, and graduated from Peking University, Guanghua School of Management majoring in business administration. He is a master of business administration and a senior economist. An Zhiqiang served as deputy director of the General Office, vice manager, standing vice manager, manager and secretary of the communist party committee of Beijing Building Material Machinery Factory (北京市建材機械製造廠), manager of Boshu Industry and Trade Company (博廈工貿公司), manager and deputy secretary of the communist party committee of Beijing Jianji Assets Management Co., Ltd. from January 1993 to February 2008; deputy general economist of BBMG Assets, manager and deputy secretary of the communist party committee of Beijing Jianji Assets Management Co., Ltd. from February 2008 to October 2015; and assistant to the general manager of the Company, manager and deputy secretary of the communist party committee of Beijing Jianji Assets Management Co., Ltd. from October 2015 to December 2015.

Mr. Zhang Dengfeng, born in September 1971, has served as the general counsel of the Company from June 2017 to February 2021. Zhang Dengfeng has been a supervisor of the Company between October 2012 and June 2017. Zhang Dengfeng served as officer and assistant to manager of the Human Resources Department of the Beijing Building Material Group (北京建材集團) from July 1994 to November 2002. Zhang Dengfeng joined BBMG Group Company Limited in November 2002 and served as deputy head of General Office and director of the research division. Zhang Dengfeng joined the Company as head of the Public Relations Department in March 2008 and has held the position of the head of the Company' General Office from June 2009 to October 2020. Zhang Dengfeng has served as the secretary of the party committee and assistant to general manager of the Company since October and December 2020 respectively, and has served as the head of the General Affairs Management Department at Headquarters of the Company since February 2021. Zhang Dengfeng graduated from the School of Public Administration of Renmin University of China with a master degree in management in July 2008. Zhang Dengfeng is a senior economist.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Hu Juan, born in February 1972, has been a supervisor of the Company from 27 November 2015 to 16 October 2018. Ms. Hu Juan has been the manager of the finance and capital department of the Company from October 2007 to January 2019. Hu Juan has served as the chairman of BBMG Finance Lease Co., Ltd. from January 2018 to February 2020. Since January 2019, Ms. Hu Juan has been appointed as assistant to the general manager of the Company and the director of the operation and information management department (運營與信息化管理部) of the Company. Ms. Hu Juan has been a director of Beijing BBMG Property Development Group Co., Ltd. and a supervisor of China National Building Materials Company Limited (listed on the main board of the Stock Exchange, stock code: 03323) since November 2021. Ms. Hu Juan had served in various positions in our Company, including the deputy manager of the finance and capital department from September 2000 to January 2005, the deputy manager of the assets supervision department from January 2005 to March 2006 and the manager of the assets management department from March 2006 to October 2007. Ms. Hu Juan graduated from Anhui Finance and Economics University with a Bachelor degree of Economics in July 1994. She also graduated from Hong Kong Baptist University with a Master degree of Science in September 2012. She is a senior accountant as well as a certified public accountant.

Mr. Kong Qinghui, born in January 1971, began working in July 1995 after graduating from Accounting Major of Chongqing University of Technology. He graduated from Chongqing University with a master degree in engineering and was an assistant accountant. From 1995 to October 2017, Kong Qinghui served as the general manager assistant and vice general manager of Baby-Joy Group in Yantai, vice general manager of Logistics Headquarters of Tangshan Jidong Cement Co., Ltd., vice general manager of marketing headquarters, vice general manager of Tangshan Jidong Cement Co., Ltd., in Sichuan-Chongqing Region, vice general manager and general manager in Shaanxi Region, vice chairman and general manager of Jidong Heidelberg (Jingyang) Cement Co., Ltd., vice chairman of Jidong Heidelberg (Fufeng) Cement Co., Ltd. From October 2017 to April 2018, Kong Qinghui acted as the vice general manager of Tangshan Jidong Cement Co., Ltd.; since May 2018, he has acted as the director of Tangshan Jidong Cement Co., Ltd. and from April 2018 to January 2020, he acted as the general manager of Tangshan Jidong Cement Co., Ltd. From July 2018 to October 2019, Kong Qinghui acted as the deputy secretary of the communist party committee of Tangshan Jidong Cement Co., Ltd. Since October 2019, he acted as the secretary of the communist party committee of Tangshan Jidong Cement Co., Ltd. From January 2020 till now, Kong Qinghui acted as the general manager assistant of the Company and chairman of Tangshan Jidong Cement Co., Ltd.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Xu Chuanhui, born in August 1972. Xu Chuanhui began working in August 1995 after graduating from major of management information systems at Tianjin University of Commerce and business administration of Tsinghua University. He got the degree of MBA and became an engineer. From August 1995 to August 2018, he acted as the cadre and manager assistant of Co-ordination Planning Department of Beijing Building Materials Group Corporation, deputy manager of BBMG Property Management Co., Ltd., general manager of Beijing Jinhuyuan Property Management Co., Ltd., deputy manager of Beijing Gaoling Real Estate Development Co., Ltd. (Tengda Plaza), manager of Global Trade Branch of BBMG Property Management Co., Ltd., head of Real Estate and Property Division of the Company, general Party branch secretary of BBMG Real Estate Management Co., Ltd., manager and executive director of BBMG Hong Kong Limited, manager and executive director of BBMG Hongye Eco-Island Technology Co., Ltd., chairman of BBMG Qidi Technology Incubator Co., Ltd., executive director of BBMG Business Management Co., Ltd., and executive director of Beijing Aerated Concrete Co., Ltd. Since August 2018, Xu Chuanhui has acted as Party Secretary and chairman of BBMG Investment Property Management Co., Ltd. From August 2018 to January 2020, he acted as director of Investment Property Management Department of BBMG Corporation. Xu Chuanhui has served as the general manager assistant of the Company since January 2020.

Mr. Cheng Hongliang, born in November 1969. Cheng Hongliang began working in August 1993. He was a urban gas engineering major graduate from Wuhan Urban Construction Institute and a business administration major graduate from University of Science & Technology Beijing, with an M.B.A. degree. He is an engineer. From August 1983 to May 2011, Cheng Hongliang was an office clerk of Beijing Building Materials Group Real Estate Development Co., Ltd., deputy director and director of Municipal Pipe Network Department of Beijing Building Materials Group Real Estate Development Co., Ltd., director of Chief Engineer Office and general manager assistant of BBMG GEM Real Estate Development Co., Ltd., deputy head of Business Division 2 of BBMG Group Company Limited, deputy head of Real Estate Development Department of the Company, deputy manager of Beijing Dacheng Real Estate Development Co., Ltd. and manager of Asset Operation Department, executive vice general manager of Beijing Dacheng Real Estate Development Co., Ltd.; from May 2011 to December 2012 to September 2017, Cheng Hongliang was the manager of Beijing Dacheng Real Estate Development Co., Ltd. From December 2012 to September 2017, Cheng Hongliang was the executive director and manager of Beijing Dacheng Real Estate Development Co., Ltd. From December 2016 to September 2017, Cheng Hongliang was the head of Asset Operation and Management Department of BBMG Group Company Limited and head of Asset Management Department of the Company. From September 2017 to March 2020, Cheng Hongliang was the deputy Party secretary, director and general manager of BBMG Real Estate Development Group Co., Ltd.; from August 2018 to March 2020, he was the head of Real Estate Development and Management Department of the Company. Cheng Hongliang has been a general manager assistant of the Company since March 2020 and has served as the party secretary, director and general manager of BBMG Real Estate Development Group Co., Ltd. and the party secretary and the executive director of BBMG GEM Real Estate Development Co., Ltd. since September 2021.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Liu Yu, born in July 1986. He was majored in law (civil, commercial and economic law) of China University of Political Science and Law. Liu Yu graduated from Central University of Finance and Economics with majoring in law and obtained a bachelor's degree and a master degree in law. He is a lawyer and economist. Liu Yu has successively served as the officer of BBMG Group Company Limited, the officer and the assistant to the director of legal affairs department and the assistant to the director and deputy director of the Board Office of the Company. Liu Yu has successively served as the secretary to the board, general counsel and deputy general manager of Tangshan Jidong Cement Co., Ltd. during the period from December 2016 to January 2021 and the deputy director of cement business management department of the Company during the period from August 2018 to October 2019. Liu Yu has served as general counsel and the director of legal affairs department of the Company and the director of Tangshan Jidong Cement Co., Ltd. and Tianjin Building Materials Group (Holding) Co., Ltd. since March 2021.

Mr. Zhang Jianfeng, born in August 1975. He currently is the director of the Board Office of the Company and has served as the secretary of the Board of the Company since 24 August 2021. Zhang Jianfeng graduated from Wuhan Industry University (武漢工業大學) majoring in English in June 1998, and worked in Beijing Building Materials Group Co., Ltd. (北京建材集團有限責任公司) in August 1998. Zhang Jianfeng is currently the secretary of the Board and the director of the Board Office of the Company and is also the director of Tangshan Jidong Equipment and Engineering Co., Ltd. (唐山冀東裝備工程股份有限公司), a subsidiary of the Company. Zhang Jianfeng successively acted as officer and assistant to the director of the Foreign Economy Division of Beijing Building Materials Group Co., Ltd. (北京建材集團有限責任公司), deputy director of the External Cooperation Department of BBMG Group Company Limited and deputy head of the Public Relations Department, deputy head of General Office and the deputy director of the Board Office of the Company.

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

Review

In 2021, in the context of a complex and severe economic development environment and pandemic prevention and control situation, especially various adverse factors such as the shrinking market demand and sharply rising of the energy price in the second half year, the Company always maintained its strategic consistency, adhered to the integrated development, appropriate development, innovative development and high-quality development, promoted to stabilize the operation, strategically make planning, encourage innovation, pursue development and prevent risks in a coordinated fashion. The Company coordinated various business segments, focused on the market, optimized service, reduced cost and improved efficiency. As all carders and employees made concerted efforts, forged ahead, faced up to difficulties, the targets of major economic indicators for the full year have been exceeded with both operating revenue and net profits recording high, thereby realizing a good start of the “14th Five-Year Plan”. During the Reporting Period, the Company's operating revenue amounted to approximately RMB123,634.4 million, representing a year-on-year increase of approximately 14.5%, the net profit attributable to shareholders of the parent company amounted to approximately RMB2,933.0 million, representing a year-on-year increase of approximately 3.1%, and the basic earnings per share attributable to shareholders of the parent company (before deducting other equity instrument indicators) amounted to RMB0.27, basically remaining flat year-on-year.



Zeng Jin
Chairman

CHAIRMAN'S STATEMENT

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

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

Prospect

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

CHAIRMAN'S STATEMENT

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

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

Zeng Jin*Chairman of the Board*

Beijing, the PRC

24 March 2022

MANAGEMENT DISCUSSION & ANALYSIS

BBMG 金隅





2021

MANAGEMENT DISCUSSION & ANALYSIS

Summary of Financial Information

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

MANAGEMENT DISCUSSION & ANALYSIS

Details of the Company's Principal Business, Business Model and Industry Situation During the Reporting Period**(I) Business of the Company****1. Cement and ready-mixed concrete business:**

The Company is the third largest cement industrial group in China with strong scale advantage and market dominance within the region, and is the leader of low-carbon, green and environmentally-friendly development, energy saving and emission reduction, and circular economy in the cement industry in China. The cement business continued to adopt Beijing, Tianjin and Hebei as its core strategic region, and continued to expand the coverage of its network, mainly with presence in 13 provinces (municipalities and autonomous regions), including Beijing, Tianjin and Hebei Province, Shaanxi, Shanxi, Inner Mongolia, Northeastern region, Chongqing, Shandong, Henan and Hunan. The production capacity of clinker amounted to approximately 120.0 million tonnes; the production capacity of cement amounted to approximately 170.0 million tonnes. With cement as its core product, the Company formulates a complete building materials industry chain with upstream and downstream support, extends to related products and services through an internal synergetic mechanism. Currently, the production capacity of ready-mixed concrete amounted to approximately 54.0 million cubic meters while the production capacity of aggregates and grinding aids and admixtures amounted to approximately 49.0 million tonnes and approximately 0.24 million tonnes, respectively. Its annual capacity for disposal of hazardous wastes and solid wastes was nearly 4.68 million tonnes (including construction waste). The Company will insist to promote market expansion and strategic resources consolidation simultaneously and has had a total of about 1,664 million tonnes of limestone reserve in Beijing, Tianjin and Hebei.

MANAGEMENT DISCUSSION & ANALYSIS

2. Modern building materials and commerce and logistics business:

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

3. Property development segment business:

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

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4. *Property investment and management business:*

The Company is one of the largest investors and managers of investment properties in Beijing with the most diversified businesses, holding nearly 1.75 million sq.m. of investment properties such as high-end office buildings, commercial and industrial parks in Beijing and Tianjin, of which 1.10 million sq.m. are high-end investment properties in core areas in Beijing and managing approximately 16.0 million sq.m. of properties inside and outside Beijing (including residential communities and commercial units at low floors). Its professional capabilities, brand awareness, occupancy rate and revenue have led the industry in Beijing even the country for years.

(II) Industries of the Company during the Reporting Period**1. *Cement Industry***

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

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2. Property Development Industry

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

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

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residential properties increased by 1.1% over last year, area of sold of office increased by 1.2% over last year and area of sold of properties for commercial operation decreased by 2.6% over last year. Sales of commodity housing amounted to RMB18,193.0 billion, representing an increase of 4.8% over last year, an increase of 13.9% over 2019, and a two-year average increase of 6.7%. Of this, sales of residential properties increased by 5.3% over last year, and sales of office and properties for commercial operation decreased by 6.9% and 2.0% over last year respectively. As at the end of 2021, area of commodity housing for sales was 510.23 million sq.m., representing an increase of 11.73 million sq.m. compared with the end of last year.

Summary of Business Information

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

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

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

1. Cement and Ready-mixed Concrete Segment

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

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

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2. Modern Building Materials and Commerce and Logistics Segment

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

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

3. Property Development Segment

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

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

Major Land Reserve Acquired by the Group in 2021

No.	Name of projects (parcel of land)	Location	Use of land	Land area of the project (sq.m.)	Planned plot ratio area (sq.m.)	Land price (RMB million)	Method of acquisition	Date of acquisition (year-month- day)	Percentage of interest
1	Land parcel C2-5-1#Z# at the East of the central area of Eastern New City, Ningbo City	Ningbo City, Zhejiang Province	Residential, retail business, complementary land	36,870	87,097.5	2,378.411	Auction	2021-01-07	100%
2	Jin Bei Chen Xin (Gua) 2021-013 (津北辰新(掛)2021-013)	Beichen District, Tianjin	Urban residential, commercial, scientific education	58,825	133,615.82	1,191.0	Listing	2021-05-15	75.25%
3	Land parcel at the East Side of Yueji Road and the North Side of Zonglv Road, Zhonglou District, Changzhou City (JZX20210902)	Chagnzhou City, Jiangsu Province	Commercial and residential (focus on residence with the compatibility of commerce)	58,912	117,824	1,639.0	Listing	2021-09-09	100%
4	Land parcel at the North of Hanhou Road and the West of Yulin Road, Moling Street, Jiangning District, Nanjing City (NO.2021G88)	Nanjing City, Jiangsu Province	Residential	69,217	138,434	2,810.0	Listing	2021-09-27	50%
5	Land parcel at the South of Hengjing Road and the West of Jingshisan Road, Qixia District, Nanjing City (NO.2021G79)	Nanjing City, Jiangsu Province	Residential	29,593	73,982.2	1,200.0	Equity interest	2021-09-27	34%
6	Land parcel at Pengbu Unit R21-31, Shangcheng District, Hangzhou City (Hang Zheng Chu Chu No. [2021]28) (杭政儲出[2021]28號)	Hangzhou City, Zhejiang Province	Residential	52,317	125,560.8	3,818.18	Listing	2021-10-12	100%

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Major Land Reserve Acquired by the Group in 2021 (continued)

No.	Name of projects (parcel of land)	Location	Use of land	Land area of the project (sq.m.)	Planned plot ratio area (sq.m.)	Land price (RMB million)	Method of acquisition	Date of	Percentage of interest
								(year-month- day)	
7	R2 class 2 residential land, land parcel 1303-693 of a primary land development project at Chaoyang Port Phase 1, Shibalidian, Chaoyang District, Beijing	Chaoyang District, Beijing	Residential	27,367	68,416	3,760.0	Listing	2021-10-12	60%
8	F81 green belt industrial land of land parcel PF-04 and R2 class 2 residential land (tie-in construction of "affordable rental housing"), land parcel PF-05 of a primary land development project at Pingfang Village, Beiqijia Town, Changping District, Beijing	Changping District, Beijing	Land used for residence and greenbelt development	79,675	178,405.878	3,660.0	Listing	2021-10-13	33%
9	Plot at the South of Fanwa Road and the West of Shegang Road, Shushan District, Hefei City (No. SS202120)	Hefei City, Anhui Province	Residential, kindergarten, service facility	75,610	134,698.48	1,424.011	Auction	2021-11-29	100%
Total				488,386	1,058,034.678	21,880.602			

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The Table of Land Reserve of the Group as at 31 December 2021

No.	Project Name	Geographical Location	Land Reserve Area (thousand sq.m.)	Percentage of the Group's Interest
		Total	6,967.6	
	Commodity housing	96%	6,684.4	
1	Chongqing-Xinduhui	Chayuan, Nan'an District, Chongqing	1,772.5	100.00%
2	Tianjin-Jinzhong	Jinzhong Road, Dongli District, Tianjin	417.4	100.00%
3	Tangshan-Metallic mine	Gangyao Road, Tangshan	332.3	100.00%
4	Tianjin-Beichen project	Beichen District, Tianjin	327.2	100.00%
5	Chongqing – Nanshanjun	Nanshan, Nan'an District, Chongqing	307.7	100.00%
6	Qingdao-Jimo	Chuangzhi New District, Jimo District, Qingdao	267.3	100.00%
7	Beijing-Pingfang	Pingfang Village, Beiqijia Town, Changping District, Beijing	178.4	34.98%
8	Chongqing-Times Metro	Chayuan, Nan'an District, Chongqing	175.1	100.00%
9	Nanjing-Plot G88	Moling Street, Jiangning District, Nanjing	138.4	48.99%
10	Beijing-Jinchenfu	Beiqijia Town, Changping District, Beijing	138.2	48.99%
11	Tianjin-Beichen Plot No. 2021-013	Xinfeng Road, Beichen District, Tianjin	133.4	100.00%
12	Hefei-Dachengjun	Baohe District, Hefei	127.1	100.00%
13	Hangzhou-Pengbu Project	Pengbu, Hangzhou	125.6	100.00%
14	Shanghai-Plot R-09 at Yangpu District	Jiangpu Community of Yangpu District, Shanghai	121.8	100.00%
15	Changzhou-Zhonglou Plot	Yueji Road, Zhonglou District, Changzhou	117.8	100.00%
16	Chengdu-Jincheng Xifu	Zhonghe Street, High-tech District, Chengdu	116.1	100.00%
17	Nanjing-Plot G79 at Qixia District	Hengjing Road, Qixia District, Nanjing	107.7	33.98%
18	Nanjing– Zijindieyuan G07	Jiangpu Street, Pukou District, Nanjing	105.8	100.00%
19	Tangshan-Plot C02 at Qixin	Beixin Road, Lubei District, Tangshan	105.7	100.00%
20	Hefei-Shushan Project	Fanwa Road, Shushan District, Hefei	98.1	50.97%
21	Hangzhou – Jianqiao	Jianqiao Street, Jianggan District, Hangzhou	93.8	100.00%
22	Tangshan-Plot C-01 at Qixin	North of Xinhudong Road, Lubei District, Tangshan	91.9	100.00%
23	Ningbo-Eastern New Town Project	East of core area in Eastern New Town, Ningbo	86.0	100.00%
24	Haikou-Yanguangjun	Street 17, Changbin, West Coast, Haikou	80.6	100.00%
25	Chengdu-Xindu	Dafeng Street, Xindu District, Chengdu	79.2	100.00%

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The Table of Land Reserve of the Group as at 31 December 2021 (continued)

No.	Project Name	Geographical Location	Land Reserve Area (thousand sq.m.)	Percentage of the Group's Interest
26	Hefei-Nanqi Garden	Shushan District, Hefei	79.0	100.00%
27	Tangshan-Caofeidian New City	Xingang Avenue, Caofeidian New City, Thangshan	70.4	100.00%
28	Shanghai-Dachengmingting	Juyuan New District, Jiading District, Shanghai	70.4	100.00%
29	Beijing-Shibalidian	Chaoyang Port, Shibalidian, Chaoyang District, Beijing	68.4	59.94%
30	Chengde-Jinyufu	Yingshou Yingzi Mine Area, Chengde	65.7	100.00%
31	Beijing-Shangchengjun	Beiqijia Town, Changping District, Beijing	64.8	100.00%
32	Chengdu-Shangxifu	Pitong Street, Pidu District, Chengdu	63.7	100.00%
33	Nanjing-Zijing Yunzhu G20	Changting Street, Jiangning District, Nanjing	55.1	69.87%
34	Chengdu-Jinchengdongfu	Zhonghe Street, High-tech District, Chengdu	54.0	100.00%
35	Ningbo-High-tech District GX03-02-16	High-tech District, Ningbo	50.5	100.00%
36	Hefei-S1802	Tongling Road, Baohe District, Hefei	45.3	100.00%
37	Beijing-Star of Wangjing	Futong West Street, Chaoyang District, Beijing	36.8	100.00%
38	Qingdao-Hefu	Shibei District, Qingdao	35.1	100.00%
39	Others	-	280.1	-
No.	Policy-related Housing	4%	283.2	
1	Beijing-Jinlinjiayuan (金林嘉苑)	Yancun Town, Fangshan District	142.9	100.00%
2	Beijing-Anning Zhuang (Dongtao)	Anning Zhuang, Qinghe Town, Haidian District	96.5	100.00%
3	Beijing-Jin'gang Jiayuan	Tianzhu Town, Shunyi District	35.3	94.90%
4	Beijing- Chickens Farm	East of Jiancaichengzhong Road, Xisanqi, Haidian District	8.5	100.00%

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

4. Property Investment and Management Segment

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

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

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Rental Operations of the Major Investment Properties of the Group as at 31 December 2021

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

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Analysis of Business, Assets, Liabilities and Cash Flows for the Reporting Period**1. Principal business operations**

Unit: RMB million

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

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2. Investment properties measured at fair value

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

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

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

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

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

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

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

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

- (1) Selling expenses were approximately RMB2,659.0 million, representing an increase of approximately RMB320.2 million or 13.7% year-on-year. Such increase was mainly due to the increase in the profit recognized from the property development segment and transferring of the sales commission to selling expenses in line with the transferring out of revenue during the Reporting Period.
- (2) Administrative expenses were approximately RMB6,842.3 million, representing an increase of approximately RMB501.9 million or 7.9% year-on-year. Such increase was mainly due to the social insurance reduction and exemption policy of last year and a year-on-year increase in remuneration during the Reporting Period.
- (3) Finance costs were approximately RMB2,371.7 million, representing a decrease of approximately RMB788.8 million or 25.0% year-on-year. Such decrease was mainly due to the decrease in the interest expenses as a result of the decrease in the borrowings during the Reporting Period as compare to the previous year.
- (4) Gains on disposal of assets were approximately RMB73.9 million, as compared with loss of approximately RMB0.1 million for the same period of last year. The change was mainly due to the year-on-year increase in gains on disposal of assets during the Reporting Period.
- (5) Non-operating revenue was approximately RMB1,103.4 million, representing a year-on-year increase of approximately RMB428.5 million or 63.5%. Such increase was was mainly due to a year-on-year increase in the compensation received during the Reporting Period.

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4. Analysis of assets and liabilities

Unit: RMB

	31 December 2021	31 December 2020	Percentage change (%)	Explanation
Receivables financing	2,514,575,159.07	5,588,223,348.91	-55.0	A decrease of approximately 55.0% from the beginning of the Reporting Period, mainly due to the decrease in the collection of bills as a results of the strengthened efforts on the management of bills during the Reporting Period
Prepayments	1,745,572,087.55	2,645,477,546.87	-34.0	A decrease of approximately 34.0% from the beginning of the Reporting Period, mainly due to the decrease in the land guarantee deposits prepaid during the Reporting Period
Contract assets	60,328,702.31	14,420,557.17	318.4	An increase of approximately 318.4% from the beginning of the Reporting Period, mainly due to the increase in the construction projects completed but not yet recognized during the Reporting Period
Debt investments	490,902,028.26	782,487,853.43	-37.3	A decrease of approximately 37.3% from the beginning of the Reporting Period, mainly due to the disposals of policy and bank related finance bonds during the Reporting Period

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	31 December 2021	31 December 2020	Percentage change (%)	Explanation
Long-term equity investments	6,484,148,919.55	3,968,159,006.99	63.4	An increase of approximately 63.4% from the beginning of the Reporting Period, mainly due to the increase in the investments in joint ventures and associates during the Reporting Period
Other non-current assets	631,549,281.90	399,397,663.31	58.1	An increase of approximately 58.1% from the beginning of the Reporting Period, mainly due to the increase in the prepayments for land premiums and exploration rights for mine during the Reporting Period
Bills payable	3,217,498,008.45	1,779,326,807.47	80.8	An increase of approximately 80.8% from the beginning of the Reporting Period, mainly due to the increase in settlements to suppliers using bills as a result of the expansion of the business during the Reporting Period
Short-term financing bonds payable	7,500,000,000.00	1,599,273,452.96	369.0	An increase of approximately 369.0% from the beginning of the Reporting Period, mainly due to the increase in the issuance of short-term financing bonds during the Reporting Period
Long-term payables	345,169,768.56	19,162,220.69	1,701.3	An increase of approximately 1,701.3% from the beginning of the Reporting Period, mainly due to the instalment payments of certain projects during the Reporting Period

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

5. Cash flows

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

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Core Competence Analysis

The Company is a leading building material enterprise of environmental protection, energy-saving and emission reduction and recycling development in Beijing-Tianjin-Hebei region, and contributes to the ecological civilization. During the Reporting Period, the Company demonstrated the value of state-owned enterprises in the capital by comprehensively implementing the 14th Five-Year plan, practicing the strategic concept of “four developments”, serving the construction of Beijing’s “four centers”, and improving the level of “four services” to build a world-class harmonious and livable city. The Company adhered to the two core businesses of “green building materials manufacturing, trading and services, and real estate”, continued to strengthen and expand “large building materials” and “large real estate”, and fostered and developed the high-end equipment manufacturing industry and new trade service industry. Combining connotative development with outward expansion, the Company managed effective integration of internal and external resources centering on industrial chain coordination, built a safe industrial chain supply chain and promoted comprehensive and synergistic industrial development. Based on the strategic positioning of the capital city, the Company took an active part in the urban renewal action of the capital. With the objective of “carbon neutrality and carbon emission peaking” and digital transformation, centering on the green, low-carbon and smart energy, the Company promoted the transformation and upgrading of manufacturing industry. The Company continues to deepen the results of major reforms such as strategic restructuring and internal integration, continues to optimize the strategic layout of Beijing-Tianjin-Hebei region, focuses on improving the connotation and effectiveness of restructuring, deeply explores the value of restructuring, highlights the value creation ability and corporate profitability, creates a model park for collaborative industrial development, consolidates the regional value highland, and transforms the advantages of resource aggregation formed by restructuring into market competitive advantages and sustainable development benefits. The 10,000-tonne “second-generation cement” demonstration line of Jidong Cement Tongchuan was put into operation, creating a new benchmark for the regional advanced manufacturing industry clusters and industrial green parks. The Company completed the construction of the assembly building (Tangshan Phase II), further enhancing the core business support of the BBMG intelligent house system. BBMG’s science and technology innovation complex and ecosystem accelerated the gathering of innovation elements and resources to release new driving force. For the high-quality construction and operation of the technology industrial parks, the Company has put the Phase I Xisanqi BBMG Technology Park into operation; the Company has established a science and innovation equity fund; the Company has built a BBMG Intelligent Park. The benchmark demonstration of BBMG Intelligent Factory accelerated the gathering of high-end industries and built a new ecosystem for park development. The construction of Xingfa Science and Technology was accelerated to build an important carrier and platform for scientific and technological innovation and basic research in Beijing. Phase I Glass Cultural and Creative Industrial Park was completed. Longshuncheng “Beijing Made” Museum was officially opened, becoming a new cultural landmark along Beijing’s South Central Axis and an “internet-famous site” of intangible cultural heritage at a national level. The Company accelerated the

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transformation of digital intelligence and its application in specific scenarios. The Company formulated the “carbon neutrality and carbon emission peaking” action plan to continuously enhance the green and low-carbon ecological connotation of the industry. The Company comprehensively served the construction of major projects such as the urban sub-center and the Winter Olympics, highlighting the supply assurance for high-quality products and services. The brand influence and industry leadership of BBMG, with new intelligent manufacturing, new quality and new ecology as industrial characteristics, was significantly enhanced. The development momentum continues to be enhanced and the foundation of development is continuously consolidated. The Company’s position as a leader in the building materials industry in the Beijing-Tianjin-Hebei region has become more stable, which further promotes the Company’s competitiveness, innovation, control, influence and risk resistance, and brings the 14th Five-Year plan off to a good start.

The core competitiveness of the Company is detailed as follows:

1. Competitive edge in coordinated development of industrial chain:

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

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

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

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

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

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

The “four developments” continued to enhance the new connotation of core competitiveness by shaping the development strength with integrated development, creating the development trend with the appropriate development, strengthening the development advantage with innovative development, and achieve success with high-quality development.

2. Competitive edge in science and technology innovation engine:

The Company highlighted the core engine of innovation, strengthened the leading role of innovation, took science and technology innovation as an important strategic focus, accelerated the implementation of the Company’s Three-Year Action Plan for Scientific and Technological Innovation (2021-2023), and consolidated the foundation of the kinetic energy system in the new era. The Company built a science and technology innovation complex and a science and technology innovation ecosystem, and stimulated innovation vitality and gathered innovation elements. The Company deployed the innovation chain around the industrial chain and laid

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out the industrial chain around the innovation chain. The Company strengthened the linkage and upgrading of industrial chain, value chain and innovation chain, and made up for the weaknesses and sharpened strengths. Focusing on key matters such as “bottleneck” technology, the Company vigorously developed strategic emerging industries, created cutting-edge BBMG industries, and actively cultivated innovative businesses of the Group. The Company built a new innovation model of “BBMG as the leader + small and medium-sized enterprises in concerted development” and constructed a new innovation ecology, formed a good situation of coordinated development of upstream and downstream, production, supply and marketing, and small, medium and large-scale enterprises. The Company promoted the open sharing and benign interaction of “government, industry, academia, research, finance, application and service”, promoted BBMG industrial investment and science and technology venture capital business, discovered and cultivated unicorns, small giants and invisible champions, cultivated “technologically advanced” enterprises, and promoted high-quality development of innovative enterprises with multi-layered capital market. Focusing on the cutting edge of industry, the front end of industry and the high-end of value, and guided by the market and policies, the Company firmly promoted innovation and development, enhanced new momentum of development, and reserved core competitiveness for the high-quality development of the Company and the creation of BBMG’s characteristic cutting-edge industries. Focusing on “four greens and one new”, the Company promoted the overall upgrading of the industry with the research and development of new technologies, new products, new processes and new equipment and the completion of the results to accelerate the progress towards the high-end industry, and constantly injected new vitality into the transformation and upgrading of the Company. Focusing on science and technology innovation and green low-carbon development, the Company built a “1+N+X” science and innovation complex, with BBMG as the theme to gather a number of “government, industry, academia, research, application, finance, and service” innovation elements to create an open and circular science and technology innovation ecosystem. The Company cultivated the advantages of cutting-edge industries in energy conservation and environmental protection, intelligent equipment, new materials, R&D design and inspection and testing, and business incubation services, and established the support of BBMG’s modern industrial system. The Company improved the incentive mechanism, promoted contractual management and created a good environment for science and technology innovation, thus injecting vitality and vigor into innovation and development.

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

3. Competitive edge in green and sustainable development:

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

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The Company seized the strategic opportunity of carbon neutrality and carbon emissions peaking and accelerated the implementation of the dual carbon action plan. The Company planned and built BBMG Smart City Venous Industrial Park. The Company promoted the construction of “highway to railway” green supply chain in Beijing, Tianjin and Hebei, and created a zero-carbon smart transportation model with highway-railway transportation, green distribution and information sharing. The Company actively laid out zero-carbon buildings, promoted the use of clean energy, developed alternative fuels and promoted the green development of the whole process and life cycle of products. The Company built green industry chain supply chain, led green transformation of production and consumption mode, achieved pollution reduction and carbon reduction, promoted green technology innovation and carried out green design. The Company created green factories and green parks, and promoted ecological restoration and green mine construction. The leading advantage brought by green transformation continuously enhanced the core competitiveness of the enterprise. The Company played a pioneering role in the green Beijing “carbon neutrality and carbon emission peaking” action, carried out the research on the road map of carbon emission peaking and carbon neutrality countermeasures, and set the general idea and promotion direction for carbon emission peaking and carbon neutrality work in the 14th Five-Year plan and even in the longer term. The Company formulated the BBMG Group Carbon Capture and Utilization and Storage Work Ideas.

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

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

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4. Competitive edge in industry-finance integration:

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

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5. Competitive edge in corporate culture and branding:

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

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

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Discussion and Analysis on Future Development

(1) Industry Pattern and Trend

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

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

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

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

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

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(2) The Company's Development Strategy

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

Firstly, the Company will continue to seek development.

The Company will seek steady growth. The Company will balance the dialectical relationship between "seeking steady growth" and "making progress", coordinate plans with the development strategies of the state and the law of market economy as a whole, maintain the momentum of steady development, and effectively implement the requirement for steady growth. The Company will carry out tasks ahead of schedule. The Company will plan movements, mobilize staff and arrange the tasks in advance, so that measures are taken during the "window period" and policy dividends are enjoyed, to ensure early launch and early achievement for various measures. The Company will be ready to make "changes". The Company will plan sustainable development with strategic thinking and actively explore the path of transformation and development. For the large building materials segment, the Company will seek "steady growth" by making "progress", and make use of the "window period" of demand growth to achieve a rise in sales, price and profit. The Company will enhance market synergy and industry influence to lead the healthy and standardized development of the industry. For the large real estate segment, the Company will seek steady growth while making profits. The Company will maintain a stable scale of existing assets, revenues and profits; protect profits and ensure the appropriate level of profitability for the "low-profit era" projects. For investment properties, the Company will shorten the incubation period for new projects and seize the opportunities in the post-Winter Olympics era to produce profits and benefits as soon as possible. For the equipment manufacturing industry, the Company will seek steady growth while improving the quality. The Company will comprehensively improve its capability to control and reduce costs,

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explore external markets and synergize internal markets, focus on enhancing the creation of high value-added products, and form a high-end equipment innovation and development and intelligent manufacturing driving force. For the new commerce and service industry, the Company will seek steady growth while taking appropriate risk control measures. The Company will control and reduce risks to achieve stable operations. The Company will lay out commerce industry chain operations, strengthen profitability, expand experience-based new scenes of new consumer services, promote the development of online and offline integration, build an urban intelligent storage and logistics service platform, and create a high-quality pan-home living service industrial ecology. The Company will promote the network freight business to accelerate synergy with the Company's non-cement industries to provide better value-added services.

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

The Company will speed up innovation-driven development in technology research and development, institutional mechanisms and business models to stimulate the endogenous power and development vitality of corporate development. The Company will strengthen development with science and technology innovation. The Company will give more prominence to the strategic position of science and technology innovation, form a strategic support for the Group's high-quality development and create a new driving force for high-quality development. The Company will effectively promote technological innovation in both externality and internality and achieve technological empowerment. The Company will accelerate the transformation of technological innovation from quantitative accumulation to qualitative leap. The Company will promote green and low-carbon innovative development and accelerate the transformation of digital intelligence. The Company will carry out the Group's "digitalization" year activities with high standard, accelerate the use of high-value application scenarios of industrial Internet, and build a number of lighthouse factories, black light factories, digital workshops, smart parks and digital communities with leading technology. The Company will establish an innovation service platform for intelligent manufacturing in specific fields, guide the convergence of innovative resources, form intelligent solutions for each industry, realize the parallel promotion and integrated development of informatization, digitization, networking and intelligence, and prepare capacity reserves for building industrial Internet in the future. The Company will deepen

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the reform of state-owned enterprises. The Company will accelerate the reform action of state-owned enterprises, and come up with real, effective and ultra-regular innovative initiatives in improving the incentive and constraint mechanism, creating a highland of innovative talents, and deeply integrating industry and finance, so as to fully release the dividends of state-owned enterprise reform. The Company will integrate into the trend of innovation and development, and promote the development of “specialized, refined, differentiated and innovative (專精特新)” and little giant enterprises. The Company will achieve model innovation in serving the development of the capital. Focusing on the construction of the “International Science and Innovation Center” and “National Cultural Center” in Beijing, the Company will explore the formation of a dynamic space in conjunction with the capital’s high-quality development. Focusing on technology and cultural services, the Company will promote the extension of traditional productive services to specialization and the high-end of the value chain.

Thirdly, the Company will take countermeasures to prevent risks.

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

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

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

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

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(3) Business Plan

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

(4) Possible risks**1. Epidemic prevention and control risks**

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

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

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2. Policy risk

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

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

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3. Risk of capital operation

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

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

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4. Market competition risk

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

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

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Liquidity and Financial Resources

As at 31 December 2021, the Group's total assets amounted to approximately RMB286,356.8 million, representing a decrease of approximately 1.7% from the beginning of the Reporting Period, of which liabilities amounted to approximately RMB190,823.0 million, minority interests amounted to approximately RMB31,816.3 million and total equity attributable to the shareholders of the parent company amounted to approximately RMB63,717.5 million. Total equity attributable to shareholders amounted to approximately RMB95,533.8 million, representing an increase of approximately 1.1% from the beginning of the Reporting Period. As at 31 December 2021, the Group's net current assets were approximately RMB50,224.9 million, representing a decrease of approximately RMB13,634.5 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) as at 31 December 2021 was approximately 66.6%, representing a decrease of approximately 1.0 percentage point from the beginning of the Reporting Period.

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

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

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

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

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

Discloseable Transactions During the Reporting Period

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

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

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

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

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

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

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

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

Material Acquisition or Disposal of Subsidiaries

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

Connected Transaction

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

Pledge of Assets

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

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Contingencies

		As at 31 December 2021	Unit: RMB As at 31 December 2020
Provision of guarantee on housing mortgage to third parties	Note 1	9,453,598,185.99	9,895,528,540.97
Provision of guarantee on loans and others to third parties	Note 2	890,000,000.00	935,000,000.00
Provision of guarantee on loans and others to related parties	Note 3	52,000,000.00	—
		10,395,598,185.99	10,830,528,540.97

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

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

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

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COMMITMENTS

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

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

Risk Management

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

Significant Events After the Balance Sheet Date

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

Employees and Remuneration Policy

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

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

Training Scheme

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

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

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

Employees of the Parent Company and Major Subsidiaries (as at 31 December 2021)

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

Professional Structure

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

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Education Level

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

Foreign Exchange Risk Management

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

Treasury Policies

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

REPORT OF THE DIRECTORS

The Directors have the pleasure in presenting to the shareholders their report of the directors and the audited financial statements of the Group for the year ended 31 December 2021. The Company was established and registered as a joint stock company with limited liability in the PRC under the Company Law of the PRC on 22 December 2005 and registered on 4 November 2009 as a non-Hong Kong company in Hong Kong under Part 16 of the Hong Kong Companies Ordinance. The H shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 29 July 2009. The A shares of the Company were listed on the Shanghai Stock Exchange on 1 March 2011.

Principal Activities

The principal activities of the Company are investment holding and property investment. The Group is principally engaged in the manufacture and sale of cement and modern building materials, property development, property investment and provision of property management services. The activities of the Group's principal subsidiaries are shown on pages 337 to 350. An analysis of the performance of the operating segments of the Group for the year by business segments is set out in Note XIV. 2 to the financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2021 and the financial position of the Group at that date are set out in the financial statements on pages 142 to 143 and 139 to 141 of this Annual Report.

No interim dividend had been paid during the Reporting Period. The Directors recommend the payment of a final dividend of RMB0.104 per share (totaling approximately RMB1,110,488,198) for the year ended 31 December 2021 to the shareholders on or before 8 July 2022 subject to the approval of the shareholders of the Company at the forthcoming 2021 annual general meeting ("**2021 AGM**").

As far as the Company is aware, as at the date of this report, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the Reporting Period.

REPORT OF THE DIRECTORS

Business Review

Details of the Group's business review as specified in Schedule 5 Rules 1 and 2 of the Hong Kong Companies Ordinance (Chapter 622) during the Reporting Period, including (i) the review of the Group's business; (ii) a description of the principal risks and uncertainties facing the Group; (iii) particulars of important events affecting the Company that have occurred since the end of the Reporting Period; (iv) an indication of likely future development in the Group's business; (v) an analysis using financial key performance indicators; (vi) a discussion on the Group's environmental policies and performance and the Group's compliance with the relevant laws and regulations that have a significant impact on the Group; and (vii) an account of the Group's key relationships with its key stakeholders such as employees that have a significant impact on the Group and on which the Group's success depends are set out in the sections headed "Management Discussion & Analysis" on pages 28 to 77 and "Report of the Directors" on pages 78 to 91 of this Annual Report.

Property, Plant and Equipment and Investment Properties

Details of movements in the property, plant and equipment and investment properties of the Company and the Group during the Reporting Period are set out in Notes V. 17 and V. 16 to the financial statements, respectively. Further details of the Group's major investment properties are set out on page 43.

Five Years Financial Summary Information

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years is set out on page 404 of this Annual Report. This summary does not form part of the audited financial statements.

Bank Loans, Corporate Bonds and Notes

Details of the Company's and the Group's short-term loans, bills payable, long-term loans and short-term financing bonds and bonds payable as at 31 December 2021 are set out in Notes V. 25, 26, 35 and 36 to the financial statements, respectively. During the Reporting Period, interest capitalized amounted to approximately RMB2,460,313,949.68 in total, details of which were set out in Note V. 56 to the financial statements.

REPORT OF THE DIRECTORS

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

Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DFI6) (《接受註冊通知書》(中市協註[2019]DFI6號)) issued by the NAFMII, the Company successfully issued the first tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 4 March 2021 (hereinafter referred to as “21 BBMG SCP001”), totalling RMB1,500,000,000 with a term of 140 days and a coupon rate of 2.90% and successfully issued the second tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 8 March 2021 (hereinafter referred to as “21 BBMG SCP002”), totalling RMB1,500,000,000 with a term of 268 days and a coupon rate of 3.18%; the Company successfully issued the third tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 11 August 2021 (hereinafter referred to as “21 BBMG SCP003”), totalling RMB2,500,000,000 with a term of 259 days and a coupon rate of 2.50% and successfully issued the fourth tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 1 September 2021 (hereinafter referred to as “21 BBMG SCP004”), totalling RMB3,000,000,000 with a term of 205 days and a coupon rate of 2.60%; the Company also successfully issued the fifth tranche of ultrashort financing bonds of BBMG Corporation for 2021 on 6 September 2021 (hereinafter referred to as “21 BBMG SCP005”), totalling RMB2,000,000,000 with a term of 269 days and a coupon rate of 2.65%.

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%.

REPORT OF THE DIRECTORS

The proceeds of the corporate bonds and ultra-short term financing bonds were used for general working capital, including but not limited to the capital requirements for project investments and capital operations.

Permitted Indemnity Provision

Pursuant to the Articles of Association of the Company, all Directors, Supervisors, general manager and other senior management members shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, damages and expenses which he/she may sustain or incur from the execution and discharge of his or her duties or in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors, Supervisors, general manager and other senior management members of the Company during the Reporting Period.

Environmental Protection Policies

During the Reporting Period, the Company strictly complied with the requirements of national environmental protection laws, regulations, standards and specifications, fulfilled the social responsibilities and commitments of a state-owned enterprise, and contributed to the construction of ecological civilization. We vigorously developed circular economy as well as low-carbon and environmentally-friendly businesses, and embarked on the path of green and sustainable development. The Company actively promoted the construction of environmental standardization, improved the environmental protection management system, enhanced environmental protection awareness, implemented environmental protection responsibilities, assessed and controlled environmental risks, and conducted strict evaluations. We carried out environmental treatment and improvement to ensure that environmental protection facilities and control measures were in place. All enterprises installed online monitoring facilities as required, and completely sealed off materials during transportation and storage. The Company paid environmental protection taxes in full and on time, conducted environmental monitoring and information disclosure as required, and strictly implemented the contingency plan for severely pollution-prone weather conditions. We timely adjusted emergency measures in accordance with the requirements of government departments; no major environmental pollution accidents occurred during the year.

Relationships with Customers, Suppliers and Employees

Currently, the Company's principal businesses cover four major business segments, namely cement and ready-mixed concrete, modern building materials and commerce and logistics, property development and property investment and management, and its main products involve various offerings, including cement, ready-mixed concrete, furniture and woods, decorative and fitting materials, wall body and insulation materials, refractory materials, affordable housing, commodity housing and investment properties, with diversified customer composition. By adhering to the objective of "customer first", the Company actively arrange its overall sales channels while enhancing its after-sales service quality, so as to establish long-term stable cooperation relationships and promote good win-win relationships with customers, as well as strengthen its position in the industry and market image.

For a long time, the Company persists in the equal consultation, mutual benefit and win-win principle, and always establishes long-term strategic partnership with suppliers with good qualification, reputation and high quality products and services.

REPORT OF THE DIRECTORS

The Company firmly fosters a people-oriented development philosophy. Based on development of harmonious labor relations and protection of employees' legal interests, the Company strives to promote building of a service, innovation, learning-oriented team to condense talented people and realize their value, providing talent assurance for the Company's long-term development.

Compliance with the Relevant Laws and Regulations which have a Significant Impact on the Group

During the Reporting Period, the Group had compliance policies and procedures in place to ensure compliance in all material respects with applicable laws, rules and regulations which have a significant impact on the Group, including the PRC Company Law, the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Rules for the General Meetings of Shareholders of Listed Companies (《上市公司股東大會規則》), and the Guidelines on Articles of Association of Listed Companies (《上市公司章程指引》). During the Reporting Period, the Group was committed to ensuring compliance with these laws and regulations through various measures, such as internal controls and risk management, approval procedures and training programs for directors, supervisors and senior management. During the Reporting Period, as far as the Board and management are aware, there was no material breach or non-compliance by the Group with the applicable laws, rules and regulations which have a significant impact on the Group.

Share Capital and Sufficiency of Public Float

Details of movements in the share capital of the Company during the Reporting Period are set out in Note V. 43 to the financial statements.

Up to the date of this report, based on publicly available information and to the knowledge of the Directors, the Company has been complying with the prescribed public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Reserves

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in Notes V. 43, 44, 45, 46, 47, 48, 49 and 50 to the financial statements, the audited consolidated statement of changes in shareholders' equity and the audited statement of changes in shareholders' equity of the Company.

REPORT OF THE DIRECTORS

Distributable Reserves of the Company

As at 31 December 2021, an amount of approximately RMB16,146,408,861.71 standing to the credit of the Company's reserve account is available for distribution, of which approximately RMB1,110,488,198 has been proposed as a final dividend for the year.

Directors and Supervisors

The Directors and the Supervisors of the Company who held office during the Reporting Period and up to the date of this report were as follows:

Executive Directors:

Zeng Jin (*Chairman*)

Jiang Yingwu (*General Manager*) (appointed on 19 January 2021)

Wu Dong

Zheng Baojin

Non-executive Directors:

Wang Zhaojia

Gu Tiemin (appointed on 12 May 2021)

Xue Chunlei (resigned on 12 May 2021)

Independent non-executive Directors:

Yu Fei (appointed on 12 May 2021)

Liu Taigang (appointed on 12 May 2021)

Li Xiaohui (appointed on 12 May 2021)

Hong Yongmiao (appointed on 12 May 2021)

Tam Kin Fong (appointed on 12 May 2021)

Wang Guangjin (resigned on 12 May 2021)

Tian Lihui (resigned on 12 May 2021)

Tang Jun (resigned on 12 May 2021)

Ngai Wai Fung (resigned on 12 May 2021)

Supervisors:

Guo Yanming (*Chairman*) (resigned on 31 March 2022)

Yu Kaijun

Zhang Qicheng (appointed on 12 May 2021)

Gao Junhua (appointed on 12 May 2021)

Wang Guijiang (appointed on 12 May 2021)

Gao Jinliang

Qiu Peng (appointed on 12 May 2021)

Zhang Guoliang (resigned on 12 May 2021)

Jiang Yu (resigned on 12 May 2021)

REPORT OF THE DIRECTORS

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

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

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

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

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

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

The Company has received an annual confirmation issued by each of the independent non-executive Directors as to his independence pursuant to Rule 3.13 of the Listing Rules. The Company confirms that all of the five independent non-executive Directors of the Company are considered as independent persons.

Directors’, Supervisors’ and Senior Management’s Biographies

Biographical details of the Directors, the Supervisors and the senior management of the Group are set out on pages 9 to 23 of this Annual Report.

Directors’ and Supervisors’ Service Contracts

None of the Directors or the Supervisors has entered into a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation, other than normal statutory compensation.

REPORT OF THE DIRECTORS

Directors' and Supervisors' Interests in Arrangements or Contracts

No Director or Supervisor, either directly or indirectly, has any interests in any arrangements or contracts of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

Directors' Interests in Businesses Competing with the Group

None of the Directors has interests in any business which directly or indirectly competes or may compete with the Group.

Employee Retirement Plan

Please refer to Notes III. 20 and V. 30 and 39 to the financial statements for details of the Group's employee retirement plan.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Reporting Period.

Directors' and Supervisors' Remunerations

Details of the remunerations of the Directors and the Supervisors of the Company are set out in Note XIV. 3 to the financial statements.

According to the relevant regulations in relation to the remuneration management of the Company and completion of the results of each year, the Company proposes and submits the annual remuneration of the executive Directors for the consideration and approval at the annual general meeting of that year.

The remuneration of the non-independent directors will be determined by the shareholders of the Company at the annual general meetings held by the Company based on the corporate policy on directors' remuneration as well as his workload and responsibilities. Currently, the non-executive directors and directors democratically elected by the staff of the Company will not receive any remuneration separately. The remuneration of the independent directors will be determined by the shareholders of the Company at the general meetings held for approving their appointment based on the corporate policy on directors' remuneration as well as his workload and responsibilities. At present, the independent directors will receive RMB150,000 per year (before tax).

The remuneration of supervisors will be determined in general meetings held for approving their appointment. Currently, the supervisors will not receive any separate remuneration.

Top Five Highest-Paid Employees

Details of the top five highest-paid employees of the Company during the Reporting Period are set out in Note XIV. 3 to the financial statements.

REPORT OF THE DIRECTORS

Interests And Short Positions of Directors, Supervisors and Chief Executive Officer in Shares and Underlying Shares

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

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

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

Model Code for Securities Transactions by Directors and Supervisors

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

As at 31 December 2021, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Model Code during the Reporting Period. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

REPORT OF THE DIRECTORS

Pre-Emptive Rights

There is no provision regarding pre-emptive rights under the Articles of Association or in the laws of the PRC which would oblige the Company to offer new shares to its existing shareholders on a pro rata basis.

Charitable Donations

Charitable donations made by the Group during the Reporting Period amounted to RMB16,734,082.30 (for the year ended 31 December 2020: RMB17,613,686.74).

Taxation for Shareholders of H Shares

According to the Law on Enterprise Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008, the Company is required to withhold enterprise income tax at the rate of 10% before distributing any dividends to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company. Any H shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations shall be deemed as shares held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the enterprise income tax. The Company will not withhold enterprise income tax in respect of the dividends payable to any natural person shareholders whose names appear on the Company's H share register of members on the relevant record date for determining the eligibility for the dividends.

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

REPORT OF THE DIRECTORS

Profit Distribution for Investors of Northbound Trading

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

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

Profit Distribution for Investors of Southbound Trading

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

REPORT OF THE DIRECTORS

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

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

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

Purchase, Sale or Redemption of Listed Securities of the Company

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

Transactions in Respect of the Group's Own Securities

During the Reporting Period, the Group had neither issued nor granted any convertible securities, options, warrants or other similar rights. As at 31 December 2021, the Group had no redeemable securities.

REPORT OF THE DIRECTORS

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

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

Long positions:

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

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

Save as disclosed above, as at 31 December 2021, so far as 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.

REPORT OF THE DIRECTORS

Major Customers and Suppliers

During the Reporting Period, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year and purchase from the Group's five largest suppliers accounted for less than 30% of the total purchase for the year.

Competition and Conflict of Interests

None of the Directors or the management shareholders as defined under the Listing Rules of the Company or their respective associates has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interests with the Group.

Connected Transactions and Continuing Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, the Group had no discloseable connected transaction or continuing connected transaction during the Reporting Period within the meaning of the Listing Rules which are required to be disclosed in the annual report of the Company.

Independent Auditor

The consolidated financial statements for the year ended 31 December 2021 of the Company have been audited by Ernst & Young Hua Ming LLP, who will retire and, being eligible, offer themselves for re-appointment. A resolution reappointing Ernst & Young Hua Ming LLP as the independent auditor of the Company will be proposed at the forthcoming 2021 annual general meeting.

On behalf of the Board

Zeng Jin

Chairman

Beijing, the PRC

24 March 2022

REPORT OF THE SUPERVISORY BOARD

In 2021, the Supervisory Board exercised supervision over the Company's financial conditions, lawful operation and the performance by the Board and the management with an aim to protect the interests of both of Company and the shareholders of the Company in accordance with the Company Law of the People's Republic of China, the Articles of Association of BBMG Corporation and the Rules of Procedures of the Supervisory Board of BBMG Corporation. All Supervisors exercised due diligence and care in discharging their duties and fulfill substantially all of the objectives of the Supervisory Board for 2021.

I. Meetings of the Supervisory Board in 2021

During the Reporting Period, the Supervisory Board held 6 meetings in total. Details are set out as follows:

(I) The thirteenth meeting of the fifth session of the Supervisory Board

The thirteenth meeting of the fifth session of the Supervisory Board was convened at Conference Room 5, Tower D, Global Trade Center, Beijing on 25 March 2021 at 9:00 a.m. All six eligible supervisors attended the meeting in person and the secretary to the Board of the Company also attended the meeting. The meeting was chaired by Mr. Guo Yanming, the chairman of the Supervisory Board, at which the following resolutions were considered and approved:

1. The resolution regarding the annual report and its summary and the results announcement of the Company for 2020
2. The resolution regarding the work report of the Company's Supervisory Board for 2020
3. The resolution regarding the financial budget reports of the Company for 2020
4. The resolution regarding the profit distribution proposal of the Company for 2020
5. The resolution regarding the corporate social responsibility report and ESG report of the Company for 2020
6. The resolution regarding the election of the new session of the Company's Supervisory Board
7. The resolution regarding the remuneration of the Company's Supervisory Board

REPORT OF THE SUPERVISORY BOARD

(II) The fourteenth meeting of the fifth session of the Supervisory Board

The fourteenth meeting of the fifth session of the Supervisory Board was convened by way of telecommunication voting on 29 April 2021. The resolution regarding the first quarterly report of the Company for 2021 were considered and approved at the meeting.

(III) The first meeting of the sixth session of the Supervisory Board

The first meeting of the sixth session of the Supervisory Board was convened at Conference Room 5, Tower D, Global Trade Center, Beijing on 12 May 2021 at 15:00 p.m. All seven eligible supervisors attended the meeting in person and the secretary to the Board of the Company also attended the meeting. The meeting was chaired by Mr. Guo Yanming, the chairman of the Supervisory Board, at which the resolution regarding the election of the chairman of the Supervisory Board was considered and approved.

(IV) The second meeting of the sixth session of the Supervisory Board

The second meeting of the sixth session of the Supervisory Board was convened by way of telecommunication voting on 25 June 2021, at which the following resolutions were considered and approved:

1. Resolution on Matters Related to the Merger of BBMG Jidong Cement (Tangshan) Co., Ltd. by Tangshan Jidong Cement Co., Ltd.
2. Resolution on Matters in Performance Compensation for the Merger of BBMG Jidong Cement (Tangshan) Co., Ltd. by Tangshan Jidong Cement Co., Ltd.
3. Resolution on Confirming the Audit Reports and Appraisal Reports Involved in the Merger of BBMG Jidong Cement (Tangshan) Co., Ltd. by Tangshan Jidong Cement Co., Ltd.

(V) The third meeting of the sixth session of the Supervisory Board

The third meeting of the sixth session of the Supervisory Board was convened at Conference Room 5, Tower D, Global Trade Center, Beijing on 24 August 2021 at 10:30 a.m. All seven eligible supervisors attended the meeting in person and the secretary to the Board of the Company also attended the meeting. The meeting was chaired by Mr. Guo Yanming, the chairman of the Supervisory Board, at which the resolution regarding interim report and its summary and the results announcement of the Company for the first half of 2021 was considered and approved.

(VI) The fourth meeting of the sixth session of the Supervisory Board

The fourth meeting of the sixth session of the Supervisory Board was convened by way of telecommunication voting on 28 October 2021, at which the resolution regarding the third quarterly report of the Company for 2021 were considered and approved.

REPORT OF THE SUPERVISORY BOARD

II. Attendance of Members of the Supervisory Board at General Meetings and their In – attendance at Board Meetings in 2021

During the Reporting Period, members of the Supervisory Board attended two general meetings of the Company, and were in attendance at 18 Board meetings of the Company, and reviewed the resolutions proposed during the meetings. The Supervisors exercised their supervision over the meetings' compliance, voting procedures, major decision-making processes of the Company and the performance of duties by the members of the Board and the senior management by attending relevant meetings.

III. Opinion of the Supervisory Board on Certain Issues of the Company for the Year 2021

During the Reporting Period, the Supervisory Board exercised its supervision over the standardized operation, compliance with laws and regulations, major decision-making and the performance of duties by members of the Board and the senior management of the Company by convening meetings of the Supervisory Board, attending shareholders' general meetings, attending relevant meetings such as Board meetings and conducting specific independent inspections, and expressed independent opinions on the relevant issues.

(I) Opinion on standardized operation and performance of duties by the Directors and senior management

Pursuant to the laws and regulations of the jurisdiction(s) where the shares of the Company are listed, the Supervisory Board had duly overseen and examined the convening procedures and resolutions of the Board meetings of the Company, implementation by the Board of the resolutions of the shareholders' general meetings, the performance of duties by the senior management of the Company under relevant laws and the establishment and implementation of a mature internal management system of the Company in 2021. With respect to the business operations of the Company and the performance of duties by the Directors and the senior management, the Supervisory Board was not aware of any violation of laws, regulations, the Articles of Association of the Company and relevant protocols, rules of procedures, nor any power being abused or infringement of the interests of the shareholders of the Company and the legitimate rights of the employees.

REPORT OF THE SUPERVISORY BOARD

(II) Opinion on financial position of the Company

During the Reporting Period, the Supervisory Board had duly supervised and inspected the financial system and financial position of the Company, and carefully considered the financial information of the Company as contained in financial and accounting reports, profit distribution plan for 2020, annual report for 2020 and the first quarterly report, interim report and third quarterly report for 2021, and is of the opinion that the Company's financial information gives a true, fair and complete view of its financial conditions and operating performance.

(III) Opinion on regular reports of the Company

During the Reporting Period, the Supervisory Board exercised supervision over the preparation, review and disclosure procedures of the Company's regular reports disclosed in 2021, and is of the opinion that such procedures are in compliance with laws and regulations, regulatory requirements, the Articles of Association and the internal management system of the Company. The content and format of the regular reports are in line with all provisions of the regulatory authorities and the information contained therein gives a true, accurate and complete view of the operating condition of the Company during each of the Reporting Period. No violation of the regulations regarding confidentiality, information disclosure and other aspects by personnel involved in preparation, review and disclosure of the regular reports has been found.

(IV) Opinion on transactions including acquisition or disposal of assets, external investment and guarantees of the Company

With respect to transactions including acquisition or disposal of assets, external investment and guarantees of the Company during the Reporting Period, the Supervisory Board is not aware of any violation of laws and regulations, regulatory requirements, the Articles of Association of the Company and the internal management system of the Company or any other insider trading or any matters that are detrimental to the interests of the shareholders of the Company or may cause any loss to the Company's assets.

REPORT OF THE SUPERVISORY BOARD

(V) Opinion on connected transactions of the Company

The Supervisory Board is of the opinion that the connected transactions were conducted by the Company during the Reporting Period in strict compliance with laws and regulations, regulatory requirements, the Articles of Association of the Company and other provisions, with approving procedures in compliance with laws and regulations, on a fair and reasonable basis and free of any behaviour in prejudice to the interests of the Company and its shareholders.

(VI) Opinion on corporate social responsibility report of the Company

During the Reporting Period, the Supervisory Board reviewed the Company's corporate social responsibility report for 2020, and is of the opinion that the report gives an objective and practical view of the performance of corporate social responsibilities of the Company during the year.

IV. Work Plan of the Supervisory Board for 2022

In 2022, the Supervisory Board will continue to discharge its duties diligently in compliance with the relevant requirements under applicable laws and regulations including the Company Law, the Articles of Association and the Rules of Procedures of the Supervisory Board, thereby protecting the legitimate rights and interests of the Company and its shareholders as a whole.

(I) Duly discharging duties under the laws and regulations

In 2022, the Supervisory Board will exercise supervision over standardized operations and the performance of duties by the Directors and the senior management of the Company in strict compliance with the Company Law, the Articles of Association and relevant requirements. Firstly, it will procure the Company to further improve its corporate governance structure and governance practices according to the requirements of the modern enterprise systems. Secondly, it will continue to strengthen its supervisory functions by attending the general meetings and the Board meetings under the laws to keep informed of the Company's major decisions and the legitimacy of decision-making processes to better protect the rights and interests of the shareholders of the Company. Thirdly, it will implement the Rules of Procedures of the Supervisory Board and convene meetings of the Supervisory Board on a regular basis.

REPORT OF THE SUPERVISORY BOARD

(II) Strengthening supervision and inspections to avoid operational risks

Firstly, it will focus on financial control to carry out supervision and inspections on the financial affairs of the Company in accordance with the law. Secondly, it will prioritize its supervision and inspections on the Company's significant events including major investment, asset disposal, merger and acquisition and connected transactions, so as to effectively avoid operational risks. Thirdly, it will follow up the establishment and implementation of the internal control system of the Company to ensure its effectiveness. Fourthly, it will maintain communications with the internal audit function and entrusted (accounting) auditing firms of the Company, taking full use of internal and external audit information to keep abreast of the updates.

(III) Enhancing communications with the Board and the management to facilitate rational and scientific decisions and management of the Company; enhancing communications with the staff to advance the Company's democratic management and harmonious development.**(IV) Uplifting professional capabilities through self-improvements to better perform the supervisory duties of the Supervisory Board.**

Guo Yanming

Supervisory Board

Beijing, the PRC

24 March 2022

INVESTOR RELATIONS REPORT

Overview

The Group strongly believes that effective and close communications with the shareholders of the Company is the key to maintaining good corporate governance and investor relations are an integral part of maintaining good corporate governance of a listed company. The Group has been actively maintaining contact with investors and keeping them abreast of the latest industry updates, corporate communications and business development in a timely manner, so as to establish a platform for fair, open, accurate and transparent information disclosure and facilitating two-way communication between investors and the Group. The Board secretary, and the director of the Board Office, Zhang Jianfeng is responsible for the investor relations of the Group with the full support from the Board and the senior management. During the Reporting Period, the Group actively participated in various investor relations activities and provided on-time information to investors through the company website. In addition, the Group has also demonstrated a high level of compliance with the Listing Rules and relevant requirements under the Hong Kong Stock Exchange during the Reporting Period.

Investor Relations Review

1. Meetings with Investors

Upon the publication of the results announcement, the Group endeavors to continue to actively convey a clear message to the sizable and major investment banks and investors about the Group's latest operational and financial performances and business prospect for the investors' deeper and clearer understanding of excellent opportunities and platform of the Group.

During the Reporting Period, the Group actively participated in teleconferences held by renowned investment and securities firms in the PRC and Hong Kong and actively organized one-on-one and group meetings with various fund managers and analysts. During the Reporting Period, the Group has arranged meetings of various forms with many analysts, fund managers and financial commentators and maintained close communications with institutional investors, providing them with up-to-date information about the Group. Constructive suggestions and feedbacks from the investors and analysts collected by the Company will be addressed carefully by the management.

During the Reporting Period, excluding the adverse impact brought by the COVID-19 epidemic, the Company has maintained positive interaction with the investors through many ways, such as arranging the earnings conference, online roadshow and reverse roadshow, participating in the investor online summit at home and abroad, and replying e-interactive questions in a timely manner and welcoming the investigation and survey from the analysts and the institution investors.

INVESTOR RELATIONS REPORT

2. Ongoing Communications with Shareholders, Investors and Analysts

The Group has adopted an active and progressive approach to provide the shareholders and investors of the Company with the opportunity to communicate with the senior management of the Group through one-on-one and group meetings and luncheons to share with them the financial performance, business updates and future prospects of the Group. During the Reporting Period, sell side research reports have been issued by several prominent securities research institutions to cover the operation of the Company. The Group also believes that the shareholders' general meetings is an important channel for communication with its shareholders and investors and encourages an open dialogue between its shareholders and the directors and/or senior management of the Company.

3. Results Announcement

The Group had prepared detailed results reports and presentation materials upon finalization of interim and annual results of the Group. Investors' teleconferences were also held to provide updates in relation to the market environment, financial performance, operating strategies and future prospects to the public in an accurate and effective manner, so as to maintain the Group's transparent investor relations strategy and strengthen the communications with the public.

4. Maintaining Two-Way Communications with Media

The Group endeavors to maintain a close relationship with the overseas and local media, and disseminate the Group's updates to the public through various channels, ranging from organizing investors' teleconference for the quarterly, interim and annual results announcements to issuing regular press releases and arranging media interviews with the management of the Group, and thus increasing the Group's publicity and further strengthening its corporate image and position.

5. Timely Dissemination of Latest Corporate Updates

The Company's website is considered to be one of the quickest means to communicate with investors. The Group regularly updated the contents of the company's website (www.bbmj.com.cn/listco), disseminated the latest corporate updates, developments and disclosed financial information of the Group so as to enable the public to obtain such information in a timely manner. In addition, the Group also swiftly responded to different enquiries made by the shareholders of the Company, investors, analysts and media by means of email, facsimile and telephone; and published announcements, press releases and other latest updates on the development of the Group, so as to strengthen the effectiveness of information dissemination.

INVESTOR RELATIONS REPORT

Prospects

The foundation of investor relations is based on the seamless integration of advanced corporate communication strategies and the dedicated involvement by the senior management of the Group. In the coming year, the Group will continue to maintain highly transparent and effective corporate governance practices and is endeavored to maintain timely and accurate information dissemination and quality disclosure in order to strengthen the relationship with investors.

The Group also welcomes constructive recommendation and feedback from the investment community. With the invaluable support from the investors and the public, the Group is committed to providing the best investor relations service and continuously improving the quality and transparency of public disclosure so as to maximize the return to the shareholders of the Company.

Investor Information

1 Share Particulars

H Shares

Listing date	29 July 2009
Board lot	1,000 shares
Number of issued H shares	2,338,764,870 shares (as at 31 December 2021 and 24 March 2022)
Stock code	02009.HK

A Shares

Listing date	1 March 2011
Board lot	100 shares
Number of issued A shares	8,339,006,264 shares (as at 31 December 2021 and 24 March 2022)
Stock code	601992.SH

INVESTOR RELATIONS REPORT

2	Financial Calendar	
	2020 annual results announcement	published on 25 March 2021
	2021 first quarterly results announcement	published on 29 April 2021
	2021 interim results announcement	published on 24 August 2021
	2021 third quarterly results announcement	published on 28 October 2021
	2021 annual results announcement	published on 24 March 2022
	Closure of register of H shares members for attending the 2020 AGM	from 7 May 2021 to 12 May 2021
	2020 AGM	12 May 2021
	Closure of register of H shares members for attending the 2021 AGM	From 4 May 2022 to 10 May 2022
	2021 AGM	10 May 2022
	Financial year end	31 December
3	Dividends	
	2020 final dividend	RMB0.06 per share
	Closure of register of H shares members for 2020 final dividend	from 22 May 2021 to 27 May 2021
	2020 H shares final dividend payment date	9 July 2021
	Proposed 2021 final dividend	RMB0.104 per share
	Closure of register of H shares members for 2021 final dividend	from 21 May 2022 to 26 May 2022
	2021 H shares final dividend payment date	8 July 2022

For any queries, please contact:

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Company website: www.bbmg.com.cn/listco

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2021.

1. **Commitment to Corporate Governance**

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

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

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

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

CORPORATE GOVERNANCE REPORT

2. The Board

Duties and Functions of the Board

The Board is responsible for leading and monitoring the Company's affairs. The Board oversees the strategic development of the Company and determines the objectives, strategies and policies of the Company. The Board also monitors and controls the operating and financial performance in pursuit of the strategic development of the Company. All Directors are liable to act in the best interests of the Company and collectively assume the responsibility for overseeing and monitoring the Company's affairs so as to ensure the success of the Company through achievement of the adopted business plans by the Board to enhance the value for the shareholders of the Company. The Board makes regular assessment on the management's business prospects and results as well as exercises other power and makes decisions objectively in the interests of the Company, including the approval and monitoring of key policy matters, overall strategies, business plans (inclusive of annual budgets), internal control and risk management systems, material transactions such as acquisitions, investments, divestments, disposal of assets (in particular those which may involve conflicts of interest), major and significant capital expenditures, appointment of Directors, recommendation to shareholders of the Company on final dividend and the declaration of any interim dividends and other significant financial and operational matters.

The Directors are responsible for the preparation of the accounts of each financial period with a view to giving a true and fair view of the financial position, results and cash flows of the Group for that period. Since October 2010, in compliance with the relevant rules and regulations for information disclosure, the Group has been releasing quarterly financial results. Starting in January 2012, the Group commenced the disclosure of preliminary annual major operational data and financial information to enable the public investors to have an advanced overview and assessment of the Group's business operations. Regular management reports on the financial position and prospects of each business unit of the Group are reviewed by the senior management to enable the Board to make an informed assessment of the performance of the Group.

According to the Working Guidelines for General Manager (總經理工作細則), all routine operations are delegated to the general manager of the Company. The day-to-day management, administration and operation of the Company are delegated to the management team under the supervision of the executive Directors. The delegated functions, power and work tasks are periodically reviewed to ensure that they remain appropriate. The Board will give clear directions to the management team as to their powers of management, and circumstances where the management team should report back. Approval has to be obtained from the Board prior to any decision being made or any commitments being entered into on behalf of the Company that are outside the scope of the operational authority delegated by the Board. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of Directors, remuneration policy and other major operational and financial matters.

CORPORATE GOVERNANCE REPORT

All Directors have full and timely access to appropriate business documents and all relevant information about the Group on a timely basis as well as the advice and services of the Board secretary and the company secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. When needed and upon making request to the Board, all Directors and Board committees may have recourse to external legal counsel and other independent professionals for advice at the Company's expense in carrying out their functions.

The management team has an obligation to supply to the Board and its committees adequate, complete and reliable information in a timely manner to enable them to make informed decisions. Each Director has separate and independent access to the management team.

Composition

As at the end of the Reporting Period, the Board comprised four executive Directors, two non-executive Directors and five independent non-executive Directors:

Executive Directors:

Zeng Jin	Chairman of the Board and Chairman of the Strategic Committee
Jiang Yingwu	Member of the Strategic Committee
Wu Dong	Member of the Remuneration and Nomination Committee
Zheng Baojin	Member of the Strategic Committee

Non-executive Directors:

Wang Zhaojia	Member of the Audit Committee
Gu Tiemin	Member of the Audit Committee

Independent non-executive Directors:

Yu Fei	Members of the Audit Committee, Remuneration and Nomination Committee and Strategic Committee
Liu Taigang	Members of the Audit Committee, Remuneration and Nomination Committee and Strategic Committee
Li Xiaohui	Chairman of the Audit Committee and members of the Remuneration and Nomination Committee and Strategic Committee
Hong Yongmiao	Chairman of the Remuneration and Nomination Committee and members of the Audit Committee and Strategic Committee
Tam Kin Fong	Members of the Audit Committee, Remuneration and Nomination Committee and Strategic Committee

CORPORATE GOVERNANCE REPORT

The balance of power and authorities is ensured by the operation of the Board and the senior management, which comprise of experienced and high caliber individuals. As of the date of this report, the Board currently comprises of four executive Directors, two non-executive Directors and five independent non-executive Directors. It has a strong independence element in its composition. The Board also increased a female independent non-executive Director during the Reporting Period, promoting the diversified development of the Board.

The Directors of the current sixth session of the Board were elected or re-elected by the shareholders of the Company ("**Shareholders**") at the 2020 AGM or were elected democratically by the staff of the Company as the Directors according to the relevant requirements. The term of the sixth session of the Board commenced from the conclusion of the 2020 AGM and will be expiring on the date of the annual general meeting of the Company for the year of 2023.

The biographical details of each Director are disclosed on pages 9 to 14 of this Annual Report. All Directors shall report to the Board in respect of the number and nature of any office assumed by them in other companies or institutions and the term of office, as well as disclose to the Company names of such companies or institutions. If the Board considers a Director has a conflict of interest in any proposal under consideration, such Director shall declare his interests and abstain from voting and may, when necessary, apply for absence. The Board requires the Directors to confirm whether there is any connected transaction between the Directors or their respective associates and the Company or its subsidiaries during each Reporting Period. Any material transactions relating to connected persons, which have been confirmed, will be disclosed in accordance with the Listing Rules and in the notes to the financial statements of the annual report.

The independent non-executive Directors of the Company possess wide professional expertise and experience, and can fully perform their important functions of supervision and to protect and balance the interests of the Company and its Shareholders as a whole. The Board considers that the independent non-executive Directors are able to make independent judgment effectively and satisfy the guideline on assessing independence set out in Rule 3.13 of the Listing Rules and has received written annual confirmations from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules.

The Company complies with the requirement concerning the appointment of sufficient independent non-executive Directors and that at least one of them possesses appropriate professional qualification or accounting or relevant financial expertise set out in Rules 3.10(1) and 3.10(2) of the Listing Rules. The Company has made appropriate arrangements to insure against possible legal actions that the Directors and senior management may be involved in. The Board reviews the insurance arrangement annually.

CORPORATE GOVERNANCE REPORT

The independent non-executive Directors advise the Company on strategic and significant matters. The Board considers that each independent non-executive Director brings his/her own level of experience and expertise to the effective functioning of the Board. The Board seeks the development of an effective working environment for the executive and independent non-executive Directors so as to improve the quality of the decisions made by the Board without constraining the independent views of the independent non-executive Directors. Regular Board meetings were held during the year with open discussion between the executive Directors and the independent non-executive Directors so as to enhance mutual understanding and effective working relationships.

Save as disclosed herein, to the best of knowledge of the Directors, there is no relationship (including financial, business, family or other material relevant relationship) among members of the Board.

Board Diversity

With a view to achieving a sustainable and balanced development, the Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development and has formulated the board diversity policy. The Remuneration and Nomination Committee regularly reviews the structure, number of members and composition (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board in support of the Company's strategy.

The Remuneration and Nomination Committee reviews and implements the board diversity policy as and when appropriate, and proposes any recommended revisions as and when necessary to the Board for consideration and approval so as to ensure the effectiveness of the policy. The Company will make proper information disclosure on board composition (including gender, ethnicity, age and length of service) according to laws and regulations and Listing Rules.

The Remuneration and Nomination Committee reviewed the implementation and effectiveness of the board diversity policy at the meeting which was held on 23 March 2022. The Board considers the current Board composition has provided the Company with a balance of skills, experience and diversity of perspective appropriate to the requirements by its business. Currently, a female independent non-executive director has been added to the Board. The Executive Directors of the Company have many years of experience in the building materials and real estate industries; the independent non-executive Directors have extensive industry knowledge and experience in law, economics, financial management and corporate finance.

CORPORATE GOVERNANCE REPORT

The Chairman and the Chief Executive Officer

For the year ended 31 December 2021, the Company has reviewed its corporate governance documents and is of the view that the Company had fully complied with the code provisions of the CG Code set out in the Appendix 14 to the Listing Rules.

The primary role of the Chairman is to lead the Board and to ensure that it works effectively in discharging its responsibilities by setting the overall strategy and making major development decisions of the Company and monitoring their implementation and ensuring the creation of value for Shareholders. He takes part in cultivating and maintaining good relationships with strategic associates of the Company and creating a favourable environment for the development of the Company's core businesses.

The general manager, who also act as the chief executive officer of the Company, is responsible for the day-to-day operation and management of the Company's business, formulating different business and financial targets and management rules, proposing strategies to the Board and ensuring the effective implementation of the strategies and policies adopted by the Board, including the building of a strong corporate culture within the Company.

Terms of Office of Directors, Supervisors and Senior Management

The terms of office of the current sixth session of the Board and Supervisory Board of the Company has commenced from the respective dates of appointment (that is, the date of the 2020 AGM) and will expire on the date of the annual general meeting for the year of 2023. Upon the expiry on the date of the annual general meeting for the year of 2023, the Company will elect members of the new session of the Board and the Supervisory Board according to the then proposed appointment.

Company Secretary

All Directors are entitled to the company secretary's services. The company secretary reports and notifies the Board the latest information on corporate governance and oversight on a regular basis, assists the Chairman in preparation of the agenda, and prepares and despatches meeting documents in a timely and comprehensive manner so as to ensure the efficiency and validity of the Board meetings. With the assistance of the Company's legal advisers, the company secretary is in charge of arranging the publication of annual, interim and quarterly reports and disclosure of information and data in accordance with the Listing Rules and the relevant rules and guidelines of the Company and ensure the Company's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules

CORPORATE GOVERNANCE REPORT

and regulations. The company secretary makes timely and regular enquiries with the Company's finance department in accordance with the Company's protocols and guidelines such as the Continuing Connected Transactions Practical Guidelines (關連交易實施細則), Management Protocol on Related Party Transactions (關聯交易管理辦法) and Guidelines on Identifying Connected Parties (關連人士確認細則) for information on connected transactions to secure the full compliance with the Listing Rules in respect of such transactions.

The company secretary is also in charge of preparing and keeping written resolutions and/or minutes of meetings of the Board and the Board committees together with any relevant documents. All matters under consideration including any enquiry and objection by Directors will be minuted in details. Within a reasonable time frame upon closing a meeting, draft minutes will be despatched to all Directors for their comments and final written resolutions and minutes will be sent to all Directors for their records.

According to Rule 3.29 of the Listing Rules, the company secretary had taken no less than 15 hours of relevant professional training during the Reporting Period.

Board Meetings

The Chairman is responsible for convening and holding the Board meetings. Assisted by the Board secretary and the company secretary, the Chairman tries to ensure all Directors have proper access to accurate, timely and sufficient data on the proposals to be considered by the Board to enable them to reach their final decisions at the relevant Board meeting. While a not less than fourteen days' notice of a regular Board meeting is given, the agenda of meeting and the meeting documents enclosed are circulated at least three days prior to the holding of a Board meeting or a meeting of any Board committee.

The Chairman encourages the Directors to be fully engaged in the Board's affairs and make contributions to the functions of the Board. The Board has adopted comprehensive and sound corporate governance practices and procedures and encourages an open and frank communication among all Board members so as to ensure enquiries raised by the Board members are addressed efficiently and effectively by the appropriate personnel of the Company.

It is expressly provided in the Rules of Procedure for the Meetings of the Board (董事會議事規則) that, in the event that a substantial shareholder or a director of the Company has a conflict of interests in the matter to be considered at the Board meeting, such matter shall not be dealt with by Board committees or by way of circulation. Any Director who has a conflict of interests in the matters to be considered shall abstain from voting.

CORPORATE GOVERNANCE REPORT

The Board held four regular Board meetings during the Reporting Period to review the financial performance of the Group. Between these regular meetings, the Board also met to discuss and consider major issues (whether or not required by the Listing Rules) and also on other occasions when Board decisions are required. With respect to regular meetings of the Board, Directors were given a formal written notice of the meeting and an agenda with supporting Board papers to the meeting in accordance with the Listing Rules and the CG Code. With respect to other meetings, Directors were given as much notice as was reasonable and practicable in the circumstances. During the Reporting Period, the Board also convened the 2020 AGM on 12 May 2021 and convened the 2021 first extraordinary general meeting on 19 January 2021 to consider the resolution in relation to appointment of directors. The number of meetings and attendance details of each Director during the Reporting Period are set out as follows:

Name of Directors	Number of attendance/ Number of meetings entitled to attend		
	Board meetings	2020 AGM	2021 first extraordinary general meeting
<i>Executive Directors</i>			
Zeng Jin (<i>Chairman</i>)	18/18	1/1	1/1
Jiang Yingwu (appointed on 19 January 2021)	18/18	1/1	0/0
Wu Dong	18/18	1/1	1/1
Zheng Baojin	18/18	1/1	1/1
<i>Non-executive Directors</i>			
Wang Zhaojia	18/18	1/1	1/1
Gu Tiemin (appointed on 12 May 2021)	11/11	0/0	0/0
Xue Chunlei (resigned on 12 May 2021)	7/7	1/1	1/1
<i>Independent non-executive Directors</i>			
Yu Fei (appointed on 12 May 2021)	11/11	0/0	0/0
Liu Taigang (appointed on 12 May 2021)	11/11	0/0	0/0
Li Xiaohui (appointed on 12 May 2021)	11/11	0/0	0/0
Hong Yongmiao (appointed on 12 May 2021)	11/11	0/0	0/0
Tam Kin Fong (appointed on 12 May 2021)	11/11	0/0	0/0
Wang Guangjin (resigned on 12 May 2021)	7/7	1/1	1/1
Tian Lihui (resigned on 12 May 2021)	7/7	1/1	1/1
Tang Jun (resigned on 12 May 2021)	7/7	1/1	1/1
Ngai Wai Fung (resigned on 12 May 2021)	7/7	1/1	1/1

CORPORATE GOVERNANCE REPORT

Directors' Induction and Continuous Professional Development

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policies and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior management to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, companies law and corporate governance practices organized by professional bodies, independent auditors and/or chambers in Hong Kong and China so that they can continuously update and further improve their relevant knowledge and skills. From time to time, Directors are provided with written materials to develop and refresh their professional skills. The Company also organises and arranges training sessions on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the Reporting Period, the Company regularly provided the Directors and senior management with materials on corporate governance, the Listing Rules and relevant updates on laws, rules and regulations.

CORPORATE GOVERNANCE REPORT

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuous professional development during the Reporting Period:

Name of Directors	Types of training
<i>Executive Directors</i>	
Zeng Jin (<i>Chairman</i>)	A + B + C
Jiang Yingwu (appointed on 19 January 2021)	A + B + C
Wu Dong	A + B + C
Zheng Baojin	A + B + C
<i>Non-executive Directors</i>	
Wang Zhaojia	A + B + C
Gu Tiemin (appointed on 12 May 2021)	A + B + C
Xue Chunlei (resigned on 12 May 2021)	
<i>Independent non-executive Directors</i>	
Yu Fei (appointed on 12 May 2021)	A + B + C
Liu Taigang (appointed on 12 May 2021)	A + B + C
Li Xiaohui (appointed on 12 May 2021)	A + B + C
Hong Yongmiao (appointed on 12 May 2021)	A + B + C
Tam Kin Fong (appointed on 12 May 2021)	A + B + C
Wang Guangjin (resigned on 12 May 2021)	A + B + C
Tian Lihui (resigned on 12 May 2021)	A + B + C
Tang Jun (resigned on 12 May 2021)	A + B + C
Ngai Wai Fung (resigned on 12 May 2021)	A + B + C

- A: attending seminars, conferences and/or forums
- B: giving talks at seminars, conferences and/or forums
- C: reading newspapers, journals and updates relating to the economy, general business, building materials, property development or director's duties and responsibilities, etc.

All the Directors also understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

CORPORATE GOVERNANCE REPORT

Board Committees

There are three Board committees under the Board, namely, the Audit Committee, the Remuneration and Nomination Committee and the Strategic Committee, established to administer certain specified functions of the Company's affairs. Their terms of reference which set out, among other things, the duties, functions and composition of these committees are determined in accordance with the principles set out in the CG Code and are available on the Company's website. The Board committees report to the Board. In order to perform their duties, the Board committees have the authority to appoint legal advisors, accountants or other professionals to provide professional advice if necessary, at the Company's expenses.

Audit Committee

The Company has established the Audit Committee pursuant to the provisions of the CG Code with written terms of reference, aiming at (among other things) reviewing and supervising the Group's financial reporting procedures. The Audit Committee consists of two non-executive Directors and five independent non-executive Directors. At a meeting convened on 23 March 2022, the Audit Committee reviewed and considered the consolidated financial statements 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 Annual Report, members of the Audit Committee are Wang Zhaojia (non-executive Director), Gu Tiemin (non-executive Director), Yu Fei (independent non-executive Director), Liu Taigang (independent non-executive Director), Li Xiaohui (independent non-executive Director), Hong Yongmiao (independent non-executive Director) and Tam Kin Fong (independent non-executive Director). Li Xiaohui (independent non-executive Director) is the chairman of the Audit Committee.

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The major functions and roles of the Audit Committee are:

- To review the financial statements of the Company;
- To consider and make recommendation to the Board on the appointment, re- appointment and removal of external auditors;
- To review and opine on the connected transactions and continuing connected transactions of the Group;
- To review the accounting policies adopted by the Group and their implementation;
- To oversee the engagement of external auditors and their independence;
- To review and monitor the effectiveness of the internal audit and risk management function;
- To oversee the effective implementation of the internal control system and the evaluation of internal control;
- To oversee and examine the operation of the Company and make proposals to the Board;
- To control and carry out day-to-day management of the connected transactions and continuing connected transactions of the Company; and
- To inspect and review the corporate governance of the Company.

During the Reporting Period, the Audit Committee convened five meetings. The senior management and external auditors were invited to attend these meetings.

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The attendance details of the Audit Committee members during the Reporting Period are as follows:

Name of Directors	Number of attendance/ Number of meetings entitled to attend
<i>Independent non-executive Directors</i>	
Yu Fei (appointed on 12 May 2021)	3/3
Liu Taigang (appointed on 19 January 2021)	3/3
Li Xiaohui (appointed as the Chairman of the Audit Committee on 12 May 2021)	3/3
Hong Yongmiao (appointed on 12 May 2021)	3/3
Tam Kin Fong (appointed on 12 May 2021)	3/3
Tian Lihui (Chairman of the Audit Committee before his resignation on 12 May 2021)	2/2
Wang Guangjin (resigned on 12 May 2021)	2/2
Tang Jun (resigned on 12 May 2021)	2/2
Ngai Wai Fung (resigned on 12 May 2021)	2/2
<i>Non-executive Directors</i>	
Wang Zhaojia	5/5
Gu Tiemin (appointed on 12 May 2021)	3/3
Xue Chunlei (resigned on 12 May 2021)	2/2

The major work of the Audit Committee during the Reporting Period included:

- review of the external auditors' report in respect of the audited financial statements, annual report and results announcement for the year ended 31 December 2020;
- review of implementation of the final dividend for the year ended 31 December 2020;
- review of the accounting policies of the Group adopted during the Reporting Period;
- the proposed appointment of Ernst & Young Hua Ming LLP as the Company's independent auditor for the year ended 31 December 2021;
- review of the 2021 interim report and interim results announcement;
- review of the 2021 first quarter and third quarter results reports;
- review of the procedures for information disclosure during the Reporting Period;

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- review of the internal control and risk management function of the Group with the discussion of the internal auditors;
- review of the internal control evaluation report;
- review of the Company's audit planning report prepared by Ernst & Young Hua Ming LLP for the year ended 31 December 2021;
- review of changes of accounting policy;
- review of the appointment and remuneration plan of senior management;
- review of the related transactions, external guarantee and occupied fund of the Group (if applicable); and
- review of the work performed by other Board committees during the Reporting Period.

This Annual Report and the annual results announcement of the Company for the Reporting Period have been reviewed by the Audit Committee during the meeting convened on 23 March 2022.

The most updated rules of procedures of the Audit Committee are posted on the websites of the Company and the Hong Kong Stock Exchange.

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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 Annual Report, the Remuneration and Nomination Committee consists of six members, namely Wu Dong (executive Director), Yu Fei (independent non-executive Director), Liu Taigang (independent non-executive Director), Li Xiaohui (independent non-executive Director), Hong Yongmiao (independent non-executive Director) and Tam Kin Fong (independent non-executive Director). Hong Yongmiao (independent non-executive Director) is the chairman of the Remuneration and Nomination Committee.

During the Reporting Period, the Remuneration and Nomination Committee convened four meetings. Key resolutions considered and approved at the meetings were:

- a. The resolution of determining the remuneration of executive Directors of the Board and the senior management of the Company by the Remuneration and Nomination Committee;
- b. The proposals to the Board on 2020 performance-based remuneration plan for the Company's senior management and 2020 remuneration plan;
- c. The consideration and review on (i) the appointment of senior management and (ii) the composition of the Remuneration and Nomination Committee and Strategic Committee;
- d. The review of the proposals of nominating directors for re-election and appointing senior management; and
- e. The review of the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy.

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The attendance details of the Remuneration and Nomination Committee members during the Reporting Period are as follows:

Name of Directors	Number of attendance/ Number of meetings entitled to attend
<i>Executive Director</i>	
Wu Dong	4/4
<i>Independent non-executive Directors</i>	
Yu Fei (appointed on 12 May 2021)	2/2
Liu Taigang (appointed on 12 May 2021)	2/2
Li Xiaohui (appointed on 12 May 2021)	2/2
Hong Yongmiao (appointed as the Chairman of the Remuneration and Nomination Committee on 12 May 2021)	2/2
Tam Kin Fong (appointed on 12 May 2021)	2/2
Wang Guangjin (Chairman of the Remuneration and Nomination Committee before his resignation on 12 May 2021)	2/2
Tian Lihui (resigned on 12 May 2021)	2/2
Tang Jun (resigned on 12 May 2021)	2/2
Ngai Wai Fung (resigned on 12 May 2021)	2/2

As at the date of this Annual Report, the Remuneration and Nomination Committee had reviewed the remuneration packages in respect of the Directors and members of senior management of the Company for the Reporting Period as disclosed and considered that their respective remuneration packages were in line with the relevant requirements of the remuneration policy of the Company and were consistent with the annual performance appraisal results.

The most updated rules of procedures of the Remuneration and Nomination Committee are posted on the websites of the Company and the Hong Kong Stock Exchange.

The biographical details of senior management are disclosed on pages 18 to 23 of this Annual Report.

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Strategic Committee

The Company established the Strategic Committee whose primary duties are to formulate the overall development plans and investment decision-making procedures of the Group. As at 31 December 2021, the Strategic Committee consisted of eight members, three of whom are executive Directors, namely Zeng Jin, Jiang Yingwu and Zheng Baojin with Zeng Jin serving as the Chairman, together with five independent non-executive Directors, namely, Yu Fei, Liu Taigang, Li Xiaohui, Hong Yongmiao and Tam Kin Fong.

During the Reporting Period, the Strategic Committee convened one meeting with an attendance rate of 100% to consider investment and financing plan of the Company and make comments and advise on the development planning strategy of the Company according to the environment and status of the industry and market where our Company are operating.

3. Statement of Financial Responsibility of the Board

It is the responsibility of the Board for presenting a balanced, clear and understandable assessment in respect of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for (i) the preparation of the Company's financial statements; (ii) the completeness and legitimacy of the financial data; and (iii) the efficiency of the Company's internal control and risk management function for the year ended 31 December 2021.

Management team shall provide such explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information presented before the Board for approval. The Directors are responsible for keeping proper accounting records and preparing accounts of each financial period, which give a true and fair view of the financial position of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2021, the Directors have:

- consistently applied appropriate accounting policies;
- made judgments and estimates that are prudent and reasonable; and
- prepared the accounts on the going concern basis.

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The quarterly, interim and annual results of the Company are announced in a timely manner within the relevant limits of the Listing Rules after the end of the relevant Reporting Period.

The Company has received a statement by the independent auditors of the Company about their reporting responsibilities. The statement of the independent auditors of the Company on its reporting responsibilities on the financial statements is set out in the "Auditors' Report" on pages 132 to 138 of this Annual Report.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

4. Directors' and Supervisors' Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules and the Securities Dealing Code for Management (管理層證券交易守則) as the Company's code of conduct and rules to govern dealings by all Directors in the securities of the Company. The Model Code is also applicable to the Supervisors, specific employees and/or senior management of the Group who may have certain inside information that has not been disclosed. The Model Code is sent four times a year, namely, no less than 30 days prior to the Board meeting to approve the Company's interim and quarterly results and no less than 60 days prior to the Board meeting to approve the Company's annual results, together with an indicative notice, to remind the Directors, the Supervisors and the specific employees who may have certain price sensitive information that they may not deal in the Shares until the publication of the results announcement.

The Company has also adopted the System on Managing Insiders and External information User (內幕資訊知情人和外部資訊使用人管理制度) and Securities Dealing Code for Management (管理層證券交易守則) for controlling and monitoring the relevant employees who are likely to be in possession of unpublished price-sensitive information in relation to the Group or its securities.

All Directors confirmed that as at 31 December 2021, none of the Directors, the Supervisors and the specific employees who may have possession of certain inside information that had not been disclosed in accordance with the requirements of the Model Code has interests or short positions which are required to notify the Company and the Hong Kong Stock Exchange, or incur any conduct in violation of regulations. Having made specific enquiries to all Directors and all Supervisors of the Company, they have confirmed that they had complied with the required standards set out in the Model Code throughout the Reporting Period.

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5. Senior Management's Remuneration

The Company considers the executive Directors, general manager, the deputy general manager, the deputy general manager assistant, the board secretary and the company secretary as the members of the senior management.

For the year ended 31 December 2021, remuneration paid to the members of the senior management other than the Executive Directors was as follows:

	2021 RMB	2020 RMB
Total remuneration	14,653,870	10,597,873

Remunerations of these senior management members fall within the following range:

	2021	2020
RMB0-1,000,000	3	8
RMB1,000,001-1,500,000	7	2
RMB1,500,001-2,000,000	2	1
	12	11

6. Internal Control and Audit**Internal Control**

The Board has the ultimate responsibility to maintain a sound and effective internal control system for the Company so as to safeguard the interests of the Company and its shareholders as a whole and to ensure strict compliance with relevant laws, rules and regulations. The Board is fully in charge of the internal control system and is responsible for reviewing the effectiveness of the internal control system.

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The Company's internal control system comprises a well established organizational structure and comprehensive policies and standards. Areas of responsibilities for each business and functional unit are clearly defined to ensure effective checks and balances. The procedures have been designed for safeguarding assets against any unauthorised use or disposition, for maintaining proper accounting records, and for ensuring the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud. The procedures have also been designed to ensure compliance with all applicable laws, rules and regulations. During the Reporting Period, the Company had carried out an overview on the effectiveness of the internal control system of the Company. The review covered all material controls, including financial, operational and compliance controls and risk management functions of the Company. No material internal control aspects of any significant problems were noted. Both the Audit Committee and the Board were satisfied that the internal control system of the Company had functioned effectively during the Reporting Period. With the completion of the corporate governance update project during the Reporting Period, the corporate governance of the Company was further improved, the transparency of the Company was further enhanced and the awareness of regulatory operation was continuously strengthened. During the Reporting Period, the Company continued to strengthen the management foundation and improve the steady and sound development of the Company in accordance with the requirements by regulatory authorities, so as to better protect the interests of shareholders of the Company.

The Board's Statement on Its Responsibility for Internal Control

According to the provisions of the Basic Internal Control Norms for Enterprises and its supporting guidelines and other internal control and supervision requirements (hereinafter referred to as the "Standard System for Internal Control of Enterprises"), in combination with the internal control system and evaluation methods of the Company, and on the basis of daily and special supervision of internal control, the Company evaluated the validity of the internal control as of 31 December 2021 (base date of internal control evaluation report).

1. According to the determination of the major defects in the internal control of the Company's financial reports, the Company had no major defects in the internal control of the financial reports on the base date of the internal control evaluation report, and the Board of Directors believed that the Company had maintained effective internal control of the financial reports in all major aspects according to the requirements of the Standard System for Internal Control of Enterprises and relevant regulations.

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2. According to the determination of the major defects in the internal control of the non-financial reports of the Company, the Company found no major defects in the internal control of non-financial reports on the base date of internal control evaluation report.
3. There were some general defects in the internal control process in daily operation. However, due to the double supervision mechanism of self-evaluation and internal audit for the internal control of the Company, the risks were controllable and did not affect the financial reports of the Company.
4. A standard unqualified internal control audit report has been issued to the Company by Ernst & Young Hua Ming LLP, the internal control auditor engaged by the Company.

Internal control operation of the year and direction of improvement in the next year

In 2021, the Company adhered to implement the strategic concept of “four developments”, further clarified “1+7+X” management architecture and enhanced management efficiency according to “flat, professional, regional and information-based” management and control principle; further strengthened the publicity and implementation of the 2021 implementation system and the 2019 revised internal control manual in affiliations at all levels; further optimized the group headquarters’ structure, refined department responsibilities and authorities, and gave full play to the functional role of the headquarters’ strategic decision center, capital operation center, asset supervision center and human resources distribution center; further improved its corporate management and control model, specified the level of management, implemented the management for the term of office and with contracts; further enhanced legal compliance, implemented the three-tier leadership package for major cases, and effectively implemented the General Counsel System; further enhanced the overall quality of its employees, established professional talent pool, including human resources professionals, financial professionals and skilled technicians, and organized various trainings; and further strengthened discipline inspection and audit supervision, effectively implemented the collaborative working mechanism of discipline inspection and supervision, surveillance and audit, so as to achieve the full three-year audit coverage of the audit work. Through self-assessment, the Company has maintained effective internal control in all material aspects in accordance with the requirements of corporate internal control specification system and relevant provisions, and found no major and material defects.

In 2022, the Company will, on the basis of the existing internal control system, continue to improve its four-level management and control model, adjust the optimization of management level and equity structure, promote the integration of internal resources; implement its “14th Five-Year” talent planning, continue to widen the scope of professional talents and the total number of talents in the talent pool; further promote the transformation of digital intelligence with the industrial Internet as the core; continue to promote the system of management for the term of office and with contracts; promote inspections, surveillances and audit on problems

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rectification and results application, so as to enhance the prevention of various operational risks; continue to reinforce the implementation, supervision and inspection of various systems and procedures, ensure that internal control always centers on the big picture of the Company's development, and make a reasonable guarantee that the Company's operation and management is legitimate and compliant, assets are safe, and financial reports and relevant information are authentic and complete, so as to improve its operating efficiency and effect and promote the realization of development strategy. Meanwhile, according to the new situations reflected in the implementation process of the existing internal control system, it shall optimize and improve some of the business processes, and ensure that the Company's internal control system will timely adapt to environmental changes and keep dynamic and effective.

Auditors' Remuneration

The Audit Committee reviewed the letter from Ernst & Young Hua Ming LLP to confirm its independence and objectiveness, and held meetings with Ernst & Young Hua Ming LLP to discuss its audit scope and fees by Ernst & Young Hua Ming LLP. The Company engaged Ernst & Young Hua Ming LLP as the sole external auditor of the Company. The remuneration in respect of audit services and non-audit services provided by Ernst & Young Hua Ming LLP in 2021 is summarised as follows:

Ernst & Young Hua Ming LLP	RMB
Annual results auditing services	6,300,000
Review of 2021 interim results	3,750,000
Other non-annual audit or review services	<u>250,000</u>
Total	<u>10,300,000</u>

7. Communications with Shareholders

The Board fully recognizes that effective communication with investors is the key to building up investors' confidence and attract new investors. The Company held briefs to investment analysts and investors immediately following the announcement of its annual and interim results. Senior management were present to analyze the performance of the Company, expound the business development of the Company and answer questions raised by investors, so as to make known the Company's existing operation, investment status and business development, thereby enhancing the investors' confidence in the Company.

For further details, please refer to the section headed "Investor Relations Report" in this Annual Report.

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8. Shareholders' Rights

Procedure for shareholders to convene an extraordinary general meeting:

Pursuant to Articles 65 and 107 of the Articles of Association and Rules of Procedure for General Meetings of the Company, the following procedures are set out for shareholders to convene an extraordinary general meeting or class meeting of shareholders:

- (1) Two or more shareholders severally or jointly holding 10% or more of shares of the Company may, by signing written requests in one or more counterparts stating the object of the meeting, require the Board to convene an extraordinary general meeting or a class meeting of shareholders. The Board shall within two months after receipt of such written request convene an extraordinary general meeting or class meeting of shareholders. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s) by the shareholders;
- (2) Where the Board disagrees on the proposal for convening a general meeting or fails to give feedback within ten days upon receipt of the above written request, the shareholder(s) shall request in writing to the Supervisory Board to convene a general meeting. Where the Supervisory Board agrees on the convening of meeting, it shall give a notice of meeting within five days upon receipt of the written request. Where no notice of meeting is issued by the Supervisory Board within the prescribed period, the Supervisory Board shall be deemed not to convene and preside over the meeting. Shareholders severally or jointly holding 10% or more of shares of the Company for more than ninety consecutive days may convene and preside over the meeting on their own accord (the shareholding of such shareholder(s) who convene the meeting shall not be less than 10% prior to the announcement on the resolutions passed at the general meeting). The convening procedures shall as much as possible be the same as those for meeting convened by the Board.

When convening an annual general meeting, the Company shall notify the date, venue, and agenda of the meeting to all shareholders 20 business days prior to the convening of the relevant meetings in written form or in any other manners as prescribed by the Articles of Association. When convening an extraordinary general meeting, the Company shall notify shareholders 10 business days or 15 days (whichever is longer) prior to the date of the written form or in any other manners as prescribed by the Articles of Association. When calculating the number of days for the issuance of notices of general meetings, neither the intended day of the meeting, nor the day the relevant notice is issued shall be included in the number of days of advance notice required. Business day means the day on which The Stock Exchange of Hong Kong Limited is open for the business of dealing in securities.

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Procedure for election of directors nominated by shareholders

Pursuant to Articles 68 and 140 of the Articles of Association and Rules of Procedure for General Meetings of the Company, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Stock Listing Rules of Shanghai Stock Exchange, the following procedure is set out for election of directors nominated by shareholders:

Shareholder(s) severally or jointly holding 3% or more shares of the Company may nominate directors for election through a proposal to the Company. A written notice of the intention to nominate a person (namely shareholder) for election as director and a notice in writing by that person indicating his acceptance of such nomination shall be given to the Company not earlier than the day of announcement of notice of general meeting and not later than seven days before the date of the general meeting. The relevant period for nomination and acceptance of nomination shall not be less than seven days. The Company will, within ten business days prior to the date of the relevant general meeting, send to all shareholders a supplementary notice of general meeting carrying information about the resume of the director candidates, reasons for their election and the candidates' attitudes toward the nomination.

Proposals at a general meeting shall meet the following requirements:

- (I) The contents of the proposals shall not contravene provisions of the laws, administrative regulations and the Articles of Association and shall fall within the scope of business of the Company and terms of reference of general meeting;
- (II) The proposals shall have specific topics for discussion and specific issues to be resolved;
and
- (III) The proposals shall be submitted or served to the convener in writing.

Voting on proposals for election of Directors shall take the form of cumulative voting, namely, if more than two directors are to be elected at the general meeting, every share held by the voting shareholders shall have voting rights equal to the number of directors to be elected, and any shareholder may concentrate his/her voting rights on one director candidate or distribute his/her voting rights among several director candidates.

Cumulative voting mentioned in the preceding paragraph means that when Directors or supervisors are being elected at a general meeting, each share has as many voting rights as the candidates for directors or supervisors, and the shareholders' voting rights may be used in a concentrated manner.

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Procedure for Shareholders to put forward proposals at a general meeting

Pursuant to Article 68 of the Articles of Association and Rules of Procedure for General Meetings of the Company, the Listing Rules and the Stock Listing Rules of Shanghai Stock Exchange, the following procedures are set out for the Shareholders to put forward proposals at a general meeting:

Shareholder(s) severally or jointly holding 3% or more shares of the Company may put forward proposals at a general meeting. A written notice of the intention to put forward a proposal shall be given to the meeting convener through contacting the Investor Relations Department of the Company. For details of contact methods, please refer to the Investor Relations Report. The convener should make an announcement no earlier than two days upon receipt of the request and no later than ten days before the date of the general meeting specifying details of the proposals.

Other than the above requirements, after the convener makes the announcement, no amendment or addition shall be made in the proposal listed in the announcement.

Proposals at a general meeting shall meet the following requirements:

- (I) The contents of the proposals shall not contravene provisions of the laws, administrative regulations and the Articles of Association and shall fall within the scope of business of the Company and rules of procedure of general meeting;
- (II) The proposals shall include a clear subject and particulars of the subject matters; and
- (III) The proposals shall be submitted or served to the convener in writing.

When the relevant issues or proposals are being considered at the general meeting, shareholders or their proxies present at the meeting may express their opinions in either oral or written form. Shareholders who wish to express their opinions or raise questions on the issues to be considered shall obtain prior approval from the chairman of the meeting. Shareholders shall not intervene when reports are being made at the meeting or when other shareholders are speaking. When expressing their opinions, shareholders shall focus on the subject matters based on facts and reliable supports with courtesy and respect to others. Insult or defamation on others is prohibited. Shareholders who are in violation of the above rules shall be prohibited from speaking or forced to stop by the chairman of the meeting. Any person present at the meeting may submit their opinions or questions in writing to the chairman of the meeting. Opinions or questions raised at the meeting should be concise and to the point and shall not exceed the time limit and frequency stated in the rules of procedure.

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9. Constitutional Documents

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

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

The most updated Articles of Association is available on the websites of the Company and the Hong Kong Stock Exchange.

10. Dividend Policy

(I) The basic principles of profit distribution policy of the Company are:

1. Taking into full account of the investor return, the dividend distributed to the shareholders in the past three years shall be no less than 30% of the average annual distributable profit attributable to shareholders of the listed company realized in the past three years, as recorded in the consolidated financial statements;
2. The Company shall maintain continuity and stability of the profit distribution policy, and give proper consideration to long-term interests of the Company, the interests of all shareholders as a whole and sustainable development of the Company; and
3. The Company will give priority to cash dividend in profit distribution.

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(II) The detailed policies of profit distribution are set out below:

1. The form of distribution: The Company may distribute dividends in cash, in shares, or in a combination of both cash and shares. When the conditions are satisfied, the Company may declare interim profits.

2. Conditions and proportion of cash dividend distribution:

Subject to special circumstances, the Company shall distribute cash dividend when the Company makes profit in the year and the accumulated undistributed profit shall be a positive figure. In principle, the accumulated profits distributed by the Company in cash in the past three years shall be no less than 30% of the average annual distributable profits realized in the past three years (average annual distributable profits refer to such average annual profits that attributable to shareholders of the listed company realized in the past three years, as recorded in the consolidated financial statements).

Special circumstances refer to material investments or cash expenditures (excluding fund-raising projects) made by the Company. Material investments or cash expenditures refer to those matters that need review and approval of shareholders' general meeting pursuant to the relevant laws and regulations and requirements of these Articles of Associations.

3. Differentiated cash dividend distribution policies:

When carrying out cash dividend distribution, the board of directors of the Company shall take into comprehensive consideration of such factors as the characteristics of the industries the Company operate in and the business lifecycle of the Company, its own business model, profitability level, as well as whether it has any substantial capital expenditure arrangement, and put forward differentiated cash dividend distribution policies applicable to the following situations in accordance with the procedures specified in the Articles of Association:

- (1) Where the Company is in a maturity phase with no substantial capital expenditure, the cash dividend distributed shall not be less than 80% of the total profits distributed when carrying out profit distribution;

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- (2) Where the Company is in a maturity phase with substantial capital expenditure, the cash dividend distributed shall not be less than 40% of the total profits distributed when carrying out profit distribution;
 - (3) Where the Company is in a growth phase with substantial capital expenditure, the cash dividend distributed shall not be less than 20% of the total profits distributed when carrying out profit distribution; where the phase of the business lifecycle of the Company is difficult to define and where Company has substantial capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.
4. Conditions of dividend distribution in shares:

When the Company is in good condition and the board of directors considers that the share price and share capital size do not match, and to distribute dividends in shares is in the interests of the shareholders as a whole, the board of directors may, provides that the conditions of cash dividend distribution stated above are satisfied, propose to distribute dividends in shares.

In distributing dividend in shares, the Company shall focus on capital expansion and performance growth, taking into account of such reasonable factors as the business growth and dilution of net asset value per share.

(III) Review and approval procedure for profit distribution proposal:

1. The profit distribution proposal shall be proposed by the management and submitted to the board of directors for review and approval, and independent directors shall express definite opinions in this regard. The board of directors shall record a resolution and submit to the shareholders' general meeting for review and approval.

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2. The board of directors shall fully consider the profit distribution proposal pursuant to the provisions of the Articles of Association, having taken into full account of the Company's ability to operate on an ongoing basis, and the capital required for ensuring ordinary production, operation and business development as well as reasonable returns to investors. In deliberating and decision-making of the profit distribution proposal, the board of directors shall communicate and exchange ideas with independent directors and minority shareholders through multiple channels and take full account of the views of independent directors and the demands of minority shareholders.
3. Independent directors may solicit opinions from minority shareholders, put forth dividends distribution proposals and directly submitted to the board of directors for review and approval.
4. The profit distribution proposal shall be submitted to the supervisory board for review and approval and shall be approved by the supervisory board.
5. If the Company decides not to distribute cash dividend due to special circumstances stipulated above, the board of directors shall provide a special explanation on matters relating to the detailed reasons, the exact purpose of the retained proceeds and estimated return on investment. After the independent directors express opinion, the special explanation shall be submitted to the shareholders' general meeting for review and approval, and disclosed on the media designated by the Company.

(IV) Implementation of profit distribution proposal:

Subsequent to the passing of the resolution in respect of the profit distribution plan by the shareholders' general meeting, the board of directors of the Company shall complete the distribution of dividends (or shares) within two months from the date of the shareholders' general meeting.

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Dividends and other distributions declared by the Company to holders of domestic shares shall be declared and denominated in Renminbi, and paid in Renminbi. Dividends and other distributions declared by the Company to holders of foreign shares shall be declared and denominated in Renminbi, and paid in foreign currency. The exchange rate shall be based on the average middle exchange rate of the relevant foreign currency against Renminbi announced by the People's Bank of China over the five working days preceding the date on which such dividends or other distribution are declared. Foreign currencies payable by the Company to holders of foreign shares shall be obtained pursuant to relevant State regulations on the administration of foreign exchange.

(V) Adjustment of profit distribution policies:

In case of war, natural disasters and other force majeure, or the changes in external operating environment which significantly affect the Company's production and operation, or significant changes in the Company's own operation status, the Company may adjust its profit distribution policies.

When the Company needs to adjust its profit distribution policies, the board of directors shall carry out a special topic discussion to discuss in details and explain the reasons of adjustment. After being reviewed and approved by the independent directors, a written report shall be submitted to the shareholders' general meeting, the passing of which should be by way of a special resolution. The Company shall provide an internet voting for the shareholders when the adjustment of profit distribution policies is in review and discussion.

On behalf of the Board

Zeng Jin

Chairman

Beijing, the PRC

24 March 2022

AUDITORS' REPORT



Auditors' Report

Ernst & Young Hua Ming (2022) Shen Zi No. 60667053_A06
BBMG Corporation

To the shareholders of BBMG Corporation:

I. Audit opinion

We have audited the financial statements of BBMG Corporation, which comprise the consolidated and company balance sheets as at 31 December 2021, and the consolidated and company income statements, the statements of changes in equity and the statements of cash flows as at 31 December 2021 and the relevant notes to the financial statements.

In our opinion, the accompanying financial statements of BBMG Corporation present fairly, in all material aspects, the consolidated and company's financial position of BBMG Corporation as at 31 December 2021 and the consolidated and company's operating results and cash flows for as at 31 December 2021 in accordance with the Accounting Standards for Business Enterprises.

II. Basis for audit opinion

We conducted our audit in accordance with China's Auditing Standards for the Certified Public Accountants. Our responsibilities under those standards are further described in the section "Certified Public Accountants' responsibilities for the audit of the financial statements" under the auditors' report. Pursuant to the Code of Ethics for Chinese Certified Public Accountants, we are independent of BBMG Corporation and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matters is provided in that context.

We have fulfilled the responsibilities described in the section "Certified Public Accountants' responsibilities for the audit of the financial statements" under the report, including those in relation to these key audit matters. Accordingly, our audit included the performance of audit procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the key audit matters below, provide the basis for our audit opinion on the financial statements as a whole.

Auditors' Report *(continued)***III. Key audit matters** *(continued)*

Key audit matters:	How our audit addressed the matters:
<p>Impairment of goodwill</p> <p>As at 31 December 2021, the carrying value of goodwill in the consolidated financial statements amounted to RMB2.438 billion, among which, the impairment provision made for goodwill amounted to RMB369 million.</p> <p>Goodwill is tested for impairment at least annually by the Management and the carrying value of goodwill is adjusted according to the result of the impairment test, which depends, to a large extent, on the estimates made and the assumptions adopted by the Management, for example, the estimates of future cash flow expected to be generated from asset group and discount rates. Those estimates are affected by the judgment made by the Management on the future market and economic environment. The adoption of different estimates and assumptions would cause material impact on the recoverable value of the goodwill valued.</p> <p>Please refer to Note III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES 18. Impairment of assets and 35. Significant accounting judgments and estimates and Note V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS 21. Goodwill for disclosures on the matter in the financial statements.</p>	<p>Our audit procedures mainly included review on the Management's determination of asset groups and allocation of goodwill. We obtained an understanding of the historical performance and development planning of each asset group as well as the development trend of the macroeconomy and the industry the asset groups belong to. We evaluated the assumptions and methods adopted by the Management in estimate of the recoverable amounts of asset groups. We assessed the estimated cash flow, including examining and checking the estimated production volumes, future sales prices, growth rates, estimated gross profit margin and relevant expenses of the asset groups, and compared them with the historical data and the industry benchmark for analysis. With the support of our internal valuation specialists, we reviewed and assessed the valuation methods selected and the key assumptions adopted by the Management, including the discount rates and perpetual growth rates, etc. We further reviewed the disclosures in relation to the impairment of goodwill in the financial statements.</p>

Auditors' Report *(continued)*

III. Key audit matters *(continued)*

Key audit matters:	How our audit addressed the matters:
<p>Fair value of investment properties</p> <p>As at 31 December 2021, the carrying value of the investment properties in the consolidated and the Company's financial statements amounted to RMB36.092 billion and RMB13.068 billion, respectively. The investment properties were subsequently measured using fair value model.</p> <p>The management engages a third-party valuer with relevant qualifications to perform the valuation of the fair value of investment properties once a year. Income method and market price method were adopted in the valuation. The valuation of the fair value of investment properties involves a range of estimates and assumptions, such as the analysis of the economic environment and future trend of the regions where the investment properties are located, estimated rentals, occupancy rates and discount rates. The changes in estimates and assumptions would cause material impacts on the fair value of the investment properties valued.</p> <p>Please refer to Note III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES 13. Investment properties, 34. Fair value measurement and 35. Significant accounting judgments and estimates, and Note V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS 16. Investment properties and 59. Gains and losses from changes in fair value, Note IX. DISCLOSURE OF FAIR VALUE and Note XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS 4. Investment properties.</p>	<p>Our audit procedures mainly included assessment of the objectivity, independence and competence of the third-party valuer engaged by the Management. We reviewed the basic information involved in the assessment, including lease area, property nature, lease term, rental income, etc. We selected material or typical samples to review and assess the valuation method, assumptions and key valuation inputs selected, such as, anticipated rentals in the future, occupancy rates and discount rates, with the support of our internal valuation specialists. We further reviewed the presentation and disclosures on the valuation of the fair value of investment properties in the financial statements.</p>

Auditors' Report *(continued)*

IV. Other information

The Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report.

Our audit opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the work we have performed, if we are certain that the other information is materially misstated, we should report the facts. In this regard, we have nothing to report.

V. Responsibilities of the Management and those charged with governance for the financial statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, performance and maintenance of such internal control as the Management determines necessary to enable the financial statements to be free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing BBMG Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to continuing as a going concern and using the assumptions of continuing as a going concern unless it is intended to either commence liquidation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing BBMG Corporation's financial reporting process.

Auditors' Report *(continued)*

VI. Certified Public Accountants' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are usually considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with the auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also perform the following tasks:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the assumptions of continuing as a going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on BBMG Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditing standards require us to draw attention of users of the financial statements in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the information obtained up to the date of our auditors' report. However, future events or conditions may cause BBMG Corporation to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within BBMG Corporation to express an audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' Report *(continued)*

VI. Certified Public Accountants' responsibilities for the audit of the financial statements *(continued)*

We communicate with those charged with governance the matters regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about these matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: **Meng Dong** (Engagement Partner)

Chinese Certified Public Accountant: **Meng Jia**

Beijing, the PRC

24 March 2022

Audited Consolidated Balance Sheet

As at 31 December 2021
RMB

	Note V	31 December 2021	31 December 2020
Assets			
Current assets			
Cash and bank balances	1	21,921,968,519.94	28,643,885,532.33
Financial assets held for trading	2	1,152,240,648.45	1,117,646,125.53
Bills receivable	3	705,691,610.82	909,259,922.98
Accounts receivable	4	7,523,927,513.40	7,658,458,756.67
Receivables financing	5	2,514,575,159.07	5,588,223,348.91
Prepayments	6	1,745,572,087.55	2,645,477,546.87
Other receivables	7	9,432,966,788.14	7,484,804,994.29
Inventories	8	116,928,823,487.74	120,593,127,695.50
Contract assets	9	60,328,702.31	14,420,557.17
Non-current assets due within one year	10	127,377,276.90	–
Other current assets	11	7,845,259,543.05	8,014,327,688.54
Total current assets		<u>169,958,731,337.37</u>	<u>182,669,632,168.79</u>
Non-current assets			
Debt investments	12	490,902,028.26	782,487,853.43
Long-term receivables	13	1,004,712,317.80	1,078,930,249.19
Long-term equity investments	14	6,484,148,919.55	3,968,159,006.99
Investment in other equity instruments	15	596,774,849.44	580,376,487.41
Investment properties	16	36,092,290,068.79	30,683,800,071.02
Fixed assets	17	44,371,375,769.46	43,714,448,132.60
Construction in progress	18	1,901,031,174.31	2,460,432,841.95
Right-of-use assets	19	710,751,128.78	749,141,531.87
Intangible assets	20	16,280,896,981.85	16,194,424,420.83
Goodwill	21	2,438,315,745.82	2,461,468,983.05
Long-term deferred expenditures	22	1,683,402,756.77	1,443,003,731.69
Deferred income tax assets	23	3,711,928,081.48	4,166,680,247.77
Other non-current assets	24	631,549,281.90	399,397,663.31
Total non-current assets		<u>116,398,079,104.21</u>	<u>108,682,751,221.11</u>
Total assets		<u>286,356,810,441.58</u>	<u>291,352,383,389.90</u>

The accompanying notes form an integral part of these financial statements

Audited Consolidated Balance Sheet *(continued)*As at 31 December 2021
RMB

	Note V	31 December 2021	31 December 2020
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	25	25,140,608,000.00	30,823,388,385.20
Bills payable	26	3,217,498,008.45	1,779,326,807.47
Accounts payable	27	19,796,622,282.33	18,082,453,566.59
Receipts in advance	28	328,325,876.17	305,227,873.47
Contract liabilities	29	26,822,950,419.07	28,906,318,019.79
Wages payable	30	436,570,855.28	429,985,557.03
Tax payable	31	2,356,197,065.16	2,628,117,672.26
Other payables	32	9,701,552,654.69	7,895,565,971.72
Non-current liabilities due within one year	33	15,125,801,960.37	14,967,779,666.16
Short-term financing bonds payable	36	7,500,000,000.00	1,599,273,452.96
Other current liabilities	34	9,307,669,006.30	11,392,807,052.69
Total current liabilities		<u>119,733,796,127.82</u>	<u>118,810,244,025.34</u>
Non-current liabilities			
Long-term loans	35	29,001,712,449.80	37,777,329,363.48
Bonds payable	36	33,499,674,504.50	31,571,846,083.37
Lease liabilities	37	395,211,550.60	458,329,649.60
Long-term payables	38	345,169,768.56	19,162,220.69
Long-term wages payable	39	498,937,107.96	529,547,335.17
Accrued liabilities	40	503,461,378.37	824,802,495.37
Deferred income	41	795,357,234.52	832,750,925.25
Deferred income tax liabilities	23	6,044,933,885.02	6,063,184,435.98
Other non-current liabilities	42	4,750,000.01	9,000,000.00
Total non-current liabilities		<u>71,089,207,879.34</u>	<u>78,085,952,508.91</u>
Total liabilities		<u>190,823,004,007.16</u>	<u>196,896,196,534.25</u>

The accompanying notes form an integral part of these financial statements

Audited Consolidated Balance Sheet *(continued)*

As at 31 December 2021
RMB

	Note V	31 December 2021	31 December 2020
Liabilities and equity attributable to shareholders			
Equity attributable to shareholders			
Share capital	43	10,677,771,134.00	10,677,771,134.00
Other equity instruments	44	15,989,000,000.00	16,522,000,000.00
Including: Perpetual bonds		15,989,000,000.00	16,522,000,000.00
Capital reserve	45	5,229,289,084.34	6,169,149,696.05
Other comprehensive income	46	743,211,178.87	447,195,933.08
Specific reserve	47	45,874,273.14	51,385,977.58
Surplus reserve	48	2,470,978,188.48	2,263,251,151.05
General risk reserve	49	457,650,791.76	457,650,791.76
Retained earnings	50	<u>28,103,717,810.21</u>	<u>26,787,531,577.50</u>
Total equity attributable to the shareholders of the parent company		63,717,492,460.80	63,375,936,261.02
Minority interests		<u>31,816,313,973.62</u>	<u>31,080,250,594.63</u>
Total equity attributable to shareholders		<u>95,533,806,434.42</u>	<u>94,456,186,855.65</u>
Total liabilities and equity attributable to shareholders		<u>286,356,810,441.58</u>	<u>291,352,383,389.90</u>

The financial statements have been signed by:

Officer-in-charge of the Company:
Zeng Jin

Chief accountant:
Zheng Baojin

Head of the accounting department:
Wang Lanfeng

The accompanying notes form an integral part of these financial statements

Audited Consolidated Income StatementFor the year ended 31 December 2021
RMB

	Note V	2021	2020
Operating revenue	51	123,634,448,111.90	108,004,884,351.35
Less: Operating costs	51	103,564,597,220.34	87,454,145,734.98
Tax and surcharges	52	1,765,377,283.62	2,026,872,574.80
Selling expenses	53	2,659,027,720.77	2,338,875,959.76
Administrative expenses	54	6,842,283,574.90	6,340,418,782.95
Research and development expenses	55	346,732,715.51	269,152,809.67
Finance costs	56	2,371,660,820.56	3,160,507,027.66
Including: Interest expenses		4,970,126,409.42	6,483,111,314.92
Interest income		267,349,252.44	276,069,216.98
Add: Other gains	57	879,796,991.98	881,342,099.36
Investment gains	58	792,555,260.75	686,779,516.72
Including: Gains from investment in associates and joint ventures		400,369,364.11	400,420,619.13
Derecognition gains on financial assets measured at amortized cost		5,750,489.98	–
Gains from changes in fair value	59	691,814,741.97	520,392,586.68
Credit impairment losses	60	(355,182,812.82)	(359,170,322.93)
Asset impairment losses	61	(1,008,653,384.21)	(717,013,166.69)
Gains/(losses) on disposal of assets	62	73,873,632.49	(139,062.60)
Operating profit		7,158,973,206.36	7,427,103,112.07
Add: Non-operating revenue	63	1,103,370,837.85	674,857,655.26
Less: Non-operating expenses	64	381,829,507.42	307,557,507.87
Total profit		7,880,514,536.79	7,794,403,259.46
Less: Income tax expenses	66	2,667,796,286.71	2,638,497,687.92
Net profit		5,212,718,250.08	5,155,905,571.54
Classified by continuity of operations			
Net profit from continuing operations		5,212,718,250.08	5,155,905,571.54
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		2,933,014,544.76	2,843,772,517.94
Minority interests		2,279,703,705.32	2,312,133,053.60
Net other comprehensive income after tax		294,622,535.71	206,039,569.13
Net other comprehensive income after tax attributable to shareholders of the parent company		296,015,245.79	214,928,020.04
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		(5,194,172.00)	18,293,106.00
Changes in fair value of investment in other equity instruments		(1,046,692.64)	(1,616,913.97)

The accompanying notes form an integral part of these financial statements

Audited Consolidated Income Statement *(continued)*

For the year ended 31 December 2021
RMB

	Note V	2021	2020
Other comprehensive income to be reclassified into profit or loss			
Other comprehensive income that may be reclassified to profit or loss under equity method		(3,746,889.49)	–
Cash flow hedging reserves		(733,367.25)	–
Exchange differences on foreign currency translation		7,294,895.33	(9,162,189.82)
The difference between the fair value and the carrying value of the inventories/self-occupied properties on the date when it changed to the investment properties measured with the fair value model		299,441,471.84	207,414,017.83
Net other comprehensive income after tax attributable to minority interests	46	(1,392,710.08)	(8,888,450.91)
Total comprehensive income		5,507,340,785.79	5,361,945,140.67
Total comprehensive income attributable to the shareholders of the parent company		3,229,029,790.55	3,058,700,537.98
Total comprehensive income attributable to minority interests		2,278,310,995.24	2,303,244,602.69
Basic and diluted earnings per share			
Before deducting other equity instrument indicators		0.27	0.27
After deducting other equity instrument indicators	67	0.20	0.19

The accompanying notes form an integral part of these financial statements

Audited Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2021
RMB

2020

	Equity attributable to the shareholders of the parent company										Total shareholders' equity
	Share capital	Other equity instruments including: Perpetual bonds	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained profits	Subtotal	Minority interests	
I. Balance at the beginning of the year	10,677,771,134.00	16,522,000,000.00	6,169,149,696.05	447,195,933.08	51,385,977.58	2,263,251,151.05	457,650,791.76	26,787,531,577.50	63,375,936,761.02	31,080,250,594.63	94,456,186,855.65
II. Movements during the year	-	-	-	296,015,245.79	-	-	-	2,933,014,544.76	3,229,029,790.55	2,278,310,995.24	5,507,340,785.79
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-	22,392,624.22	22,392,624.22
(2) Capital contribution and reduction from shareholders	-	-	(701,305,109.22)	-	-	-	-	-	(701,305,109.22)	490,720,161.80	(210,584,947.42)
1. Business combinations not under common control	-	-	-	-	-	-	-	-	-	(4,668,821.50)	(4,668,821.50)
2. Equity transactions that do not affect control	-	-	-	-	-	-	-	-	-	2,251,437,985.07	2,251,437,985.07
3. Reduction of minority interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	8,449,000,000.00
4. Capital contributed by minority shareholders of non-wholly owned subsidiary	-	-	-	-	-	-	-	-	-	(3,000,000,000.00)	(11,982,000,000.00)
5. Issuance of perpetual bonds	-	8,449,000,000.00	-	-	-	-	-	-	8,449,000,000.00	-	8,449,000,000.00
6. Redemption of perpetual bonds	-	(8,982,000,000.00)	-	-	-	-	-	-	(8,982,000,000.00)	-	(11,982,000,000.00)
(3) Profit distribution	-	-	-	-	-	207,727,037.43	-	(207,727,037.43)	-	-	-
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-
2. Dividend to shareholders	-	-	-	-	-	-	-	(641,145,378.28)	(641,145,378.28)	(1,093,536,598.71)	(1,740,681,976.99)
3. Interest on perpetual bonds	-	-	-	-	-	-	-	(767,955,896.34)	(767,955,896.34)	(200,646,575.34)	(968,602,471.68)
(4) Specific reserve	-	-	-	-	103,817,813.04	-	-	-	103,817,813.04	124,252,913.99	228,070,727.03
1. Appropriated during the year	-	-	-	-	(109,329,517.48)	-	-	-	(109,329,517.48)	(126,199,305.78)	(235,528,823.26)
2. Use during the year	-	-	(238,555,502.49)	-	-	-	-	-	(238,555,502.49)	-	(238,555,502.49)
(5) Others	-	-	-	-	-	-	-	-	-	-	-
III. Balance at the end of the year	10,677,771,134.00	15,989,000,000.00	5,229,289,084.34	743,211,178.87	45,874,273.14	2,470,978,188.48	457,650,791.76	28,103,717,810.21	63,717,492,460.80	31,816,313,373.62	95,533,806,834.42

The accompanying notes form an integral part of these financial statements

Audited Consolidated Statement of Changes in Shareholders' Equity (continued)

For the year ended 31 December 2021
RMB

	Equity attributable to the shareholders of the parent company										Total shareholders' equity
	Share capital	Other equity instruments Including: Perpetual bonds	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained profits	Subtotal	Minority interests	
I. Balance at the beginning of the year	10,677,771,134.00	14,962,000,000.00	6,434,307,002.11	232,267,913.04	32,250,174.13	1,926,994,968.55	359,957,564.90	26,505,650,840.60	61,131,199,397.33	21,400,150,833.94	82,531,350,431.27
II. Movements during the year	-	-	-	214,928,020.04	-	-	-	2,843,772,517.94	3,058,700,537.98	2,303,244,602.69	5,361,945,140.67
(1) Total comprehensive income	-	-	-	-	-	-	-	-	(37,468,001.85)	(233,188,919.19)	(270,656,921.04)
(2) Capital contribution and reduction from shareholders	-	-	4,379,094.36	-	-	-	-	-	4,379,094.36	8,430,885,605.64	8,435,264,700.00
1. Equity transactions that do not affect control	-	-	(37,468,001.85)	-	-	-	-	-	-	-	-
2. New capital contribution from minority shareholders	-	-	4,379,094.36	-	-	-	-	-	-	-	-
3. Reduction of minority interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	(10,694,973.03)	(10,694,973.03)
4. Disposal of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	-	3,987,131.53	3,987,131.53
5. Issuance of perpetual bonds	-	2,550,000,000.00	-	-	-	-	-	-	2,550,000,000.00	-	2,550,000,000.00
6. Redemption of perpetual bonds	-	(990,000,000.00)	-	-	-	-	-	-	(990,000,000.00)	-	(990,000,000.00)
7. Issuance of convertible bonds	-	-	-	-	-	-	-	-	-	291,621,202.48	291,621,202.48
8. Others	-	-	(232,068,398.57)	-	-	-	-	-	(232,068,398.57)	-	(232,068,398.57)
(3) Profit distribution	-	-	-	-	-	-	-	(1,281,332,536.08)	(1,281,332,536.08)	(918,976,940.92)	(2,200,309,477.00)
1. Dividend to shareholders	-	-	-	-	-	-	-	(336,256,182.50)	-	-	-
2. Appropriation of surplus reserve	-	-	-	-	-	336,256,182.50	-	(97,693,226.86)	-	-	-
3. Appropriation of general risk reserve	-	-	-	-	-	-	97,693,226.86	-	-	-	-
4. Interest on perpetual bonds	-	-	-	-	-	-	-	(846,609,835.60)	(846,609,835.60)	(204,000,000.00)	(1,050,609,835.60)
(4) Specific reserve	-	-	-	-	-	-	-	-	-	-	-
1. Appropriated during the year	-	-	-	-	116,941,990.17	-	-	-	116,941,990.17	137,015,900.19	253,957,890.36
2. Use during the year	-	-	-	-	(97,806,186.72)	-	-	-	(97,806,186.72)	(119,793,848.70)	(217,600,035.42)
III Balance at the end of the year	10,677,771,134.00	16,522,000,000.00	6,169,149,696.05	447,195,933.08	51,385,977.58	2,263,251,151.05	457,650,791.76	26,787,531,577.50	63,375,936,261.02	31,080,250,594.63	94,456,186,855.65

The accompanying notes form an integral part of these financial statements

Audited Consolidated Statement of Cash FlowsFor the year ended 31 December 2021
RMB

	Note V	2021	2020
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		123,590,057,286.07	117,060,210,768.25
Refunds of taxes		573,484,662.75	609,421,213.54
Net decrease in deposits placed with the Central Bank		469,576,869.52	–
Cash received from other operating activities	68	<u>2,107,024,038.23</u>	<u>2,125,445,743.63</u>
Subtotal of cash inflows from operating activities		<u>126,740,142,856.57</u>	<u>119,795,077,725.42</u>
Cash paid for goods and services		91,055,138,000.11	81,652,247,438.53
Cash paid to and on behalf of employees		7,005,688,851.20	5,947,850,131.83
Cash paid for all types of taxes		9,955,216,756.43	9,321,711,435.00
Cash paid for other operating activities	68	4,990,230,538.54	6,995,096,672.79
Net increase in deposits placed with the Central Bank		–	422,438,256.18
Subtotal of cash outflows from operating activities		<u>113,006,274,146.28</u>	<u>104,339,343,934.33</u>
Net cash flows from operating activities	68	<u>13,733,868,710.29</u>	<u>15,455,733,791.09</u>
II. Cash flows from investing activities:			
Cash received from redemption of investments		585,404,750.43	43,401,296.64
Cash received from return on investments		497,064,329.76	461,811,405.61
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,773,558,046.91	896,792,631.50
Net cash received from disposal of subsidiaries and other operating units	68	–	83,438,433.80
Cash received from other investing activities	68	<u>3,448,489,293.56</u>	<u>2,137,375,219.83</u>
Subtotal of cash inflows from investing activities		<u>6,304,516,420.66</u>	<u>3,622,818,987.38</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		5,005,039,614.17	3,170,851,850.68
Cash paid for investments		2,838,946,005.00	325,483,117.42
Net cash paid for acquisition of subsidiaries and other operating units	68	211,818,894.34	–
Net cash paid for disposal of subsidiaries and other operating units	68	68,888,006.26	–
Cash paid for other investing activities	68	<u>4,582,956,016.26</u>	<u>2,691,410,864.43</u>
Subtotal of cash outflows from investing activities		<u>12,707,648,536.03</u>	<u>6,187,745,832.53</u>
Net cash flows from investing activities		<u>(6,403,132,115.37)</u>	<u>(2,564,926,845.15)</u>

The accompanying notes form an integral part of these financial statements

Audited Consolidated Statement of Cash Flows *(continued)*

For the year ended 31 December 2021
RMB

	Note V	2021	2020
III. Cash flows from financing activities:			
Cash received from investment absorption		2,198,736,059.83	8,402,000,000.00
Including: Cash received by subsidiaries from minority interests		2,198,736,059.83	8,402,000,000.00
Cash received from issuance of bonds		16,027,469,811.32	15,268,566,484.97
Cash received from issuance of perpetual bonds		8,449,000,000.00	2,550,000,000.00
Cash received from borrowings		38,805,003,832.80	59,424,955,165.80
Cash received from other financing activities	68	2,483,557,388.94	720,300,000.00
Subtotal of cash inflows from financing activities		67,963,767,092.89	86,365,821,650.77
Cash paid for repayment of debts		49,586,345,297.76	71,398,065,576.00
Cash paid for distribution of dividends or profits or for interest expenses		7,635,972,891.46	8,545,474,280.68
Including: Dividends and profits paid by subsidiaries to minority shareholders		1,018,455,288.78	915,336,940.92
Cash paid for repayment of bonds		11,824,305,000.00	10,559,802,000.00
Cash paid for repayment of perpetual bonds		11,982,000,000.00	990,000,000.00
Cash paid for other financing activities	68	1,145,467,387.37	944,300,118.90
Subtotal of cash outflows from financing activities		82,174,090,576.59	92,437,641,975.58
Net cash flows from financing activities		(14,210,323,483.70)	(6,071,820,324.81)
IV. Effect of changes in exchange rate on cash and cash equivalents		(24,295,748.63)	3,313,629.33
V. Net increase in cash and cash equivalents		(6,903,882,637.41)	6,822,300,250.46
Add: Balance of cash and cash equivalents at the beginning of the year		22,149,845,547.97	15,327,545,297.51
VI. Balance of cash and cash equivalents at the end of the year	68	15,245,962,910.56	22,149,845,547.97

The accompanying notes form an integral part of these financial statements

Audited Balance Sheet of the Company

As at 31 December 2021

RMB

	Note XV	31 December 2021	31 December 2020
Assets			
Current assets			
Cash and bank balances		7,179,017,853.85	12,663,529,448.63
Financial assets held for trading		–	224,440,502.70
Accounts receivable		3,487,404.42	14,295,377.28
Other receivables	1	75,591,816,315.65	80,313,205,268.42
Other current assets	2	591,650,000.00	1,284,871,214.75
Total current assets		83,365,971,573.92	94,500,341,811.78
Non-current assets			
Long-term equity investments	3	54,585,516,001.84	49,266,704,465.05
Investment in other equity instruments		200,000.00	200,000.00
Investment properties	4	13,068,045,425.39	12,453,723,312.06
Fixed assets		920,965,319.38	973,705,745.55
Intangible asset		313,440,855.88	306,941,903.57
Long-term deferred expenditures		11,833,130.69	13,767,337.93
Deferred income tax assets		318,439,754.01	318,439,754.01
Other non-current assets		469,593,713.06	250,632,873.06
Total non-current assets		69,688,034,200.25	63,584,115,391.23
Total assets		153,054,005,774.17	158,084,457,203.01

The accompanying notes form an integral part of these financial statements

Audited Balance Sheet of the Company (continued)

As at 31 December 2021
RMB

	31 December 2021	31 December 2020
Liabilities and shareholders' equity		
Current liabilities		
Short-term loans	20,712,310,000.00	26,128,650,000.00
Accounts payable	8,950,583.57	8,534,173.57
Receipts in advance	120,788,577.43	122,846,014.18
Wages payable	15,085,430.15	11,085,430.15
Tax payable	47,064,179.03	53,888,058.02
Other payables	4,117,386,653.30	4,686,047,601.06
Short-term financing bonds payable	7,500,000,000.00	–
Non-current liabilities due within one year	9,657,162,217.08	10,434,892,614.67
Total current liabilities	<u>42,178,747,640.56</u>	<u>41,445,943,891.65</u>
Non-current liabilities		
Long-term loans	28,569,769,282.44	34,818,468,869.28
Bonds payable	27,270,685,513.08	26,601,357,278.73
Long-term wages payable	311,661,558.46	321,092,548.46
Deferred income tax liabilities	2,472,196,513.00	2,318,615,984.67
Total non-current liabilities	<u>58,624,312,866.98</u>	<u>64,059,534,681.14</u>
Total liabilities	<u>100,803,060,507.54</u>	<u>105,505,478,572.79</u>
Shareholders' equity		
Share capital	10,677,771,134.00	10,677,771,134.00
Other equity instruments	15,989,000,000.00	16,972,000,000.00
Including: Perpetual bonds	15,989,000,000.00	16,972,000,000.00
Capital reserve	6,674,854,902.82	6,674,854,902.82
Other comprehensive income	291,932,179.62	296,253,245.62
Surplus reserve	2,470,978,188.48	2,263,251,151.05
Retained profits	16,146,408,861.71	15,694,848,196.73
Total shareholders' equity	<u>52,250,945,266.63</u>	<u>52,578,978,630.22</u>
Total liabilities and shareholders' equity	<u>153,054,005,774.17</u>	<u>158,084,457,203.01</u>

The financial statements have been signed by:

Officer-in-charge of the Company:
Zeng Jin

Chief accountant:
Zheng Baojin

Head of the accounting department:
Wang Lanfeng

The accompanying notes form an integral part of these financial statements

Audited Income Statement of the CompanyFor the year ended 31 December 2021
RMB

	Note XV	2021	2020
Operating revenue	5	989,945,647.70	915,245,677.01
Less: Operating costs	5	95,723,056.74	100,879,035.31
Tax and surcharges		131,744,651.14	125,898,265.89
Selling expenses		23,798,807.66	26,068,599.13
Administrative expenses		182,771,188.67	191,470,098.30
Research and development expenses		67,698,037.84	–
Finance costs		985,929,552.15	1,259,297,017.14
Including: Interest expenses		3,776,039,940.09	4,445,210,946.70
Interest income		2,850,936,647.48	3,339,759,899.03
Add: Other gains		–	11,055,258.18
Add: Investment gains	6	2,127,156,876.55	3,804,632,466.63
Including: Share of investment gains of associates and joint ventures		20,638,411.54	34,850,604.07
Gains from changes in fair value		614,322,113.33	347,860,516.13
Asset impairment losses		–	(60,000,000.00)
Gains from disposal of assets		–	1,244,545.22
Operating profit		2,243,759,343.38	3,316,425,447.40
Add: Non-operating revenue		14,131,654.44	66,991,401.90
Less: Non-operating expenses		24,720,880.47	10,048,424.00
Total profit		2,233,170,117.35	3,373,368,425.30
Less: Income tax expenses		155,899,743.08	(17,001,801.98)
Net profit		2,077,270,374.27	3,390,370,227.28
Classified by operation continuity			
Including: net profit from continuing operations		2,077,270,374.27	3,390,370,227.28
Net other comprehensive income after tax		(4,321,066.00)	214,826,371.83
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		(4,321,066.00)	7,412,354.00
Other comprehensive income to be reclassified into profit or loss			
The difference between the fair value and the carrying value of the self-occupied properties on the date when it changed to the investment properties measured with the fair value model		–	207,414,017.83
Total comprehensive income		2,072,949,308.27	3,605,196,599.11

The accompanying notes form an integral part of these financial statements

Audited Statement of Changes in Shareholders' Equity of the Company

For the year ended 31 December 2021
RMB

2021

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Total shareholders' equity
I. Balance at the beginning of the year	10,677,771,134.00	16,972,000,000.00	6,674,854,902.82	296,253,245.62	2,263,251,151.05	15,694,848,196.73	52,578,978,630.22
II. Movements during the year							
(1) Total comprehensive income	-	-	-	(4,321,066.00)	-	2,077,270,374.27	2,072,949,308.27
(2) Capital contribution and reduction from shareholders							
1. Issuance of perpetual bonds	-	7,999,000,000.00	-	-	-	-	7,999,000,000.00
2. Redemption of perpetual bonds	-	(8,982,000,000.00)	-	-	-	-	(8,982,000,000.00)
(3) Profit distribution							
1. Dividend to shareholders	-	-	-	-	-	(641,145,378.28)	(641,145,378.28)
2. Interest on perpetual bonds	-	-	-	-	-	(776,837,293.58)	(776,837,293.58)
3. Appropriation of surplus reserves	-	-	-	-	207,727,037.43	(207,727,037.43)	-
III. Balance at the end of the year	10,677,771,134.00	15,989,000,000.00	6,674,854,902.82	291,932,179.62	2,470,978,188.48	16,146,408,861.71	52,250,945,266.63

Audited Statement of Changes in Shareholders' Equity of the Company *(continued)*

For the year ended 31 December 2021

RMB

2020

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Total shareholders' equity
I. Balance at the beginning of the year	10,677,771,134.00	14,962,000,000.00	6,674,854,902.82	81,426,873.79	1,924,214,128.32	14,781,074,788.53	49,101,341,827.46
II. Movements during the year							
(1) Total comprehensive income	-	-	-	214,826,371.83	-	3,390,370,227.28	3,605,196,599.11
(2) Capital contribution and reduction from shareholders							
1. Issuance of perpetual bonds	-	3,000,000,000.00	-	-	-	-	3,000,000,000.00
2. Redemption of perpetual bonds	-	(990,000,000.00)	-	-	-	-	(990,000,000.00)
(3) Profit distribution							
1. Dividend to shareholders	-	-	-	-	-	(1,281,332,536.08)	(1,281,332,536.08)
2. Interest on perpetual bonds	-	-	-	-	-	(856,227,260.27)	(856,227,260.27)
3. Appropriation of surplus reserves	-	-	-	-	339,037,022.73	(339,037,022.73)	-
III. Balance at the end of the year	10,677,771,134.00	16,972,000,000.00	6,674,854,902.82	296,253,245.62	2,263,251,151.05	15,694,848,196.73	52,578,978,630.22

The accompanying notes form an integral part of these financial statements

Audited Statement of Cash Flows of the Company

For the year ended 31 December 2021
RMB

	Note XV	2021	2020
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		1,202,571,393.47	931,581,935.20
Cash received from other operating activities	7	<u>67,087,347,858.19</u>	<u>81,909,889,585.30</u>
Subtotal of cash inflows from operating activities		<u>68,289,919,251.66</u>	<u>82,841,471,520.50</u>
Cash paid for goods and services		31,132,979.03	38,215,465.88
Cash paid to and on behalf of employees		109,385,516.98	59,722,801.10
Cash paid for all types of taxes		197,853,687.64	186,616,238.62
Cash paid for other operating activities	7	<u>60,509,278,995.11</u>	<u>84,702,254,513.07</u>
Subtotal of cash outflows from operating activities		<u>60,847,651,178.76</u>	<u>84,986,809,018.67</u>
Net cash flows from operating activities	8	<u>7,442,268,072.90</u>	<u>(2,145,337,498.17)</u>
II. Cash flows from investing activities:			
Cash received from redemption of investments		2,469,099.59	26,284,093.75
Cash received from return on investments		2,195,071,800.51	3,731,524,608.34
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,470.00	20,859,419.30
Subtotal of cash inflows from investing activities		<u>2,197,542,370.10</u>	<u>3,778,668,121.39</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		253,575,711.00	218,398,627.50
Cash paid for investments		4,109,176,689.30	1,560,852,617.25
Subtotal of cash outflows from investing activities		<u>4,362,752,400.30</u>	<u>1,779,251,244.75</u>
Net cash flows from investing activities		<u>(2,165,210,030.20)</u>	<u>1,999,416,876.64</u>

The accompanying notes form an integral part of these financial statements

Audited Statement of Cash Flows of the Company *(continued)*For the year ended 31 December 2021
RMB

	Note XV	2021	2020
III. Cash flows from financing activities:			
Cash received from issuance of bonds		11,019,031,211.45	10,638,214,000.00
Cash received from borrowings		27,395,738,913.16	45,860,150,000.00
Cash received from issuance of perpetual bonds		<u>7,999,000,000.00</u>	<u>3,000,000,000.00</u>
Subtotal of cash inflows from financing activities		<u>46,413,770,124.61</u>	<u>59,498,364,000.00</u>
Cash paid for repayment of debts		33,862,078,500.00	40,723,313,430.72
Cash paid for distribution of dividends or profits or for interest expenses		5,460,256,262.09	6,310,378,316.94
Cash paid for repayment of bonds		8,871,005,000.00	7,245,214,000.00
Cash paid for repayment of perpetual bonds		<u>8,982,000,000.00</u>	<u>990,000,000.00</u>
Subtotal of cash outflows from financing activities		<u>57,175,339,762.09</u>	<u>55,268,905,747.66</u>
Net cash flows from financing activities		<u>(10,761,569,637.48)</u>	<u>4,229,458,252.34</u>
IV. Effect of changes in exchange rate on cash and cash equivalents		–	2,922,484.88
V. Net (decrease)/increase in cash and cash equivalents		(5,484,511,594.78)	4,086,460,115.69
Add: Balance of cash and cash equivalents at the beginning of the year		<u>12,663,529,448.63</u>	<u>8,577,069,332.94</u>
VI. Balance of cash and cash equivalents at the end of the year	8	<u>7,179,017,853.85</u>	<u>12,663,529,448.63</u>

The accompanying notes form an integral part of these financial statements

Notes to Financial Statements

For the year ended 31 December 2021
RMB

I. BASIC INFORMATION

BBMG Corporation (hereinafter referred to as the “Company” or “BBMG Group”) is a joint stock company with limited liability incorporated in Beijing, the People’s Republic of China and was established on 22 December 2005. The Renminbi-denominated ordinary shares (A shares) and H shares of the Company are listed on the Shanghai Stock Exchange (“Shanghai Stock Exchange”) and The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”), respectively. The Company’s headquarters is located at No. 36, North Third Ring East Road, Dongcheng District, Beijing.

The principal business activities of the Company and its subsidiaries (collectively, the “Group”) includes: manufacture and sale of cement and building materials, construction and decoration, trade and logistics, tourism services, real estate development, property investment and management.

The Company’s parent and ultimate holding company is Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司) (formerly named as “Beijing State-owned Capital Operation and Management Center” (北京國有資本經營管理中心), hereinafter referred to as “BSCOMC”).

These financial statements were approved by a resolution of the board of directors of the Company on 24 March 2022.

The consolidation scope of consolidated financial statements was determined on the basis of control. Please refer to note VI for changes of the year.

II. 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 as well as specific accounting standards, the implementation guidance, interpretations and other relevant provisions issued and revised subsequently (collectively referred to as “Accounting Standards for Business Enterprises”).

The financial statements are presented on a going concern basis.

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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.

1. Statement of compliance with Accounting Standards for Business Enterprises

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

2. Accounting period

The accounting year for the Group is from 1 January to 31 December of each calendar year.

3. Functional currency

The Company's reporting and presentation currency is Renminbi ("RMB"). Unless otherwise stated, the unit of the currency is RMB yuan.

The subsidiaries, joint ventures and associates of the Group may determine their own functional currencies based on the specific economic environments in their place of business. In the preparation of financial statements, their functional currencies shall be translated into RMB.

4. Business combinations

Business combinations are classified into business combinations under common control and business combinations not under common control.

Business combinations under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquiring party, while that other entity participating in the combination is a party being acquired. The combination date is the date on which the acquiring party effectively obtains control of the party being acquired.

Assets and liabilities (including the goodwill arising from acquisition of the party being acquired by the ultimate controlling party) that are obtained by the acquirer in a business combination under common control shall be subject to relevant accounting treatment on the basis of their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted against share premium under capital reserve and the balance of capital reserve transferred in under the old accounting system. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

4. Business combinations *(continued)*

Business combinations not under common control

A business combination not under common control is a business combination in which the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired in a business combination not under common control are measured at their fair values on the acquisition date.

Where the aggregate of the fair value of the consideration paid (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, the difference shall be recognised as goodwill. Goodwill is subsequently measured at cost less any accumulated impairment losses. Where the aggregate of the fair value of the consideration paid (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, reassessment of the measurement of these items is conducted, if the sum of the fair value of this consideration and other items mentioned above is still lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, the difference is recognised in profit or loss for the current period.

5. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all of its subsidiaries. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural entity controlled by the Company, etc.) that is controlled by the Company.

In preparing consolidated financial statements, subsidiaries adopt the same accounting period and accounting policies as those of the Company. All assets, liabilities, interests, income, fees and cash flows resulting from intra-group transactions are eliminated on consolidation in full.

Where the amount of losses for the current period attributed to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount is allocated against minority interests.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

5. Consolidated financial statements *(continued)*

For subsidiaries acquired through a business combination not under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the date on which the Group obtains control and will continue to be consolidated until the date that such control ceases. In preparing consolidated financial statements, adjustments shall be made to the subsidiaries' financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

For subsidiaries acquired through a business combination under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the beginning of the combination period. In preparing consolidated financial statements, adjustments shall be made to related items of prior year's financial statements, as if the reporting entities after the combination had existed from the date when the combining entities first came under control of the ultimate controlling party.

The Group reassesses whether or not it controls an investee if facts or circumstances indicate that there are changes to one or more elements of control.

A change in minority interests, without a loss of control, is accounted for as an equity transaction.

6. Classification of joint arrangements and joint operation

Joint arrangements are divided into joint operation and joint venture. Joint operation refers to a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations of the liabilities relating to the arrangement. Joint venture refers to a joint arrangement whereby the parties that have joint control of the arrangement only have rights to the net assets of the arrangement.

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand for payment purposes. Cash equivalents are short-term, highly liquid investments held by the Group that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

8. Foreign currency transactions and translation of financial statements prepared in foreign currencies

The Group translates the amounts of foreign currency transactions occurred into its functional currency.

Foreign currency transactions are recorded, on initial recognition, in their functional currencies by translating the foreign currency amounts at the spot exchange rates at the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rates at the balance sheet date. All the resulting exchange differences are taken to profit or loss, except for those relating to foreign currency borrowings specifically for acquisition and construction of assets qualified for capitalisation, which are capitalised in accordance with the principle of capitalisation of borrowing costs. The non-monetary foreign currency items are designated as part of the hedge of the Group's net investment of a foreign operation are recognised in other comprehensive income until the net investment is disposed of, at which the cumulative amount is reclassified to the profit or loss for the current period. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rates prevailing on the transaction dates, while the amounts denominated in the functional currencies do not change. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rates prevailing on the date on which the fair values are determined. The resulting exchange differences are recognised in profit or loss or as other comprehensive income for the current period, depending on the nature of the non-monetary item.

For foreign operations, the Group translates their functional currency amounts into Renminbi in preparing the financial statements as follows: asset and liability items in the balance sheet are translated using the spot exchange rates at the balance sheet date, and equity items other than "retained earnings" are translated using the spot exchange rates on the transaction dates; revenue and expense items in the income statement are translated using the weighted average exchange rate for the period during which the transactions occur (unless it is not appropriate to use such exchange rate to translate as a result of the exchange rate changes, such items will be translated using the spot exchange rate at the transaction date). The resulting exchange differences are recognised as other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is transferred to profit or loss in the period during which the disposal occurs. If the disposal only involves a portion of a particular foreign operation, the calculations will be made on a pro-rata basis. The component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss on a pro-rata basis

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the average exchange rate for the period during which the cash flows occur (Unless it is not appropriate to use such exchange rate to translate as a result of the exchange rate changes, such items will be translated at the spot exchange rate prevailing on the date when the cash flows incurred). The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

The Group derecognises and writes off a financial asset (or part of a financial asset, or part of a group of similar financial assets) from its account and balance sheet when the following conditions are met:

- (1) the rights to receive cash flows from the asset have expired;
- (2) the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognised. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognised in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognised and derecognised on the trade date. Regular way purchases or sales of financial assets mean that the financial assets are received or delivered under the terms of a contract within a period established by regulations or conventions in the marketplace. Trade date is the date that the Group commits to purchase or sell the asset.

Classification and measurement of financial assets

The financial assets of the Group are classified in the initial recognition based on the business model of the Group’s financial asset management and the characteristics of the financial assets’ contractual cash flows: financial assets at fair value through profit or loss, financial assets carried at amortised cost, financial assets at fair value through other comprehensive income.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Classification and measurement of financial assets (continued)

Financial assets are measured at fair value on initial recognition. However, if the accounts receivable or bills receivable arising from sales of goods or provision of services do not include significant financing components or does not consider financing components not exceeding one year, they shall be initially recognised at the transaction price.

In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit and loss for the current period; transaction costs relating to financial assets of other categories are included in the amounts initially recognised.

The subsequent measurement of financial assets depends on their classification as follows:

Debt instrument investment measured at amortised cost

Financial assets are classified as financial assets measured at amortised cost if the financial assets meet the following conditions: the objective of the Group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets requires that the cash flows giving rise on specified dates represent payments of principal and interest on the principal amount outstanding.

Debt instruments investment at fair value through other comprehensive income

Financial assets are classified as financial assets at fair value through other comprehensive income if the financial assets meet the following conditions: the financial assets are held within a business model whose the objective is achieved by collect contractual cash flows and selling; the contractual terms of the financial assets requires that the cash flows giving rise on specified dates represent payments of principal and interest on the principal amount outstanding. For such financial assets, the effective interest method is used for recognizing interest income. Changes in fair value are included in other comprehensive income except for interest income, impairment loss, and exchange differences which are be recognised as profit or loss for the current period. On derecognition of financial assets, gains and losses accumulated in other comprehensive income are reclassified to profit or loss for the current period.

Equity instruments investment at fair value through other comprehensive income

The Group irrevocably elects to designate its certain equity instrument investments not held for trading as financial assets at fair value through other comprehensive income, and only recognise dividends (except for dividend income clearly recovered as part of the investment cost) in profit or loss for the current period. Subsequent changes in fair values are included in other comprehensive income, and no provision for impairment is required. On derecognition of financial assets, gains and losses previously accumulated in other comprehensive income are reclassified to retained earnings.

Financial assets at fair value through profit or loss

Except for the above-mentioned financial assets at amortised cost and financial assets at fair value through other comprehensive income, the Group has classified the remaining financial assets as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value, except for hedge accounting, where all changes in fair value are recognised in profit or loss for the current period.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly charged to profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial amounts recognised.

The subsequent measurement of financial liabilities depends on its classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives that are financial liabilities) and those designated upon initial recognition at fair value through profit or loss. Financial liability held for trading (including derivatives that are financial liabilities) are subsequently measured at fair value, except for hedge accounting, where all changes in fair value are recognised in profit or loss for the current period. For financial liabilities designated as measured at fair value through profit or loss, subsequent measurements are made at fair value. Changes in fair value caused by changes in the Group's own credit risk are recognised in other comprehensive income, while other changes in fair value are recognised in profit or loss for the current period. Unless changes in fair value caused by changes in the Group's own credit risk recognised in other comprehensive income may result in or expand accounting mismatches in profit or loss, the Group shall recognise all changes in fair value (including the amount of impact of changes in its own credit risk) in profit or loss for the current period.

Other financial liabilities

Such kinds of financial liabilities are subsequently measured at amortised cost by using the effective interest rate method.

Impairment of financial instruments

On the basis of expected credit losses, the Group performs the impairment treatment on financial assets measured at amortised cost, debt instruments investments at fair value through other comprehensive income, lease receivables, contract assets, and financial guarantee contract and recognizes the loss provision.

For amount receivables and contract assets excluding the major financing portion, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses equivalent to the entire duration of the life.

For lease receivables, amount receivables and contractual assets including the major financing portion, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses equivalent to the entire duration of the life.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Impairment of financial instruments (continued)

In addition to the financial assets mentioned above that use the simplified measurement method, the Group assesses whether its credit risk has increased significantly since the initial recognition on each balance sheet date. If the credit risk has not increased significantly since the initial recognition, it is at the first stage, and the Group measures the loss provision based on the amount of expected credit loss equivalent to the next 12 months and calculates interest income based on book balance and effective interest rate; if the credit risk has increased significantly since the initial recognition but credit loss has not occurred, it is at the second stage, and the Group measures loss provision based on the amount of expected credit losses equivalent to the entire duration of the life and calculates interest income based on book balance and effective interest rate; if credit loss has occurred since initial recognition, it is at the third stage, and the Group measures loss provision based on the amount of expected credit losses equivalent to the entire duration of the life and calculates interest income based on amortized cost and effective interest rate. For financial instruments that only have low credit risk at the balance sheet date, the Group assumes that their credit risks have not increased significantly since initial recognition.

The Group assesses expected credit loss of financial instruments individually and in group. After considering the credit risk characteristics of difference customers, the Group assesses the expected credit loss of financial assets measured at amortized cost based on age combinations.

Please refer to Note VIII. 3 for the Group's criteria for determining significant increase in credit risk, definition of financial assets that have been credit-impaired, and assumption for measurement of expected credit loss.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group directly writes down the carrying amount of the financial assets.

Offset of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet to the extent that there is a currently enforceable legal right to offset the recognised amounts and that there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Group uses derivative financial instruments, such as commodity forward contracts, to hedge exchange rate risk, commodity price risk and interest rate risk, respectively. Derivative financial instruments are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently measured at their fair values. Derivative financial instruments with a positive fair value are recognised as an asset, and that with a negative fair value is recognised as a liability.

Other than hedge accounting, gains or losses arising from changes in the fair value of derivatives are directly recognised in profit or loss for the current period.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Convertible bonds

Upon issuance, the Group determines in accordance with the terms of the convertible bonds whether such bonds consist of both equity and liability components. For convertible bonds that carry both equity and liability components, liability and equity are separately dealt with upon initial recognition. During the segregation, the fair value of the liability is first determined and adopted as the initially recognition. Then the initial recognition of the equity component is determined by deducting the initial liability recognition from the overall issue price of the convertible bonds. Transaction costs are apportioned between liability and equity according to their respective fair values. The liability component is presented as liability and subsequently measured on an amortised cost basis, until it is cancelled, converted or redeemed. The equity component is presented as equity and no subsequent measurement is applicable. The issuance of convertible bonds contain both a liability component and an embedded derivative, that is the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from the convertible bonds and accounted for as a derivative financial instrument. It should be initially measured at fair value. Any excess of proceeds over the amount initially recognized as derivative component is recognised as the liability instrument. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the profit or loss.

Transfers of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognises the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transactions as follows: if the Group has not retained control, it derecognises the financial asset and recognises any resulting assets or liabilities; if the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability.

Continuing involvement that takes the form of a financial guarantee over the transferred financial asset is recognised at the lower of the carrying amount of the financial asset and the amount of financial guarantee. The amount of financial guarantee refers to the maximum amount of consideration that the Group could be required to repay.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

10. Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements are transactions that the Group sells financial assets which will be repurchased at a predetermined price in the future date under repurchase agreements.

Cash paid or received is recognised as amounts held under the resale and repurchase agreements in the balance sheet. Assets sold under repurchase agreements continue to be recognised in the balance sheet.

The difference between the purchase and sale consideration, are amortised over the period of the respective transaction using the effective interest method and are included in interest expense respectively. If there is little difference between the actual interest rate and the contractual interest rate, the interest income and expense shall be calculated according to the contractual interest rate.

11. Inventories

Inventories include raw materials, work in progress, finished goods, turnover materials, contract performance cost, properties under development and completed properties held for sale.

Inventories are initially carried at cost. Except for properties under development and completed properties held for sale, cost of inventories comprises all costs of purchase, costs of conversion and other costs. The cost of inventories also includes gains or losses arising from purchase meeting the criteria of cash flow hedging transferred from other comprehensive income. The actual cost of inventories transferred out is determined by using the weighted average method. Turnover materials include low value consumables and packing materials. Low value consumables and packing materials are amortised by using the immediate write-off method.

Costs of properties under development and completed properties held for sale consist of land acquisition cost, construction cost, interests capitalised and other direct and indirect development expenses. Cost of properties under development is transferred to cost of completed properties held for sale upon completion of development. Within the construction cost, public ancillary facilities represent government-approved public ancillary projects, i.e. roads. The relevant costs are recognised under the properties under development, and are accounted for and allotted by cost object and cost item. Land use rights for development purpose are classified as part of properties under development.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

11. Inventories *(continued)*

The Group adopts a perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories is recognised in profit or loss for the current period. If factors that previously resulted in the provision for decline in value of inventories no longer exist and result in the net realisable value being higher than their carrying amount, the amount of the write-down is reversed to the extent of the amount of the previous provision for the inventories and is recognised in profit or loss for the current period.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated expenses and the related taxes necessary to make the sale. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The provision for decline in value is made on an individual basis, provided that for inventories with large quantity and lower unit cost, the provision for decline in value is made on a category basis. For inventories related to a series of products manufactured and sold in the same area, and of which the final use or purpose is identical or similar, and if it is difficult to measure them by separating them from other items, the provision for decline in value of inventories are made on a combination basis.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

12. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

A long-term equity investment is initially measured at its initial investment cost on acquisition. For a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the carrying amount of the absorbing party's share of the owner's equity of the party being absorbed on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost and the carrying amount of the consideration paid for the combination shall be adjusted against capital reserve (where the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings). Other comprehensive income prior to the date of the merger is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss for the current period upon such disposal, of which the investment which remains long-term equity investment upon the disposal is transferred in proportion, and the investment which is converted into financial instruments upon the disposal is transferred in full. The initial investment cost of the long-term equity investment is the cost of acquisition for a business combination not under common control (for a business combination not under common control achieved in stages, the initial investment cost is measured at the carrying amount of the equity investments in the acquiree before the acquisition date plus the additional investment cost incurred on the acquisition date). The cost of combination includes the assets transferred and the liabilities incurred or assumed by the acquirer, and the fair value of equity securities issued. Other comprehensive income held prior to the date of the acquisition and recognised using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss for the current period upon such disposal, of which the investment which remains long-term equity investment upon the disposal is transferred in proportion, and the investment which is converted into other equity instruments investments upon the disposal is transferred in full. Any change in accumulated fair value of the equity investment held prior to the date of the acquisition included in other comprehensive income as financial instruments are transferred to retained earnings in full when the cost method is adopted. For a long-term equity investment acquired other than through a business combination, the initial investment cost is determined as follows: if acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; if acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; and if acquired by exchange of non-monetary assets, the initial investment cost is determined in accordance with Accounting Standards for Business Enterprises No. 7 – Exchange of Non-Monetary Assets.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

12. Long-term equity investments *(continued)*

For a long-term equity investment where the Group can exercise control over the investee, the long-term equity investment is accounted for using the cost method in the Group's separate financial statements. Control refers to having the power over the investee, the entitlement to variable returns through the participation in the relevant activities of the investee, and the ability to affect the amount of returns by using its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. If investment is increased or withdrawn, the cost of long-term equity investment shall be adjusted. Cash dividends or profit distributions declared by the investee are recognised as investment income for the current period.

The equity method is adopted when the Group holds joint control, or exercises significant influence on the investee. Joint control is the relevant agreed sharing of control over an arrangement, and relevant activities of such arrangement shall be decided upon the unanimous consent of the parties sharing control. Significant influence is the power to participate in decision making of the financial and operating policies of the investee, but without the power to control or jointly control with other parties the formulation of those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, long-term equity investment is measured at the initial investment cost. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises, upon acquisition of the long-term equity investment, its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits or losses, except for those from dispensing or selling businesses constituted by assets, based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates and joint ventures, attributable to the investing party according to its entitled ratio (but impairment losses for assets arising from internal transactions shall be recognised in full). The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of net losses of the investee is recognised to the extent the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has incurred obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit distributions) and includes the corresponding adjustments in the shareholders' equity.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

12. Long-term equity investments *(continued)*

On disposal of a long-term investment, the difference between the carrying amount of the investment and the sales proceeds actually received is recognised in profit or loss for the current period. For long-term equity investments accounted for using the equity method, where the equity method is no longer adopted, the relevant other comprehensive income previously accounted for using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss in full for the current period; where the equity method is still adopted, the relevant other comprehensive income previously accounted for using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee and transferred to profit or loss in proportion for the current period, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss in corresponding proportion for the current period.

13. Investment properties

Investment properties are held to earn rentals or for capital appreciation or both. Investment properties include land use right that is leased out, land use right held for transfer upon capital appreciation, and building that is leased out. The Group's investment properties are held for long term purposes and are leased to earn rentals.

An investment property is measured initially at cost. Subsequent costs incurred for an investment property are included in its cost only when the economic benefits associated with the asset will probably flow in and the cost can be measured reliably. Otherwise, subsequent costs are recognised in profit or loss for the period during which they are incurred.

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 urban core districts of 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.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)***13. Investment properties** *(continued)*

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 method and market method. 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.

14. Fixed assets

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meet the recognition criteria shall be included in its cost, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures shall be recognised in profit or loss for the period during which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the assets is considered. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable costs for bringing the asset to working condition for its intended use.

Except for those fixed assets formed by using production safety fees accrued, depreciation of fixed assets is calculated using the straight-line method. The useful lives, estimated net residual values and annual depreciation rates of fixed assets are as follows:

	Useful life	Estimated net residual value %	Annual depreciation rate %
Buildings	20-40 years	5	2.38-4.75
Machinery and equipment	15 years	5	6.33
Transportation equipment	6-10 years	5	9.50-15.83
Office and other equipment	5 years	5	19

Different depreciation rates are applied where the components of fixed assets have different useful lives or provide the entity with economic benefits in different patterns.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at the end of each financial year, and makes adjustments if necessary.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

15. Construction in progress

The cost of construction in progress is determined according to the actual costs incurred for the construction, including all necessary construction costs incurred during the construction period, borrowing costs that shall be capitalised before the construction gets ready for its intended use and other relevant expenses.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

16. Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing. Borrowing costs include interest, amortisation of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. The amounts of other borrowing costs incurred are recognised in profit or loss for the period in which they are incurred. Qualifying assets are assets (fixed assets, investment properties, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

(1) expenditures for the asset are being incurred; (2) borrowing costs are being incurred; (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised in profit or loss for the period during which they are incurred.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

16. Borrowing costs *(continued)*

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

(1) where funds are borrowed for a specific purpose, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any temporary bank interest earned from depositing the borrowed funds or any investment income; (2) where funds are borrowed for a general purpose, the amount of interest to be capitalised on such borrowings is determined by multiplying a weighted average interest rate of the funds borrowed for a general purpose by the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than three months. Borrowing costs incurred during these periods are recognised in profit or loss for the period during which they are incurred until the acquisition, construction or production is resumed.

17. Intangible assets

An intangible asset shall be recognised only when it is probable that the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination which is not under common control and with a fair value that can be measured reliably are recognized separately as intangible assets and measured at fair value.

The useful life of an intangible asset is determined according to the period over which it is estimated to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when the period over which the asset is estimated to generate economic benefits for the Group is uncertain.

The intangible assets of the Group consist of land use rights, mining rights, trademarks and software use rights.

The useful life of each intangible assets is as follows:

	Useful life
Land use rights	20-60 years
Software use rights	5-10 years
Trademarks rights	Undetermined useful life
Mining rights	Amortised at volume of mining

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

17. Intangible assets *(continued)*

Land use rights that are purchased by the Group for purposes other than real estate development are generally accounted for as intangible assets. For buildings such as plants that are developed and constructed by the Group, the relevant land use rights and buildings are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets. Land use rights of the Group are amortised on the straight-line basis over the term stipulated on the certificates of land use rights obtained by the Group.

Costs of mining rights include costs incurred to obtain the mining licence and estimated mine restoration cost. Amortisation is calculated using the production method based on the relevant recoverable mining reserves.

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at least once at the end of each financial year and makes adjustment if necessary.

Intangible assets with indefinite use life (mainly trademarks) are tested for impairment each year, irrespective of whether there is any indication that the asset may be impaired. An intangible asset with indefinite useful life shall not be amortised, for which the useful life is reassessed in each accounting period. If there is evidence indicating that the useful life of that intangible asset becomes finite, it shall be accounted for by applying the accounting policy for intangible assets with a finite useful life.

The Group classifies expenditure for an internal research and development project into expenditure in the research phase and expenditure in the development phase. Expenditure in the research phase is recognised in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalised when the Group can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits, for which, among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure in the development phase that does not meet the above criteria is recognised in profit or loss for the period in which it is incurred.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

18. Impairment of assets

The Group determines the impairment of assets other than inventories, contract assets and assets relating to contract assets, investment properties measured under the fair value model, deferred income tax assets, and financial assets using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs test for impairment. Goodwill arising from a business combination and intangible assets with indefinite useful life are tested for impairment at least once at the end of each year, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows estimated to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is treated as impairment loss and recognised in profit or loss for the current period. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of goodwill impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is not possible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset group or set of asset groups is an asset group or set of asset groups that is able to benefit from the synergy of the business combination and shall not be larger than a reportable segment determined by the Group.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

18. Impairment of assets *(continued)*

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment test, if there is any indication of impairment, the Group first tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compare the recoverable amount with the related carrying amount and recognise any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is lower than its carrying amount, the amount of the impairment loss is first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then by the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the above asset impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

19. Long-term deferred expenditures

Long-term deferred expenditures represent expenditures incurred but should be recognised as expenses over more than one year in the current year and subsequent periods, including costs of leasehold improvements, renovation expenses and stripping cost of mines. A long-term deferred expenditures is amortised using the straight-line method according to the period over which it is estimated to generate economic benefits for the Group.

20. Employee benefits

Employee benefits are all forms of considerations or compensations given by the Group in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by the Group to the spouses, children and dependents of employees as well as families and other beneficiaries of deceased employees are also classified as employee benefits.

Short-term benefits

In the accounting period in which services are rendered by employees, the actual amount of short-term benefits incurred is recognised as liabilities and charged to profit or loss for the current period or cost of underlying assets.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

20. Employee benefits *(continued)*

Post-employment benefits (the defined contribution plan)

The employees of the Group participate in the pension insurance and unemployment insurance scheme administered by the local government and also enterprise annuity, and the corresponding expenses are included in the costs of underlying assets when incurred or recognised in profit or loss for the current period.

The Group contributes on a monthly basis to these schemes or annuity based on certain percentages of the salaries of the employees. The Group's employer contributions vest fully with the employees when contributed into the scheme or annuity and there are no forfeited contributions that may be used by the Group.

Post-employment benefits (the defined benefit plan)

The Group operates various defined benefit pension plans, which includes providing certain eligible retirees of the Company and its subsidiaries with supplementary allowance benefits. No capital has been injected into the plan. The benefits cost under the defined benefit plan is calculated using the projected accumulative benefit unit method.

The items to be remeasured as a result of the defined benefit pension plan, which include actuarial gains or losses, movements arising from assets cap (net of amounts included in net interest of liabilities in the defined benefit plan) and return on plan assets (net of amounts included in net interest of liabilities in the defined benefit plan), are all immediately recognised in the balance sheet, and are included in shareholders' equity through other comprehensive income during the period in which they are incurred. They will not be reversed to profit or loss in subsequent periods.

The past service costs are recognised as expenses for the current period when the defined benefit plan is modified or when the Group recognises relevant restructuring costs or termination benefits, whichever occurs earlier.

Net interest is calculated by multiplying net liabilities or net assets of the defined benefit plan by the discount rate. The Group recognises changes in net liabilities of the defined benefit plan under administrative expense and finance expenses in the income statement. Service cost includes current service cost, past service cost and gains or losses on settlement; net interest includes interest income on plan assets, interest expenses on plan obligations and interest arising from assets cap.

Termination benefits

Where the Group provides termination benefits to employees, the employee benefits liabilities arising from termination benefits are recognised and accounted for in profit or loss for the current period at the earlier of the following dates: when the Group cannot unilaterally withdraw the offer of these termination benefits as a result of termination of employment plan or downsizing proposal, and when the Group recognises restructuring costs involving the payment of termination benefits.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

21. Accrued liabilities

Except for contingent consideration and contingent liability assumed in a business combination not under common control, the Group recognises an obligation related to a contingency as an accrued liability when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

Accrued liabilities are initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of accrued liabilities is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

22. Other equity instruments

Perpetual bonds issued by the Group are classified as equity instrument if there is no expiration date or if the Group has the right to extend for unlimited number of times, to defer the payment of the coupon interest on the perpetual bonds, or has no contractual obligation to pay cash or other financial assets after the expiration thereof.

For financial instruments classified as equity instruments (such as perpetual bonds), its issue, repurchase, sale or cancellation are treated by the Group as changes in equity, with related transaction costs deducted from equity. The Group's distribution to holders of equity instruments are treated as a distribution of profits.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

23. Revenue from contracts with customers

When the Group has fulfilled its performance obligations of the contract, the revenue is recognized when the customers take control of the relevant goods or services. Taking control of the relevant goods or services means being able to dominate the use of the goods or the provision of the services and obtain almost all of the economic benefits from them.

Sales contracts of goods

Sales contracts of goods between the Group and its customers generally include the performance obligation of transferred goods only. Generally, upon taking account of all the following factors, namely, receipt of the current payment rights of goods, transfer of major risks and rewards in relation to the ownership of goods, transfer of the legal ownership of goods, transfer of physical assets of goods and receipt of delivery of such goods by the customers, the Group recognises this as revenue when control of goods have been transferred to the buyer.

Revenue from the sales of completed properties is recognised when the risks and rewards of property ownership have been transferred to the buyer, i.e., when the properties has been completed and delivered to the buyer pursuant to the sale agreement and the collection of the consideration determined under the purchase and sales contract can be assured reasonably. According to the contract, the instalments of sold properties and proceeds from pre-sale collected prior to the revenue recognition will be presented in the contractual liabilities under the balance sheet.

Construction Contracts

Construction contracts between the Group and its customers generally include performance obligations in relation to civil installation, maintenance, etc. As the customer can control the assets under construction in the course of the Group's performance, the Group considers such revenue as performance obligations fulfilled during a specific period and recognises the revenue based on the progress of performance, unless the progress of performance cannot be reasonably determined. The Group determined the progress of performance in relation to the provision of services using input method. Where progress of performance cannot be reasonably determined, the Group determined its revenue based on the incurred amount of costs to the extent that they are expected to be compensated, until the progress of performance is able to be determined reasonably.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

23. Revenue from contracts with customers *(continued)*

Contracts for provision of services

Contracts for provision of services between the Group and its customers generally include performance obligations in relation to disposal of solid and waste, decoration, property management, and hotel operation etc. As the customers will receive and consume economic benefits arising from the fulfilment of performance obligations as stipulated in the contracts by the Group. The Group considers such revenue as performance obligations fulfilled during a specific period and recognises the revenue based on the progress of performance, unless the progress of performance cannot be reasonably determined. The Group determined the progress of performance in relation to the provision of services using input method or output method. Where progress of performance cannot be reasonably determined, the Group determined its revenue based on the incurred amount of costs to the extent that they are expected to be compensated, until the progress of performance is able to be determined reasonably.

Significant financing component

For the existence of significant financing components in the contract, the Group determines the transaction price based on the amount payable by cash when assuming that the client takes the control of the goods or services, and uses the discount rate of the nominal amount of the contract consideration to the discounted price of the goods sold or services rendered. The difference between the determined transaction price and the consideration amount of the contractual commitment is amortized using the effective interest method during the contract period.

Where the interval between the customer's taking control of the goods or services and the customer's payment for goods or services is expected to be less than one year, the Group did not consider the significant financing components existing in the contract.

Warranty obligations

The Group provides quality assurance for the goods sold or the assets constructed pursuant to contractual agreement and laws and regulations. The Group performs accounting treatments in accordance with Note III. 21 with a view to providing guarantee to the customers that the goods sold meet the established quality standards. In addition to providing guarantee to the customers that the goods sold meet the established quality standards, providing the customers with a separate quality assurance for services is regarded as a separate performance obligation by the Group. Based on the relative proportion of the individual selling prices of providing quality assurance for goods and services, part of the transaction price is allocated to quality assurance of services and revenue is recognized when the customers take control of the services. In assessing whether quality assurance is provided as a separate service other than providing guarantee to the customers that the goods sold meet the established quality standards; the Group considers factors such as whether the quality assurance is a statutory requirement, the term of quality assurance and nature of the Group's commitment to perform its obligations.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

23. Revenue from contracts with customers *(continued)*

Variable consideration

There exist arrangements under certain business contracts between the Group and its customers where the amount of settlement is calculated in the manner as agreed in the contract upon completion of the projects, which results in a variable consideration. The Group determines the best estimate amount of the variable consideration based on the expected value or the most likely amount, but the transaction price including the variable consideration does not exceed the amount that the accumulated and recognized revenue is likely not to be significantly reversed when the relevant uncertainty is eliminated.

Sales return clause

For sales with a sales return clause, the Group recognizes revenue based on the amount of consideration expected to be received by the customer for the transfer of the goods to the customer, and recognizes the amount that is expected to be refunded as a result of the sales return as an estimated liability. The remaining amount, subsequent to deduction of expected costs from collecting the goods (including the decrease in value of the returned goods), that is returns cost receivables, is recognized as an asset in accordance with the carrying value during the expected transfer of returned goods after deducting the costs of the above net assets carried forward. On each balance sheet date, the Group re-estimates the future sales return and re-measures the above assets and liabilities.

Changes of contract

When the construction contract between the Group and the customer changes:

- (1) If the contract change adds a clearly distinguishable construction service and contract price and the new contract price reflects the separate selling price of the new construction service, the Group treats the contract change as a separate contract for accounting treatment;
- (2) If the contract change does not fall within the above-mentioned situation (1), and the construction service transferred and that untransferred can be clearly distinguished on the contract change date, the Group will regard it as the original contract termination, and at the same time, the non-compliance part of the contract and the contract change part are merged into a new contract for accounting treatment;
- (3) If the contract change does not fall within the above-mentioned situation (1), and there is no clear distinction between the construction service transferred and that untransferred on the contract change date, the Group will treat the changed part of the contract as part of the original contract for accounting treatment. The resulting impact on the recognized revenue is adjusted for current income on the contract change date.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

23. Revenue from contracts with customers *(continued)*

Main responsible person/agent

Upon receiving commodities held for trading or taking control over other assets from third parties, the Group is entitled to solely determine the price of goods held for trading when transferring such goods to the customers. As such, the Group would be able to control such goods before it transfers the goods held for trading to its customers. Therefore, the Group is the main responsible person and recognizes the revenue according to the total consideration received or receivable. Otherwise, the Group is an agent and recognizes the revenue according to the amount of the commission or handling fee expected to receive. The amount shall be netted according to the total amount received or receivable, after deducting the price payable to other related parties, or determined according to the established commission amount or proportion thereof.

24. Contract assets and contract liabilities

The Group presented contract assets or contract liabilities on the balance sheet based on the correlation between the performance of obligations and customer payments. The Group offsets contract assets against contract liabilities under the same contract and presents the net amount.

Contract assets

Contract asset refers to the right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time.

Details of the Group's determination method and accounting treatment for expected credit losses of contract assets are set forth in Note III. 9.

Contract liabilities

Contract liabilities present the obligation to transfer goods or services to a customer for consideration received or receivable from the customer, such as the amount received by the enterprise before the promised goods or services are transfer to the customers.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

25. Assets related to contractual cost

The Group's assets related to contractual costs include costs incurred to secure a contract and costs incurred in performing a contract, which are presented in inventory, other current assets and other non-current assets, respectively, based on their liquidity.

The Group recognises as the additional costs incurred to secure a contract as an asset if it expects to recover the costs, unless the amortization period of the asset is less than one year.

If the costs incurred in performing a contract are not within the scope of inventories, fixed assets, intangible assets or other relevant standards, the Group recognises the costs incurred in performing a contract as an asset if those costs meet all of the following criteria:

(1) the costs relate directly to an existing contract or to an anticipated contract, including direct labour, direct materials, production overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only by the reason of the contract; (2) costs generate resources of the corporate that will be used in satisfying performance obligations in the future; (3) the costs are expected to be recovered.

Assets related to contract costs are amortised on a basis that is consistent with the recognition of the revenue to which the assets relate and recognised in profit or loss for the current period.

The Group makes impairment provisions and recognises an impairment loss on asset to the extent that the carrying amount of an asset related to contract costs exceeds:

(1) The remaining amount of consideration that the corporation expects to receive in exchange for the goods or services to which the assets relates; less (2) the estimated costs to be incurred for the exchange of the related goods or services

The Group shall make a reversal of the provision for asset impairment previously made and recognise it in profit or loss for the current period when the impairment conditions have changed resulting in the difference between (1) and (2) aforementioned higher than the carrying amount of the asset. However, the carrying amount of the asset upon reversal shall not exceed the carrying amount that would have been determined on the date of reversal if no impairment provisions had been made previously.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

26. Government grants

Government grants are recognised when all attaching conditions can be complied with and the grant can be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value cannot be reliably determined, it is measured at a nominal amount.

Government grants shall be recognised as government grants related to assets where long-term assets are built or otherwise developed in accordance with the requirements of government documents. If there are no specific requirements of government documents, judgment shall be exercised based on the basic conditions required for the grants. Government grants shall be recognised as government grants related to assets where the building or otherwise development of long-term assets is considered as the basic condition; otherwise, they shall be recognised as government grants related to income.

A government grant related to income is accounted for as follows: if the grant is a compensation for related cost expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss or offset against relevant costs over the periods in which the related costs expenses for losses are recognised; and if the grant is a compensation for related cost expenses or losses already incurred, it is immediately recognized in profit or loss or offset against relevant cost for the current period.

A government grant related to an asset shall be offset against the carrying amount of relevant assets or recognised as deferred income, and recognised in profit or loss in instalments over the useful life of the related asset in a reasonable and systematic way, provided that a government grant measured at a nominal amount is recognised immediately in profit or loss for the current period. If the related assets are disposed of, transferred, scrapped and damaged before the end of the useful life, the relevant remaining deferred income unallocated shall be transferred to the profit or loss for the period when the assets are disposed of.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

27. Income tax

Income tax comprises current and deferred income tax. Income tax is recognised as an income tax expense or income in profit or loss for the current period, or otherwise recognised directly in shareholders' equity if it arises from goodwill on a business combination or relates to a transaction or event which is recognised directly in shareholders' equity.

The Group measures a current income tax liability or asset arising from the current and prior periods based on the amount of income tax estimated to be paid by the Group or returned by taxation authority calculated in accordance with the requirements of related tax laws.

Deferred income tax is recognised under the balance sheet liability method based on the temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the tax bases and carrying amounts in respect of items not recognized as assets and liabilities, but the tax bases being determinable under tax law.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

(1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss; (2) in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

A deferred income tax asset is recognised for deductible temporary differences, and unused deductible tax losses and tax credits that can be carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, deductible tax losses and tax credits can be utilised, except:

(1) where the deductible temporary difference arises from a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss; (2) in respect of the deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred income tax asset is only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilised in the future.

At the balance sheet date, the Group measured the deferred income tax assets and liabilities at the tax rates that are estimated to apply to the period when the asset is recovered or the liability is settled according to the requirements of tax laws. The measurement of deferred income tax assets and deferred income tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

27. Income tax *(continued)*

The carrying amount of deferred income tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred income tax assets to be utilised. Unrecognised deferred income tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recovered.

When the following conditions are satisfied, deferred income tax assets and deferred income tax liabilities are shown as net amounts after set-off: there is a legally enforceable right to settle current income tax assets and current income tax liabilities on a net basis; deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, but the involved taxable entities intended to settle the current income tax assets and current income tax liabilities on a net basis or to simultaneously acquire assets and repay debts during each future period in which significant amounts of deferred income tax assets and deferred income tax liabilities are expected to be reversed.

28. Right-of-use assets

The right-of-use assets of the Group mainly comprise land, buildings, machinery and equipment, transportation equipment and other equipments.

On the commencement date of the lease term, the Group recognises its right to use the lease assets over the lease term as the right-of-use asset, including: the initial measurement amount of the lease liability; the amount of the lease payment on or before the commencement date of the lease term, deducting the relevant amount of the lease incentives already enjoyed if there is a lease incentive; the initial direct expenses incurred by the lessee; and the cost expected to be incurred by lessee for dismantling and removing the lease assets, restoring the site where the lease assets are located or restoring the lease assets to the state agreed upon under the lease terms. The Group subsequently depreciated the right-of-use assets using the straight-line method. If it is reasonable to determine that the ownership of the lease assets can be obtained at the expiration of the lease term, the Group will provide for depreciation during the remaining useful life of the lease assets. If it is not reasonable to determine that the ownership of the lease assets can be obtained at the expiration of the lease term, the Group will provide for depreciation during the shorter of the lease term and the remaining useful life of the lease assets.

When the Group re-measures the lease liabilities based on the present value of the changed lease payment amount and adjusts the carrying amounts of the right-of-use assets accordingly. If the carrying amounts of the right-of-use assets have been reduced to zero but the lease liabilities still need to be further reduced, the Group accounts for the remaining amount in the current profit or loss.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

29. Lease liabilities

On the commencement date of the lease term, the Group recognises the present value of the outstanding lease payments as lease liabilities, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Group uses the implicit interest rate in the lease as the discount rate; if the implicit interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liabilities for each period of the lease term based on the fixed periodic interest rate and recognises it in profit or loss for the current period, unless otherwise stipulated to be recognized in related asset costs. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred, unless otherwise stipulated to be recognised in related asset costs.

After the commencement date of the lease term, when the substantially fixed payment amount changes, the expected amount payable of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, or the assessment results or actual exercise of the purchase option, renewal option or termination option change, the Group re-measures the lease liabilities based on the present value of the changed lease payments.

30. Leases

Identification of leases

On the contract start date, the Group assesses whether the contract is a lease or contains a lease. If one of the parties to the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or contains a lease. In order to determine whether the contract has transferred the right to control the use of the identified assets within a certain period of time, the Group assesses whether the customers in the contract are entitled to almost all of the economic benefits arising from the use of the identified assets during the period of use and have the right to direct the use of identified assets during this period of use.

Identification of separate leases

Where the contract contains multiple separate leases, the Group will split the contract and separate the leases for accounting treatment. The right to use the identified asset constitutes a separate lease in the contract if the following conditions are met:

- (1) The lessee can profit from using the asset alone or in conjunction with other resources that are readily available;
- (2) The asset does not have a high degree of dependency or a high degree of association with other assets in the contract.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

30. Leases *(continued)*

Assessment of lease term

The lease term is the period during which the Group has the right to use the lease assets and is irrevocable. Where the Group has the option to renew the lease, that is, the right to choose to renew the lease, and it is reasonable to determine that the option will be exercised, the lease term will also include the period covered by the option to renew the lease. Where Group has the option to terminate the lease, that is, the right to choose to terminate the lease of the asset, but it is reasonable to determine that the option will not be exercised, the lease term will include the period covered by the option to terminate the lease. Where a major event or change within the Group's control occurs and affects whether the Group reasonably determines that the option will be exercised, the Group will re-evaluate whether it will reasonably exercise the option to renew the lease, the purchase option or not to exercise the option to terminate the lease.

As a lessee

For the general accounting treatment of the Group as a lessee, refer to Notes III. 28 and III. 29.

Lease change

Lease change refers to change of the scope, consideration, and term of the lease beyond the original contract terms, including the increase or termination of the use rights of one or more lease assets, and the extension or shortening of the lease term stipulated in the contract

If lease change occurs and meets the following conditions, the Group will account for the lease change as a separate lease:

- (1) The lease change expands the lease scope by increasing the right to use one or more lease assets;
- (2) The increased consideration and the individual price of the enlarged portion of the lease are equivalent to the amount adjusted for the contract.

Where the lease change is not accounted for as a separate lease, the Group re-determines the lease term on the effective date of the lease change and discounts the changed lease payments using the revised discount rate to re-measure the lease liability. When calculating the present value of the lease payment after the change, the Group adopts the interest rate implicit in the lease for the remaining lease term as the discount rate; if the interest rate implicit in lease for the remaining lease term cannot be determined, the Group's incremental borrowing rate on the effective date of the lease change is adopted as the discount rate.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

30. Leases *(continued)*

As a lessee (continued)

Lease change (continued)

Regarding the impact of the above adjustment of lease liabilities, the Group distinguishes between the following cases for accounting treatment:

- (1) If the lease change results in a narrower lease or a shorter lease term, the Group reduces the carrying value of the right-of-use asset to reflect the termination or complete termination of the lease. The Group recognises the related gains or losses that partially terminate or completely terminate the leases into the current profit and loss;
- (2) For other lease changes, the Group adjusts the carrying value of the right-of-use assets accordingly.

Short-term lease and low-value asset lease

The Group recognises leases with lease terms of not more than 12 months as at the commencement date of the lease term and without the purchase option as short-term leases; and recognises leases with a value of not more than RMB40,000 when the single lease asset is a new asset as low value leases. If the Group subleases or expects to sublease the lease assets, the original lease is not recognised as a low-value asset lease. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases and low-value asset leases. During each period of the lease term, the related asset costs or current profit and loss are included by using the straight-line method.

Rent concessions caused by the COVID-19

For the rent concessions directly caused by the COVID-19 and agreed by the Group and the Lessor under the existing leasing contacts and the rent deduction such as deferred payments, if it meets the following conditions at the same time, the Group will adopt simplified method for the leases:

- (1) The lease consideration after the concession is reduced or basically unchanged compared with that before the concession;
- (2) The concession is only for lease payables before 30 June 2022;
- (3) After taking into account the qualitative and quantitative factors, it is determined that there is no significant changes in other terms and conditions of the leases.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

30. Leases *(continued)*

As a lessee (continued)

Rent concessions caused by the COVID-19 (continued)

The Group will not assess whether there has been a change in the lease, and will continue to calculate the interest expenses of the lease liabilities based on the discount rate consistent with that before the concession and recognized in profit or loss for the current period; and continue to make provision for the depreciation of the right-of-use assets based on the method consistent with that before the concession. For the recognized rent concessions, the rent concessions shall be treated as variable lease payments by the Group. If original rent payment obligation released when the concession agreement has been fulfilled, the relevant assets costs or expenses shall be offset by the undiscounted amounts and the lease liabilities shall be adjusted accordingly. For the deferred rental payment, the previously recognized lease liabilities will be offset by the Group when the actual payment occurs.

As a lessor

Leases that transfer substantially all of the risks and rewards associated with the ownership of the lease assets on the lease start date are finance leases, and all other leases are operating leases. When the Group is a sublessor, it will classify the sublease based on the right-of-use assets arising from in original lease.

As a lessor of a finance lease

As at the commencement date of the lease term, the Group shall recognize finance lease payment receivable for finance lease and derecognize finance lease assets. The finance lease payment receivable shall be accounted for at net lease investment in its initial measurement by the Group. Net lease investment represents the sum of unguaranteed residual value and the present value of lease payment receivable outstanding as at the commencement date of the lease term discounted at the implicit rate in the lease.

The Group shall recognise interest income over each lease term based on constant periodic rate of return. The variable lease payments not included in the measurement of net investment in the lease obtained by the Group shall be recognised in profit or loss when it occurs.

As a lessor of an operating lease

Rental income under an operating lease is recognized through profit or loss using the straight-line method for each period of the lease term. Variable lease payments not included in the measurement of the net investment in the lease are recognized in profit or loss as incurred.

Where change to an operating lease occurs, the Group shall treat it as a new lease from the effective date of the change, and the amount of the lease collection amount prepaid or receivable related to the lease before the change shall be regarded as the collection amount of the new lease.

Sale and leaseback transactions

The Group will estimate and determine whether the asset transfer under the sale and leaseback transactions shall be treated as a sale according to Note III. 23.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

30. Leases *(continued)*

Sale and leaseback transactions *(continued)*

As a lessee

Where asset transfer under the sale and leaseback transactions is a sale, the Group, as a lessee, shall measure the right-of-use assets created by the sale and leaseback based on the portion of carrying amount of the original assets related to right of use obtained upon leaseback, and only recognize relevant profit or loss for the right transferred to the lessor; where asset transfer under the sale and leaseback transactions is not a sale, the Group, as a lessee, will continue to recognize the transferred assets while recognize a financial liability equal to the transfer income and account for such liability according to Note III. 9.

As a lessor

Where asset transfer under the sale and leaseback transactions is a sale, the Group, as a lessor, will account for the asset purchase and account for the asset lease according to the provision above; where asset transfer under the sale and leaseback transactions is not a sale, the Group, as a lessor, will not recognize the transferred assets, but recognize a financial asset equal to the transfer income and account for such financial asset according to Note III. 9.

31. Hedge accounting

In respect of the methods of hedge accounting, the Group's hedging is classified as fair value hedge, that is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognized firm commitment (other than foreign exchange risk).

At the inception of a hedge relationship, the Group officially designates the hedge relationship and prepares formal written documentation of the hedge relationship, risk management objectives and hedge strategies. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness. Hedge effectiveness is the extent to which the changes in fair value or cash flows of the hedging instruments offset changes in the fair value or cash flow of hedged items caused by the hedged risk. Such hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that such hedges are highly effective during the accounting period with designated hedging relationships.

If the hedging instrument expires or is sold, contract terminated or exercised (but the rollover or replacement of part of a hedging instrument under the hedging strategy is not treated as an expiration or a contract termination), or due to a change in the risk management objective, the hedging relationship no longer meets the risk management objective, or when the hedging no longer meets other conditions of the hedge accounting method, the Group terminates the use of hedge accounting.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

31. Hedge accounting *(continued)*

Where the hedging relationship no longer meets the hedging effectiveness requirements due to the hedging ratio, but the risk management objectives for the designated hedging relationship have not changed, the Group rebalances the hedging relationship.

The Group's methodology for assessing the effectiveness of hedging, risk management strategy and how to apply the strategy to manage risks are described in Note V. 71.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

Fair value hedge

The gains or losses arising from the hedging instrument are recognised in profit or loss. The gain or loss of the hedged item arising from risk exposure is recognised in profit or loss, and the carrying amount of the hedged item that is not measured at fair value is adjusted accordingly.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with the corresponding gain or loss recognised in profit or loss.

32. Profit distribution

Cash dividend of the Company is recognised as a liability upon being approved at the shareholders' general meeting.

33. Production safety cost

Production safety cost appropriated pursuant to regulations is recognised in the cost of the relevant products or in profit or loss for the current period, and also in the specific reserve. The use of production safety cost is accounted for separately according to whether a fixed asset is formed; the cost incurred through expenditure will be reduced from the specific reserve; the cost incurred for a fixed asset shall be pooled and recognised as a fixed asset when it reaches the working condition for its intended use, meanwhile, an equivalent amount shall be deducted from the specific reserve and recognised as accumulated depreciation.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

34. Fair value measurement

The Group measures its investment properties, financial assets held for trading and investment in other equity instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group's relevant assets and liabilities are measured at fair value based on the presumption that the orderly transaction to sell the asset or transfer the liability takes place in the principal market for the relevant asset or liability, or in the absence of a principal market, in the most advantageous market for the relevant asset or liability. The principal market (or the most advantageous market) must be accessible by the Group at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its best use or by selling it to another market participant that would use the asset in its best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient information and other supporting information are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 inputs -quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date; Level 2 inputs -the observable inputs, either directly or indirectly, of the relevant assets or liabilities other than Level 1 inputs; Level 3 inputs -unobservable inputs of the relevant assets or liabilities.

At each balance sheet date, for assets and liabilities that are recognised in the financial statements that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the fair value hierarchy by reassessment.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

35. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into lease contracts on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements, that it retains almost all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and inventories

The properties constructed by the Group may be held for sale, earning rental income and/or capital appreciation. The properties are designated as inventories or investment properties according to the intention of holding at the early development stage. During the course of construction, the properties which are intended for sale after their completion are accounted for as inventories -properties under development included in current assets, whereas, the properties which are intended to be held to earn rental income and/or for capital appreciation are accounted for as investment properties under construction included in non-current assets. Upon completion, the properties held for sale are transferred to inventories – completed properties held for sale, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties.

Consolidation Scope – the Group holds half or less of the voting rights of the investee

The Group considers that it controls Tangshan Jidong Equipment & Engineering Co., Ltd. (hereinafter referred to as "Jidong Equipment") even though it owns less than half of the voting rights. This is because the Group is the single largest shareholder of Jidong Equipment, indirectly holding 30% of the shares with voting rights. Other shares of Jidong Equipment are widely held by many other shareholders. Since the date of acquisition, no other shareholders have collectively exercised their voting rights or have more votes than the Group.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

35. Significant accounting judgments and estimates *(continued)*

Judgments *(continued)*

Classification between investment properties and fixed assets

The Group determines whether a property held qualifies as an investment property, and has developed relevant criteria for making the judgment. Properties held to earn rental income or for capital appreciation or both (including buildings under construction or development which are supposed to be used for rental earning) are classified as investment properties. Therefore, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation while the remaining portion is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portion that is held to earn rentals or for capital appreciation separately if such portion can be sold or leased out separately. Otherwise, the property is classified as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. The Group's judgment is made on an individual basis when determining whether ancillary services are so significant that a property does not qualify as an investment property.

Other equity instruments – perpetual bonds

As described in Note V. 44, the Group issued perpetual bonds of RMB5 billion, RMB5 billion, RMB2.55 billion and RMB7.999 billion in 2017, 2018, 2020 and 2021, respectively. Pursuant to the relevant prospectuses of the medium-term notes, perpetual bonds investment contract of Jiangsu Trust and prospectuses of renewable corporate bonds, upon comprehensive consideration by the management of the Group that the perpetual bonds have no maturity dates or the Group has the right to extend for unlimited number of times upon the maturity thereof, and has the right to deferred the payment of coupon interests on the perpetual bonds, and that the Group has no contractual obligations to pay cash or other financial assets nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds, the Group classifies the perpetual bonds as equity instruments, and the subsequent declared distribution will be treated as distribution to the holders of the equity.

Business model

The classification of financial assets at initial recognition is dependent on the Group's business model for managing the assets. Factors considered by the Group in judging the business model include enterprise valuation, the method of reporting the results of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by the management personnel of the businesses concerned. In assessing whether the business model is aimed at receiving contract cash flow, the Group is required to analyse and exercise judgment in respect of the reasons, timing, frequency and values of any disposals prior to maturity.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

35. Significant accounting judgments and estimates *(continued)*

Judgments (continued)

Characteristics of contract cash flow

The classification of financial assets at initial recognition is dependent on the characteristics of the contract cash flow of such type of financial assets. Judgment is required to determine whether the contract cash flow represents interest payment in relation to principal amounts based on outstanding principal amounts only, including judgment of whether it is significantly different from the benchmark cash flow when assessing modifications to the time value of currencies, and judgment of whether the fair value of early repayment features is minimal where the financial assets include such early repayment features.

Uncertainty of estimation

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods are discussed below.

Impairment of financial instruments

The Group uses expected credit losses model to conduct assessment on the impairment of financial instruments. The application of expected credit losses model requires significant judgment and estimation and takes into account all reasonable and reliable information, including forward-looking information. When making such judgment and estimation, the Group predicts the expected changes in credit risk of the obligor based on its historical data of repayment together with factors such as economic policy, macroeconomic indicators and industry risk. Differences in estimates may have an impact on the provision for Impairment. A provision for impairment may not be equal to the actual amount of impairment losses in the future.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the expected future cash flows from an asset group or set of asset groups to which the goodwill is allocated. Estimating the present value of the expected future cash flows requires the Group to make an estimation of the expected future cash flows from an asset group or set of asset groups and also choose a suitable discount rate in order to calculate the present value of those future cash flows.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

35. Significant accounting judgments and estimates *(continued)*

Uncertainty of estimation (continued)

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indication of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indication exists. Other non-current assets other than financial assets are tested for impairment when there is indication that the carrying amounts may not be recoverable. Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e. the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The fair value less costs to sell is determined with reference to the price in sales agreement or observable market price in arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. Estimating the present value of the expected future cash flows requires the management to make an estimation of the expected future cash flows from an asset or asset group and also choose a suitable discount rate in order to calculate the present value of those future cash flows.

Deferred income tax assets

Deferred income tax assets are recognised for all unused deductible tax losses to the extent that it is probable that taxable profit will be available against which the deductible tax losses can be utilised. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Land appreciation tax

The Group is subject to land appreciation tax ("LAT"). The provision for land appreciation tax is based on the management's best estimates according to their understanding of the requirements set forth in the relevant tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon the settlement of land appreciation tax. The Group has not finalised the assessment for its land appreciation tax calculations and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences are realised.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

35. Significant accounting judgments and estimates *(continued)*

Uncertainty of estimation (continued)

Fair value of investment properties

The fair value of investment properties are revalued at the balance sheet date by an independent professional valuer. Such valuations are based on certain assumptions, which are subject to uncertainty and might differ from the actual results. In making the relevant estimation, information from current market rentals for similar properties and amount of open market transactions are considered and assumptions that are mainly based on market conditions existing at the balance sheet date are adopted.

Recognition and allocation of development costs on properties under construction

Development costs of properties are recorded as inventory during the construction stage and will be transferred to the income statement upon the recognition of the sale of the properties. Before the final settlement of the development cost and other costs relating to the development of the properties, the management of the Group is required to make estimation on these costs according to the budgeted cost and the progress of development. When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the costs of such phase. Costs that are common to different phases are allocated to individual phases based on saleable area. Where the final settlement of costs and the related cost allocation are different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in current and future years.

Provision for decline in value of inventory

The Group's inventory is measured at the lower of the costs and net realisable value. Net realizable value of inventory is the estimated selling price of inventory less the estimated costs upon completion of production, the estimated selling expenses and the related taxes and surcharges necessary to make the sale. Management's calculation of the net realisable value of inventory involves the estimation on the estimated selling price, the estimated costs upon completion, the estimated selling expenses and the related taxes and surcharges necessary to make the sale. Any changes in such estimates will affect the carrying amount of the inventory and profit or loss of the year of the future change.

Measurement of defined benefit obligations

Supplementary subsidies and benefits paid to certain retired and early retired employees are recognized as a liability. The amounts of those benefit expenses and liabilities are determined using actuarial valuations conducted by an independent professional actuary who conducts annual assessment of the actuarial position of the Group's retirement plans. The actuarial valuation involves making assumptions on discount rates, pension benefit inflation rates, and other factors. Due to their long term nature, such estimates are subject to uncertainties.

Notes to Financial Statements *(continued)*

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)***35. Significant accounting judgments and estimates** *(continued)****Uncertainty of estimation*** *(continued)****Useful lives and residual values of fixed assets***

Fixed assets are depreciated over their estimated useful lives by taking into account of their residual values. The Group regularly reviews the estimated useful lives and residual values of relevant assets to determine the total amount of depreciation which will be included in each reporting period. Useful lives and residual values of assets are determined on the basis of the previous experience from assets of the same category and the expected change of technology. If the past estimates change significantly, the depreciation costs shall be adjusted during future periods.

Lessee's incremental borrowing rate

For a lease with uncertain interest rate, the Group adopts the lessee's incremental borrowing rate as the discount rate to calculate the present value of the lease payment. When determining the incremental borrowing rate, the observable interest rate is used as reference basis according to the economic environment in which it operates. Based on this, the interest rate as reference is adjusted to get applicable incremental borrowing rate, according to its own situation, the underlying asset situation, lease term, the amount of the lease liability and other specific conditions leasing business.

Changes of accounting policies

The Ministry of Finance promulgated the Q&A of implementation of the revenue standard in 2021. The Group has adopted relevant requirements of the Q&A for the preparation of the financial statements as at 31 December 2021. The effect on the Group's comparative financial statements is as follows:

Items	2020	Effect of changes in accounting policies	2020
	Before the changes		After the changes
Selling expenses	3,277,184,703.29	(938,308,743.53)	2,338,875,959.76
Operating costs from principal business	86,117,007,800.32	938,308,743.53	87,055,316,543.85

Accordingly, certain data from previous years in this financial statement have been adjusted, and certain comparative data have been reclassified and restated.

The changes of accounting policies have no impact on the net profit and shareholders' equity of the Group and the Company.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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IV. TAXATION

1. Major categories of taxes and respective tax rates

Value-added tax (VAT):	The Group's taxable revenue of the general taxpayer is calculated based on the corresponding tax rate, and the VAT is calculated based on the difference after deducting the input tax amount deductible for the current period. For the sand, soil and stone materials used in construction and production of construction materials sold by the Group, VAT is levied based on the sales revenue at a simplified tax rate of 3%. For the concrete company, VAT is levied based on the sales revenue at a simplified tax rate of 3%. For other goods sold by the Group, it is subject to output tax rate of 13%. For small-scale taxpayers, VAT is levied based on the sales revenue at a simplified tax rate of 3%. For financial leasing companies, VAT is levied based on the rental income at a simplified tax rate of 6%. For the sale of immovables of property developers, the VAT payable is determined by the output VAT calculated based on the taxable revenue from general taxpayers at the tax rate of 9%, and those general taxpayers who are eligible under the Transition Policy may choose to be levied at the simplified rate of 5%. The rate of VAT for tourism and entertainment service, food and beverage and accommodation service, transportation services and professional technical services is 6%, and that for immovable leasing service is 9%.
City maintenance and construction tax:	It is levied at 7%, 5% and 1% of actual VAT paid.
Education surcharge:	It is levied at 3% of actual VAT paid.
Property tax:	It is levied based on the values of properties owned or used by the Group at the percentages prescribed by the tax laws. The tax of self-occupied properties is levied according to the values of the properties at an annual tax rate of 1.2%, which is calculated and paid based on the original value of the property less 10%-30% of that value; the tax of lease out properties is levied according to the rent at an annual tax rate of 12%, which is calculated and paid based on the rental income.
Land use tax:	It is levied based on the land areas occupied by the Group for production and operations, at the annual tax amount per sq.m. for the respective land use tax levels prescribed by local governments.
Individual income tax:	Individual income tax is withheld and paid under the tax laws based on salaries and other personal incomes paid to employees of the Group.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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IV. TAXATION *(continued)***1. Major categories of taxes and respective tax rates** *(continued)*

Land appreciation tax:	It is levied at four-level excess progressive tax rates ranging from 30% to 60% on the appreciation of land value for any land use right and buildings on the ground or other structures annexed thereto from which VAT arises as a result of the transfer of ownership by the Group at a consideration.
Resource tax:	Under the relevant tax laws of the PRC, it is levied to the minerals exploited by the Group on a quantity basis or price basis.
Corporate income tax:	Except for the corporate income tax of BBMG Hong Kong Limited and Jidong Development (HK) International Ltd levied at the rate of 16.5% based on the taxable profits and the income tax concessions entitled to by some of the enterprises comprising the Group as below, the Group's corporate income tax is levied at the tax rate of 25% based on the taxable profit.

2. Tax Concessions**Corporate income tax**

- a. Certain subsidiaries of the Group are certified as high-tech enterprises by relevant governmental authorities and enjoy a preferential corporate income tax rate of 15% for high-tech enterprises pursuant to the implementation rules of the Law on Enterprise Income Tax of the People's Republic of China and the Notice of the State Administration of Taxation of the PRC regarding Income Tax Preferences for High-tech Enterprises (《國家稅務總局關於高新技術企業所得稅優惠有關問題的通知》).
- b. In accordance with the Indices on Income Tax Preferential Policies for Enterprises Engaging in Environmental Protection as well as Energy and Water Saving Projects (《環境保護、節能節水項目企業所得稅優惠政策目錄》), Laishui BBMG Environmental Protection Technology Co., Ltd. (涇水金隅冀東環保科技有限公司) (from 1 January 2018 to 31 December 2023) and Guangling BBMG Cement (from 1 January 2016 to 31 December 2021) enjoy the preferential corporate income tax policy of "three-year exemption and three-year 50% reduction".
- c. Pursuant to the Notice on the Issues concerning the Taxation Policies for Deepening the Implementation of the Develop-the-West Strategy (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) (Cai Shui [2011] No. 58), Announcement No. 12, 2012 of the State Administration of Taxation on the Corporate Income Tax in relation to Deepening the Implementation of the Western Development Strategy (《關於深入實施西部大開發戰略有關企業所得稅問題的公告》) and Announcement No. 23, 2020 of the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission of Announcement on Renewing Income Tax Policy for Western Development (《關於延續西部大開發企業所得稅政策的公告》), certain subsidiaries of the Company located in Western China meeting the criteria were subject to corporate income tax at rate of 15% after obtaining the approval from the competent tax authorities.

Notes to Financial Statements *(continued)*

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IV. TAXATION *(continued)*

2. Tax Concessions *(continued)*

Corporate income tax *(continued)*

- d. Pursuant to the Approval of the Implementation Plan of Corporate Income Tax Relief Policy in Dachang Hui Autonomous County (《關於大廠回族自治縣企業所得稅減免政策實施方案的批復》) (Ji Cai Shui [2011] No. 13), Beijing Sanchong Mirror (Dachang) Co., Ltd, a subsidiary of the Group, is entitled to a preferential corporate income tax rate of 15%.

Value-added tax (VAT)

Certain subsidiaries of the Group enjoy the following VAT preferences:

- a. In accordance with the relevant policies of the Notice concerning the Issuance of "Directory of Value-added Tax Concessions on Comprehensive Utilisation of Goods and Services" (《關於印發〈資源綜合利用產品和勞務增值稅優惠目錄〉的通知》) (Cai Shui (2015) No. 78), if Jidong Cement, a subsidiary of the BBMG, adopts rotary kiln process for cement production, the proportion of waste residue in raw materials of cements with grade 42.5 and above is not lower than 20% and that in raw materials of other cements and cement clinkers is not lower than 40%, it may enjoy 70% VAT refund upon collection. According to the relevant policies of the Notice concerning the Issuance of "Directory of Value-added Tax Concessions on Comprehensive Utilisation of Goods and Services" (《關於印發〈資源綜合利用產品和勞務增值稅優惠目錄〉的通知》) (Cai Shui (2015) No. 78), if Jidong Cement, a subsidiary of the BBMG, is engaged in labor services such as waste disposal and sludge treatment and disposal, it may enjoy 70% VAT refund upon collection.
- b. In accordance with the requirements of the Notice concerning the Issuance of "Directory of Value-added Tax Concessions on Comprehensive Utilisation of Goods and Services" (《關於印發〈資源綜合利用產品和勞務增值稅優惠目錄〉的通知》) (Cai Shui [2015] No. 78) with effect from 1 July 2015, a minor portion of products of BBMG Mortar Co., Ltd., Tianjin Jinyu Treasure Bright Mortar Co., Ltd. and Tangshan Dunshi Dry Powder Building Materials Co., Ltd., being the subsidiaries of the Group, meet the requirement of Comprehensive Utilization of Resources, enjoying 70% VAT refund upon collection.
- c. In accordance with the requirements of the Notice concerning the Value-added Tax Policy for Novel Wall Materials (《關於新型牆體材料增值稅政策的通知》) (Cai Shui [2015] No. 73), Tangshan Jinyu Aerated Concrete Co., Ltd., being a subsidiary of the Group, enjoy 50% VAT refund upon collection preferential policy in respect of their eligible novel wall materials.
- d. In accordance with the requirements of the Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products (《財政部國家稅務總局關於軟件產品增值稅政策的通知》) (Cai Shui [2011] No. 100), Tangshan Dunshi Information and Technology Co., Ltd. enjoys the preferential VAT policy of refund upon collection in respect of the actual tax burden exceeding 3% for the software it sells.

Notes to Financial Statements *(continued)*

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IV. TAXATION *(continued)***2. Tax preferences** *(continued)***Value-added tax (VAT)** *(continued)*

- e. According to Item 2, Article 1 of Appendix 3 to the Notice of the Ministry of Finance and the State Administration of Taxation concerning the Overall Implementation of the Pilot Program of Levying Value-added Tax in lieu of Business Tax (《財政部國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36), the elderly services provided by Beijing BBMG Aixin Binhe Elderly Services Co., Ltd., Beijing BBMG Aixin Taihe Senior Care Service Co., Ltd, Beijing BBMG Aixin Tonghe Senior Care Service Co., Ltd. and Beijing BBMG Senior Care Industry Investment Management Co., Ltd. are exempted from VAT.

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**1. Cash and bank balances**

	31 December 2021	31 December 2020
Cash on hand	455,219.88	351,001.90
Bank deposits	20,104,926,811.28	26,009,746,213.54
Other cash and bank balances	617,165,112.58	964,790,071.17
Statutory deposit reserve placement with central bank by finance company	1,199,421,376.20	1,668,998,245.72
	21,921,968,519.94	28,643,885,532.33

Cash and bank balances with restrictions:

	31 December 2021	31 December 2020
Statutory deposit reserve placement with central bank by finance company	1,199,421,376.20	1,668,998,245.72
Deposits for letter of credit	22,354,507.33	22,098,267.36
Quality/performance guarantees	342,176,075.77	232,094,224.21
Deposits for acceptance bills	193,649,306.29	219,467,709.99
Restricted part of property pre-sale funds	4,518,459,281.36	3,975,423,205.32
Other cash and bank balances with restrictions	399,945,062.43	375,958,331.76
	6,676,005,609.38	6,494,039,984.36

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

1. Cash and bank balances *(continued)*

Interest income is generated from current savings as determined by the interest rate for the savings in banks. Short-term time deposits with durations from 7 days to 3 months are made in accordance with the Group's need for cash, with interest income generated according to the respective time deposit interest rates.

As at 31 December 2021, the Group's cash and bank balances deposited overseas amounted to RMB59,391,059.82 (31 December 2020: RMB54,641,457.19).

2. Financial assets held for trading

	31 December 2021	31 December 2020
Financial assets at fair value through profit or loss		
Wealth management product investment	1,140,577,348.45	1,106,311,725.53
Equity instrument investment	<u>11,663,300.00</u>	<u>11,334,400.00</u>
	<u>1,152,240,648.45</u>	<u>1,117,646,125.53</u>

3. Bills receivable

	31 December 2021	31 December 2020
Commercial acceptance bills	788,923,979.84	1,039,767,674.29
Less: Provision for bad debts of bills receivable	<u>83,232,369.02</u>	<u>130,507,751.31</u>
	<u>705,691,610.82</u>	<u>909,259,922.98</u>

Bills endorsed or discounted but not yet due at the balance sheet date are as follows:

	31 December 2021		31 December 2020	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Commercial acceptance bills	-	<u>193,990,605.34</u>	-	<u>418,961,031.57</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***3. Bills receivable** *(continued)*

Transfer of bills receivable into accounts receivable due to default on the part of the drawer is as follows:

	31 December 2021	31 December 2020
Commercial acceptance bills	191,644,373.58	105,950,000.00

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

	31 December 2021	31 December 2020
Opening balance	130,507,751.31	140,949,917.97
Reversal for the year	(47,275,382.29)	(10,442,166.66)
Closing balance	83,232,369.02	130,507,751.31

See Note VIII. 2 for transfer of bills receivable.

4. Accounts receivable

The credit periods of accounts receivable are generally 1 to 6 months. Accounts receivable are non-interest bearing.

An aging analysis of accounts receivable is as follows:

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable *(continued)*

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.

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

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

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

	31 December 2020				Carrying value
	Balance of carrying amount		Provision for bad debts		
	Amount	Proportion (%)	Amount	Percentage of provision (%)	
Individual provision for bad debts	987,858,446.42	9.64	657,921,302.76	66.60	329,937,143.66
Provision for bad debts by credit risk characteristics group	<u>9,264,216,661.88</u>	<u>90.36</u>	<u>1,935,695,048.87</u>	20.89	<u>7,328,521,613.01</u>
	<u>10,252,075,108.30</u>	<u>100.00</u>	<u>2,593,616,351.63</u>	25.30	<u>7,658,458,756.67</u>

Notes to Financial Statements (continued)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**4. Accounts receivable** (continued)

As at 31 December 2021, accounts receivable which were subject to individual provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Unit 1	95,793,205.69	20,081,584.22	20.96	Partly uncollectible
Unit 2	78,697,034.78	56,218,550.47	71.44	Partly uncollectible
Unit 3	67,170,448.13	67,170,448.13	100.00	All uncollectible
Unit 4	51,900,000.00	51,900,000.00	100.00	All uncollectible
Unit 5	25,000,000.00	7,498,012.75	29.99	Partly uncollectible
Other units	<u>877,308,909.63</u>	<u>540,065,526.64</u>	61.56	Partly uncollectible
	1,195,869,598.23	742,934,122.21		

As at 31 December 2020, accounts receivable which were subject to individual provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Unit 1	78,697,034.78	78,697,034.78	100.00	All uncollectible
Unit 2	67,194,228.53	67,194,228.53	100.00	All uncollectible
Unit 3	61,710,126.62	61,710,126.60	100.00	All uncollectible
Unit 4	19,631,364.05	19,631,364.05	100.00	All uncollectible
Unit 5	13,810,827.50	13,810,827.50	100.00	All uncollectible
Other units	<u>746,814,864.94</u>	<u>416,877,721.30</u>	55.82	Partly uncollectible
	987,858,446.42	657,921,302.76		

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable *(continued)*

The provision for bad debt of accounts receivable determined by the Group based on the credit risk characteristics is as follows:

	31 December 2021		
	Balance of carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 1 year (inclusive of 1 year)	5,157,628,065.74	2.98	153,448,951.00
1 to 2 years (inclusive of 2 years)	1,829,744,608.13	14.31	261,759,829.72
2 to 3 years (inclusive of 3 years)	659,541,097.49	35.00	230,856,784.86
3 to 4 years (inclusive of 4 years)	216,281,832.36	67.57	146,138,000.76
4 to 5 years (inclusive of 5 years)	201,420,721.89	100.00	201,420,721.89
Over 5 years	870,763,543.13	100.00	870,763,543.13
	8,935,379,868.74		1,864,387,831.36

	31 December 2020		
	Balance of carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 1 year (inclusive of 1 year)	5,579,098,807.77	2.93	163,326,295.13
1 to 2 years (inclusive of 2 years)	1,681,786,995.20	15.58	262,085,450.97
2 to 3 years (inclusive of 3 years)	615,069,633.97	38.44	236,413,592.08
3 to 4 years (inclusive of 4 years)	353,467,321.41	67.64	239,075,807.16
4 to 5 years (inclusive of 5 years)	176,677,512.13	100.00	176,677,512.13
Over 5 years	858,116,391.40	100.00	858,116,391.40
	9,264,216,661.88		1,935,695,048.87

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***4. Accounts receivable** *(continued)*

As at 31 December 2021, reversal of provision for bad debts of individually significant accounts receivable or recovery of individually significant accounts receivable are as follows:

	Reason for reversal	Basis of determining the original provisions for bad debts	Accumulated amount of provisions for bad debts before recovery	Reversal amount
Unit 2	Payment for goods received	Expected partly uncollectible	78,697,034.78	22,478,484.31
Unit 9	Payment for goods received	Expected all uncollectible	9,767,398.46	9,767,398.46
Unit 10	Payment for goods received	Expected all uncollectible	8,938,026.20	8,938,026.20
Unit 11	Payment for goods received	Expected partly uncollectible	3,165,309.00	1,364,844.12
Unit 12	Payment for goods received	Expected partly uncollectible	2,679,260.59	2,656,911.00
Other units	Payment for goods received	Expected partly uncollectible	23,075,389.59	21,191,675.36
			126,322,418.62	66,397,339.45

As at 31 December 2020, reversal of provision for bad debts of individually significant accounts receivable or recovery of individually significant accounts receivable are as follows:

	Reason for reversal	Basis of determining the original provisions for bad debts	Accumulated amount of provisions for bad debts before recovery	Reversal amount
Unit 6	Payment for goods received	Expected all uncollectible	5,092,330.00	5,039,780.00
Unit 7	Payment for goods received	Expected all uncollectible	3,631,844.25	3,631,844.25
Unit 8	Payment for goods received	Expected all uncollectible	2,620,122.00	2,620,122.00
Unit 9	Payment for goods received	Expected all uncollectible	2,509,571.50	2,509,571.50
Unit 10	Payment for goods received	Expected all uncollectible	1,521,552.50	1,521,552.50
Other units	Payment for goods received	Expected partly uncollectible	24,400,647.29	14,899,421.85
			39,776,067.54	30,222,292.10

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

4. Accounts receivable *(continued)*

As at 31 December 2021, the top 5 of the balance of accounts receivable were as follows:

	Balance	Proportion in total accounts receivable (%)	Provision for bad debts	Net amount
First	233,026,517.54	2.30	28,836,886.62	204,189,630.92
Second	132,577,173.76	1.31	14,959,823.04	117,617,350.72
Third	100,791,366.46	0.99	100,791,366.46	–
Fourth	95,793,205.69	0.95	20,081,584.22	75,711,621.47
Fifth	78,697,034.78	0.78	56,218,550.47	22,478,484.31
	640,885,298.23	6.33	220,888,210.81	419,997,087.42

As at 31 December 2020, the top 5 of the balance of accounts receivable were as follows:

	Balance	Proportion in total accounts receivable (%)	Provision for bad debts	Net amount
First	276,576,812.99	2.70	17,521,674.74	259,055,138.25
Second	186,061,582.43	1.81	7,442,463.30	178,619,119.13
Third	116,344,020.24	1.13	–	116,344,020.24
Fourth	105,950,000.00	1.03	74,165,000.00	31,785,000.00
Fifth	95,728,725.26	0.93	3,829,149.01	91,899,576.25
	780,661,140.92	7.60	102,958,287.05	677,702,853.87

In 2021, the actual amount of accounts receivable written-off was RMB101,123,687.16 (2020: RMB63,235,420.14). The accounts receivable written off are over 5 years, and they are all receivables from third parties. The reason for write-off is mainly because the execution of the lawsuit is terminated or it cannot be recovered for a long time. The write-off amount has been properly approved by the Group.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***5. Financing receivables**

	31 December 2021	31 December 2020
Bank acceptance bills	2,514,575,159.07	5,588,223,348.91

Due to the needs of daily fund management, the subsidiaries of the Group endorsed or discounted bank acceptance bills. The Group therefore classified bank acceptance bills as financial assets at fair value through other comprehensive income.

As at 31 December 2021, bank acceptance bills of RMB3,100,000.00 were used for discounting of short-term loan; and the pledged bank acceptance bills of RMB32,779,811.89 were used for invoicing. For details of discounting and pledge of bank acceptance bills, please refer to Note V. 69.

As at 31 December 2021, bills endorsed or discounted but not yet due are as follows:

	Derecognised at the end of the year	Not derecognised at the end of the year
Bank acceptance bills	6,645,552,460.43	89,661,875.68

As at 31 December 2020, bills endorsed or discounted but not yet due are as follows:

	Derecognised at the end of the year	Not derecognised at the end of the year
Bank acceptance bills	7,515,622,642.80	1,890,054,890.44

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Financing receivables *(continued)*

As at 31 December 2021, the Group endorsed the undue notes receivable to its suppliers or discounted to banks to settle trade payables or obtain short-term borrowings of the same amounts and derecognized these notes receivable and the payables to suppliers and short-term borrowings in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue notes receivable is limited to when the issuance banks of these undue notes are unable to settle the amounts due to the holders of these notes. As at 31 December 2021, the maximum exposure to loss from its continuous involvement represents the amounts of undue notes receivable of RMB6,645,552,460.43 (31 December 2020: RMB7,515,622,642.80), which the Group endorsed to its suppliers or discounted to banks.

6. Prepayments

An aging analysis of prepayments is as follows:

	2021		2020	
	Balance of carrying amount	Proportion (%)	Balance of carrying amount	Proportion (%)
Within 1 year	1,693,394,944.81	95.28	2,569,929,109.15	95.54
1 to 2 years	39,742,170.78	2.24	52,752,048.88	1.96
2 to 3 years	15,355,540.02	0.86	13,613,899.40	0.51
Over 3 years	28,773,285.97	1.62	53,620,397.06	1.99
	1,777,265,941.58	100.00	2,689,915,454.49	100.00
Less: Provision for bad debts of prepayments	31,693,854.03		44,437,907.62	
	1,745,572,087.55		2,645,477,546.87	

As at 31 December 2021, there was no significant prepayments aging over 1 year. As at 31 December 2020, the significant prepayments aging over 1 year were as follows:

	Aging	Amount	Percentage of total amount (%)	Reasons for
				being not yet settled in time
Unit 2	1-2 years	7,938,800.00	0.30	Uncompleted
Unit 3	Over 3 years	6,941,024.00	0.26	Uncompleted
		14,879,824.00	0.56	

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***6. Prepayments** *(continued)*

As at 31 December 2021, the top five prepayments based on balances of the debtors are analysed as follows:

	Balance	Percentage of total amount (%)
First	139,270,010.37	7.84
Second	94,061,027.45	5.29
Third	70,365,063.66	3.96
Fourth	66,659,288.60	3.75
Fifth	66,458,633.87	3.74
	436,814,023.95	24.58

As at 31 December 2020, the top five prepayments based on balances of the debtors are analysed as follows:

	Balance	Percentage of total amount (%)
First	336,976,166.71	12.54
Second	88,918,930.88	3.31
Third	51,135,499.97	1.90
Fourth	40,685,856.24	1.51
Fifth	33,522,840.00	1.25
	551,239,293.80	20.51

The movement in provision for bad debts of prepayments is as follows:

	31 December 2021	31 December 2020
Opening balance	44,437,907.62	43,084,211.69
Provision for the year	(564,917.46)	3,752,973.04
Reversal for the year	(1,040,262.71)	–
Removed from upon disposal of subsidiaries	(10,227,484.72)	(1,632,534.54)
Other transfer out	(911,388.70)	(766,742.57)
Closing balance	31,693,854.03	44,437,907.62

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables

	31 December 2021	31 December 2020
Interests receivable	37,746,686.77	17,560,811.37
Interests of bonds	13,320,985.57	17,484,712.69
Interests of borrowings due from associates and joint ventures	8,739,834.85	76,098.68
Other interests	15,685,866.35	–
Other receivables	12,116,172,243.69	9,558,611,477.88
Deposits and reserve funds	1,388,563,626.58	1,437,315,571.77
Current account with other entities	4,326,066,426.00	1,980,822,228.30
Disbursements previously made	827,856,439.44	490,646,257.60
Investment receivable	307,243,540.65	348,244,746.00
Government grants receivable	58,420,764.92	23,218,740.54
Amount due from associates	2,575,172,931.14	3,120,537,862.31
Amount due from joint ventures	39,736,116.20	52,677,296.20
Other current account	2,593,112,398.76	2,105,148,775.16
	12,153,918,930.46	9,576,172,289.25
Less: Provision for bad debts of other receivables	2,720,952,142.32	2,091,367,294.96
	9,432,966,788.14	7,484,804,994.29

An aging analysis of other receivables is as follows:

	31 December 2021	31 December 2020
Within 1 year	6,104,633,357.64	1,220,083,556.73
1 to 2 years	1,349,505,022.19	1,734,125,274.00
2 to 3 years	719,245,824.84	3,566,012,752.38
3 to 4 years	1,083,913,011.50	377,633,156.59
4 to 5 years	376,568,197.85	947,219,529.13
Over 5 years	2,520,053,516.44	1,731,098,020.42
	12,153,918,930.46	9,576,172,289.25
Less: Provision for bad debts of other receivables	2,720,952,142.32	2,091,367,294.96
	9,432,966,788.14	7,484,804,994.29

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**7. Other receivables** (continued)

The movements in provision for bad debts of other receivables measured based on 12-month expected credit losses and lifetime expected credit loss are as follows:

31 December 2021

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit- impaired financial assets (lifetime expected credit loss)	Total
Opening balance	2,976,553.51	928,808,712.69	1,159,582,028.76	2,091,367,294.96
– transferred to stage two	(997,404.67)	997,404.67	–	–
– transferred to stage three	–	(23,721,580.36)	23,721,580.36	–
Provision for the year	853,427.48	38,191,025.62	102,586,535.02	141,630,988.12
Reversal for the year	–	–	(54,830,606.72)	(54,830,606.72)
Write-off for the year	–	(21,952.06)	(2,374,936.40)	(2,396,888.46)
Other changes	–	18,621,499.44	526,559,854.98	545,181,354.42
Closing balance	2,832,576.32	962,875,110.00	1,755,244,456.00	2,720,952,142.32

As of 31 December 2021, provision for bad debts for the year amounted to RMB141,630,988.12 (2020: RMB273,317,499.35), and provision for bad debts reversed amounted to RMB54,830,606.72 (2020: RMB12,515,749.31). The actual amount of other receivables written-off was RMB2,396,888.46 (2020: RMB4,519,420.36). Other changes were mainly due to the provision for bad debts of other receivables due from certain subsidiaries of the Group upon handing over such subsidiaries to the administrator due to the bankruptcy liquidation this year.

31 December 2020

	Stage one Expected credit loss for the next 12 months	Stage two Lifetime expected credit loss	Stage three Credit- impaired financial assets (lifetime expected credit loss)	Total
Opening balance	1,683,772.67	957,741,063.87	727,888,559.81	1,687,313,396.35
– transferred to stage two	(760,328.05)	760,328.05	–	–
– transferred to stage three	–	(58,051,998.38)	58,051,998.38	–
Provision for the year	2,053,108.89	45,735,241.24	225,529,149.22	273,317,499.35
Reversal for the year	–	–	(12,515,749.31)	(12,515,749.31)
Write-off for the year	–	(3,556,249.30)	(963,171.06)	(4,519,420.36)
Other changes	–	(13,819,672.79)	161,591,241.72	147,771,568.93
Closing balance	2,976,553.51	928,808,712.69	1,159,582,028.76	2,091,367,294.96

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Other receivables *(continued)*

As at 31 December 2021, the top 5 of other receivables were as follows:

	Closing balance	Proportion in total balance of other receivables (%)	Nature	Aging	Closing balance of provision for bad debts
First	1,597,065,000.00	13.14	Current account with other entities	Within 1 year	-
Second	1,043,375,251.26	8.58	Amount due from associates	Within 1 year	-
Third	887,424,495.00	7.30	Amount due from associates	Within 1 year	-
Fourth	616,300,120.00	5.07	Other current account	1-2 years, 3-4 years	-
Fifth	440,299,082.10	3.62	Disbursements previously made	1-5 years	-
	<u>4,584,463,948.36</u>	<u>37.71</u>			<u>-</u>

As at 31 December 2020, the top 5 of other receivables were as follows:

	Closing balance	Proportion in total balance of other receivables (%)	Nature	Aging	Closing balance of provision for bad debts
First	2,483,873,584.16	25.94	Amount due from associates	1-3 years Within 1 year, 2-3 years	-
Second	557,731,320.00	5.82	Other current account Disbursements		-
Third	442,286,797.00	4.62	previously made	1-5 years	-
Fourth	326,703,641.77	3.41	Current account with other entities	1-4 years	16,800,000.00
Fifth	181,557,950.31	1.90	Current account with other entities	1-2 years	-
	<u>3,992,153,293.24</u>	<u>41.69</u>			<u>16,800,000.00</u>

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**7. Other receivables** (continued)

As at 31 December 2021, government grants receivable were as follows:

	Grant item	Amount	Aging	Expected time of receipt, amount and basis
Local tax authorities	Refunds of VAT	<u>58,420,764.92</u>	Within 1 year	2022

As at 31 December 2020, government grants receivable were as follows:

	Grant item	Amount	Aging	Expected time of receipt, amount and basis
Local tax authorities	Refunds of VAT	<u>23,218,740.54</u>	Within 1 year	2021

As set out in Note IV. Tax (2), certain companies of the Group enjoy the policy of immediate refund of VAT levied. As at the balance sheet date, the value-added tax receivable refund policies have been verified by various tax bureaus, and the management expects that the amounts will be fully recovered in 2022.

8. Inventories

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

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Inventories (continued)

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

The information on the amortisation of contract performance cost in the balance is as follows:

	Opening balance	Increase during the year	Amortisation during the year	Closing balance
2021	<u>51,728,759.95</u>	<u>1,266,422,251.72</u>	<u>1,286,313,917.22</u>	<u>31,837,094.45</u>
2020	<u>52,231,487.53</u>	<u>1,540,936,399.66</u>	<u>1,541,439,127.24</u>	<u>51,728,759.95</u>

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

31 December 2021

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

Notes to Financial Statements (continued)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**8. Inventories** (continued)**31 December 2021** (continued)

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

As at 31 December 2021, the balance of development costs included the capitalised borrowing costs of RMB3,771,967,006.24 (31 December 2020: RMB5,618,572,116.44). The capitalised borrowing costs amounted to RMB2,401,317,931.32 in aggregate in 2021 (2020: RMB3,279,606,362.37), and the rate of interest capitalisation was 4.2% (2020: 3.60%). Details of pledge of inventories are set out in Note V. 69.

The following sets out the breakdown of costs of property development:

Project name	Time of commencement	Estimated completion time of the next phase	Aggregate investment	31 December 2021	31 December 2020
Beijing -Anningzhuang	March 2019	December 2023	8,842,150,000.00	8,020,227,089.38	5,919,321,821.78
Shanghai -Yangpu R-09 Plot	December 2020	December 2024	9,844,900,000.00	7,218,590,417.50	6,601,925,817.02
Tianjin -Airport Economic Zone	March 2018	January 2022	9,119,780,000.00	6,650,595,258.66	7,026,346,074.68
Tianjin -Jinyu Jincheng	December 2020	March 2024	4,998,610,000.00	4,372,406,816.62	2,540,470,359.80
Hangzhou - Pengbu	October 2021	December 2024	5,301,610,000.00	3,950,480,548.26	-
Beijing - Shibalidian	March 2022	August 2024	3,897,124,384.80	3,894,170,129.83	-
Chongqing -Xinduhui Project	June 2018	September 2022	20,117,351,300.00	3,848,418,373.37	4,979,313,763.71
Hangzhou -Plot 42 of BBMG Hanchao	February 2020	June 2023	2,849,080,000.00	3,306,829,921.21	2,378,526,017.18
Qingdao -Jinyu Jimo	December 2018	May 2022	4,151,470,000.00	3,234,429,153.01	2,543,108,129.36
Hefei -Plot S1606 at Baohe District	May 2017	March 2022	7,832,880,000.00	2,950,662,578.60	4,176,214,228.75
Ningbo -Eastern New City Project	June 2021	November 2023	3,421,320,000.00	2,570,178,748.79	-
Tangshan - Mining & Metallurgical A	May 2022	September 2024	4,242,230,000.00	2,211,329,708.10	-
Chengdu -Gaixin Zhonghe Project	September 2018	November 2022	5,332,520,000.00	2,160,033,158.26	4,307,747,542.38
Beijing -Incubator Technology Park	March 2018	June 2023	7,597,410,000.00	2,063,141,237.56	4,326,295,562.53
Anhui -Forklift Factory Project	May 2018	June 2022	2,000,000,000.00	1,985,759,032.45	1,690,171,272.17

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Inventories *(continued)*

The following sets out the breakdown of costs of property development: *(continued)*

Project name	Time of commencement	Estimated completion time of the next phase	Aggregate investment	31 December 2021	31 December 2020
Tangshan -Qixin 1889#	April 2014	June 2023	2,963,829,179.54	1,748,392,332.82	2,249,205,936.05
Changzhou – Zhonglou Project	December 2021	February 2024	2,768,660,000.00	1,717,193,158.87	–
Hefei -Baohu S1802	February 2019	March 2023	3,007,450,000.00	1,496,501,378.79	2,275,054,878.99
Jinzhong Jinyu	January 2021	December 2024	1,500,000,000.00	1,466,731,256.87	–
Hangzhou -Plot 52 of BBMG Hanchao	February 2020	June 2023	2,541,560,000.00	1,323,781,930.46	2,063,662,851.49
Nanjing – G79 Qixia Project	November 2021	July 2024	2,100,000,000.00	1,207,915,164.09	–
Tianjin – Yingshun Building	March 2018	September 2022	1,300,380,000.00	1,014,195,466.89	845,581,425.51
Tianjin -Jinzhong River Project	April 2019	August 2022	5,993,550,000.00	837,214,758.32	4,000,930,393.11
Nanhu -Jin'anshiming	March 2018	December 2022	2,915,380,294.63	811,061,318.93	780,400,336.40
Nanjing -Diary Farm Project	December 2016	January 2022	6,845,850,000.00	757,080,252.43	3,764,096,286.80
Haikou -Yangguangjun	April 2016	June 2022	2,532,000,000.00	751,295,653.85	902,809,940.00
Chongqing -Nanshanjun	December 2011	December 2022	5,198,000,000.00	460,433,829.86	1,190,575,658.08
Beijing -Kanghuiyuan	February 2009	December 2022	1,923,699,963.82	383,075,376.67	302,022,369.78
Beijing -Penglai Project	May 2015	October 2023	6,816,300,000.00	292,680,376.64	2,424,653,664.16
Nanjing -Plot G20 at Jiulonghu	July 2018	January 2022	5,267,680,000.00	261,841,046.68	2,661,375,882.03
Beijing -Wangjing Star	September 2020	September 2023	926,000,000.00	256,323,281.37	214,857,016.16
Chongqing -Times Metro	October 2012	April 2023	5,068,220,000.00	218,172,563.76	119,842,450.81
Tangshan -Caofeidian E-02-2	June 2019	June 2022	711,741,959.00	203,703,052.10	430,378,016.13
Tangshan -Jinyu Lefu	March 2010	December 2022	2,787,561,938.91	69,115,462.04	68,049,346.58

Notes to Financial Statements (continued)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**8. Inventories** (continued)

The following sets out the breakdown of costs of property development: (continued)

Project name	Time of commencement	Estimated completion time of the next phase	Aggregate investment	31 December 2021	31 December 2020
Ningbo -Plot 07#15#16# at Gaoxin District	March 2018	Completed	8,390,000,000.00	-	5,429,573,377.68
Shanghai -Dachenghuating	June 2019	Completed	1,772,560,000.00	-	1,781,298,341.60
Chengdu -Xindu Dafeng Project	July 2018	Completed	1,654,890,000.00	-	1,532,426,889.98
Chengdu -Wuhou Longxijun Project	July 2018	Completed	1,658,840,000.00	-	770,373,245.30
Beijing -Chicken Farm Project	October 2018	Completed	800,000,000.00	-	723,016,593.49
Hangzhou -Plot 2F, Plot 2G	April 2016	Completed	592,280,000.00	-	414,630,325.14
Chengde -Chengde Project	May 2018	Completed	554,248,200.00	-	178,413,332.42
Tianjin -Jinyu Yuecheng	September 2010	Completed	5,157,217,800.00	-	213,056,690.31
Others				171,403,197.36	3,890,198,613.50
				73,885,363,030.40	85,715,924,450.86

The following sets out the breakdown of products of property development:

Project name	Completion date of the latest phase	Opening balance	Increase during the year	Decrease during the year	Closing balance
Tianjin - Treasures Mansion	June 2021	-	4,285,608,444.90	337,492,677.27	3,948,115,767.63
Beijing -Incubator Technology Park	September 2021	-	3,837,221,833.09	51,097,726.49	3,786,124,106.60
Beijing-Shangchengjun	December 2021	1,651,513,082.03	2,445,474,405.91	396,307,557.80	3,700,679,930.14
Beijing-Jinlinjiayuan	December 2020	3,958,614,151.13	-	1,474,319,958.90	2,484,294,192.23
Nanjing-Zijingdieyuan	June 2021	1,737,519,361.02	1,855,857,544.73	1,367,051,024.39	2,226,325,881.36
Nanjing -Yunzhu Project	October 2020	980,439,099.63	2,732,189,528.41	1,749,376,354.55	1,963,252,273.49
Hefei- Baohe project	December 2021	1,137,123,892.95	1,900,199,482.77	1,357,481,376.39	1,679,841,999.33
Chongqing -Nanshanjun	October 2021	765,597,018.69	1,254,890,033.79	356,980,206.96	1,663,506,845.52
Beijing -Wangchuan Beiyuan	December 2020	2,195,554,285.38	-	1,064,054,508.80	1,131,499,776.58
Chengdu - Shangchengjun Project	August 2021	-	1,605,284,682.70	550,419,458.07	1,054,865,224.63
Chengdu -Gaoxin Zhonghe Project	June 2021	-	2,184,755,828.35	1,257,881,905.90	926,873,922.45
Chongqing -Plot No.2 of Xinduhui	November 2019	225,962,923.34	2,468,074,066.63	1,875,198,485.42	818,838,504.55
Beijing -Chaoyang New City	December 2020	744,587,902.91	-	685,412.54	743,902,490.37
Shanghai -Jiading Juyuan	March 2019	789,462,327.87	-	63,918,844.57	725,543,483.30
Beijing - Jinyu Xuefu	November 2021	-	4,426,946,603.85	3,720,978,326.26	705,968,277.59
Tangshan -Jin'anhongbao	December 2017	262,473,175.56	801,267,981.82	358,105,481.38	705,635,676.00
Chengdu-Shangxifu	November 2020	719,817,902.87	-	98,928,051.12	620,889,851.75
Hefei-Nanqi Garden	November 2020	1,092,888,542.51	44,707,137.19	540,931,901.57	596,663,778.13
Ningbo -Gaoxin District Project	March 2021	448,673,491.39	5,863,493,626.04	5,741,230,466.61	570,936,650.82

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

8. Inventories *(continued)*

The following sets out the breakdown of products of property development: *(continued)*

Project name	Completion date of the latest phase	Opening balance	Increase during the year	Decrease during the year	Closing balance
Nanjing-Zijingxiyuan	November 2021	–	1,723,468,992.79	1,213,021,396.86	510,447,595.93
Ningbo – Kanjiang Times	June 2019	528,403,042.66	23,852,395.12	71,912,822.82	480,342,614.96
Chongqing –Times Metro	August 2018	511,626,219.51	–	80,166,075.70	431,460,143.81
Beijing –Jin'gang Jiayuan	December 2020	491,771,214.07	–	92,026,292.42	399,744,921.65
Beijing-Jinlingfu	December 2020	1,946,950,475.17	16,432,203.96	1,653,484,761.42	309,897,917.71
Chengde- BBMG Model Community	December 2020	108,745,707.09	255,866,140.61	84,422,761.65	280,189,086.05
Tangshan – Treasures Mansion	October 2021	–	779,223,858.88	520,324,319.42	258,899,539.46
Haikou –Yangguangjun	November 2021	254,991,838.01	922,685,752.07	943,390,444.78	234,287,145.30
Hefei – Jincheng Mansions	December 2021	–	1,035,237,544.53	801,910,890.01	233,326,654.52
Tangshan –Caofeidian E-02-2	June 2021	–	484,232,835.39	278,050,472.39	206,182,363.00
Qingdao-Qingdao Hefu	January 2020	416,354,468.02	–	212,962,199.28	203,392,268.74
Hangzhou –Metro Forest	November 2020	3,878,170,041.61	–	3,676,795,145.17	201,374,896.44
Hangzhou –Plot 2F, Plot 2G	October 2021	–	597,662,196.30	440,592,250.70	157,069,945.60
Beijing – Konggang Project	December 2021	–	660,409,634.47	503,488,556.75	156,921,077.72
Beijing –Jinchengyu Garden	December 2019	811,821,888.74	–	711,682,545.81	100,139,342.93
Tianjin –Jinyu Yuecheng	December 2018	106,761,241.98	233,214,460.38	271,081,824.26	68,893,878.10
Shanghai –Dachenghuating	March 2021	–	2,006,937,232.19	1,945,289,261.76	61,647,970.43
Beijing –Jiapin MALL	September 2015	811,471,711.72	–	811,471,711.72	–
Others		3,060,992,667.61	202,101,859.34	1,108,629,736.45	2,154,464,790.50
		<u>29,638,287,673.47</u>	<u>44,647,296,306.21</u>	<u>37,783,143,194.36</u>	<u>36,502,440,785.32</u>

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***9. Contract assets**

Contract assets arise mainly from the Group's construction operations. The Group provides construction services in accordance with the construction contract entered into with customers and recognises revenue based on performance progress over the contract period. According to the contract terms, customers of the Group make progress billings with the Group based on the performance progress and make payment for the progress billings within the credit term. Revenue recognised based on performance progress in excess of progress billings is recognized as contract asset while progress billings in excess of revenue recognised based on performance progress is recognized as contract liabilities.

	31 December 2021			31 December 2020		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Completed but not yet settled	61,850,158.86	1,521,456.55	60,328,702.31	15,576,535.17	1,155,978.00	14,420,557.17

The movements in the provisions for impairment of contract assets:

	Opening balance	Provision for the year	Reversal for the year	Write-off for the year	Closing balance
2021	1,155,978.00	1,190,582.95	-	825,104.40	1,521,456.55
2020	2,487,155.92	423,713.43	-	1,754,891.35	1,155,978.00

10. Non-current assets due within one year

	2021	2020
Long-term receivables due within one year	127,377,276.90	-

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

11. Other current assets

	31 December 2021	31 December 2020
Prepaid enterprise income tax	1,035,408,122.44	1,288,363,438.31
Prepaid value-added tax	1,039,556,303.97	911,205,318.91
Prepaid other tax	787,046,210.12	684,419,977.90
VAT recoverable	4,334,186,192.11	4,090,901,445.53
VAT certifiable	167,438,247.41	47,029,997.20
Cost of obtaining a contract	114,859,719.63	187,249,119.83
Others	366,764,747.37	805,158,390.86
	7,845,259,543.05	8,014,327,688.54

The details of assets relating to contract cost is as follows:

31 December 2021

	Opening balance	Increase during the year	Amortisation during the year	Provisions for impairment	Closing balance
Cost of obtaining a contract	187,249,119.83	126,586,684.87	198,976,085.07	-	114,859,719.63

31 December 2020

	Opening balance	Increase during the year	Amortisation during the year	Provisions for impairment	Closing balance
Cost of obtaining a contract	119,704,979.53	166,926,832.38	99,382,692.08	-	187,249,119.83

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***12. Debt investments**

		31 December 2021	31 December 2020
		Carrying value	Carrying value
Financial Bonds of Policy Bank -19 Nong Fa 01	(Note 1)	199,917,800.00	199,917,800.00
Financial Bonds of Policy Bank -20 Nong Fa 04	(Note 2)	290,984,228.26	582,570,053.43
		490,902,028.26	782,487,853.43

Note 1: In 2019, BBMG Finance Co., Ltd. purchased the first tranche of financial bonds for 2019 of Agricultural Development Bank of China totaling RMB199,917,800.00 with a coupon rate of 3.75% and maturity date of 24 January 2029. Interest is payable annually in arrears on 25 January of each year.

Note 2: In 2020, BBMG Finance Co., Ltd. purchased the fourth tranche of financial bonds for 2020 of Agricultural Development Bank of China totaling RMB582,570,053.43. On 17 November 2021, RMB289,900,200.00 was sold, and the remaining principal was RMB289,580,100.00. The coupon rate of the bonds is 2.96%, with the maturity date of 16 April 2030. Interest is payable annually in arrears on 17 April of each year.

13 Long-term receivables

	31 December 2021		
	Balance of carrying amount	Provision for bad debts	Carrying value
Sales of goods by instalments	299,811,317.09	10,010,071.77	289,801,245.32
Loans to Related parties	277,222,022.10	-	277,222,022.10
Finance lease payment	222,962,174.14	-	222,962,174.14
Others	383,440,850.42	168,713,974.18	214,726,876.24
	1,183,436,363.75	178,724,045.95	1,004,712,317.80

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

13 Long-term receivables *(continued)*

	31 December 2020		
	Balance of carrying amount	Provision for bad debts	Carrying value
Sales of goods by instalments	386,403,082.86	13,068,598.12	373,334,484.74
Loans to Related parties	322,154,914.03	–	322,154,914.03
Others	383,440,850.42	–	383,440,850.42
	<u>1,091,998,847.31</u>	<u>13,068,598.12</u>	<u>1,078,930,249.19</u>

The time interval between payments from customers and committed ownership transfer of goods in certain contracts regarding the Group's concrete business was more than a year, the receivables of which was presented as long-term receivables after considering the significant financing component. The Group referred to bank loan interest rate during the same period and added a premium for certain risk as a discount rate while measuring the significant financing component. The discount rate was 5% for the year.

Loans to related parties, mainly referred to the borrowings and interest receivable provided to Cross Point Trading 274 (Pty) Ltd (RF) and Mamba Cement Company (Pty) Ltd (RF), joint ventures of African Rhino Co., Ltd. (非洲犀牛有限公司) which is a subsidiary of the Group. Pursuant to the agreement between both parties, such borrowings will be recovered before March 2044.

The finance lease business of the Group calculates the discount rate based on the internal rate of return, and the discount rate ranges from 7.01% to 7.30%.

The movements in provision for bad debts of long-term receivables measured based on the lifetime expected credit loss are as follows:

	31 December 2021	31 December 2020
Opening balance	13,068,598.12	20,103,877.84
Provision for the year	168,713,974.18	–
Reversal for the year	(3,058,526.35)	(7,035,279.72)
Closing balance	<u>178,724,045.95</u>	<u>13,068,598.12</u>

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**14. Long-term equity investments**

2021

	Movements during the year							Provision for impairment at the end of the year
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared	
Joint ventures								
BBMG TUS Technology Incubator Co., Ltd.	5,179,484.03	-	-	73,454.42	-	-	-	5,252,938.45
STAR-USG Building Material Co., Ltd.	48,656,234.95	-	-	6,554,765.31	-	-	-	55,211,000.26
Jidong Heidelberg (Jingang) Cement Co., Ltd.	663,539,889.80	-	-	178,578,925.62	-	(53,694.08)	(215,000,000.00)	627,065,121.34
Jidong Heidelberg (Fulieng) Cement Co., Ltd.	489,091,807.62	-	-	160,153,480.78	-	(63,611.80)	(170,790,500.00)	478,391,126.60
Tangshan Caifedian Dunshi New Building Material Co., Ltd.	166,991,004.77	-	-	16,092,778.70	-	-	(25,000,000.00)	158,083,783.47
Aoshan Jidong Cement Co., Ltd.	234,473,611.32	-	-	9,635,650.63	-	-	(5,000,000.00)	239,109,261.95
Cross Point Trading 274 (Pty) Ltd (RF)	179,023,798.41	-	-	43,629,689.91	(11,354,210.57)	-	(22,182,043.25)	189,117,234.50
Hebei Xiongan Zhong Technology Co., Ltd.	10,200,000.00	-	-	23,084,032.99	-	-	-	33,284,032.99
Dahongmen (Beijing) Construction Development Co., Ltd.	-	60,000,000.00	-	(1,173,008.51)	-	-	-	58,826,991.49
Sub-total	1,797,155,830.90	60,000,000.00	-	436,629,119.85	(11,354,210.57)	(117,305.88)	(437,972,543.25)	1,844,340,891.05

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Long-term equity investments (continued)

2021 (continued)

	Movements during the year							Provision for impairment at the end of the year
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared	
Associates								
Hebei Huisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	16,681,934.10	-	-	250,000.00	-	-	-	16,931,934.10
Beijing Chenyu Real Estate Development Co., Ltd.	946,904,307.77	1,715,000,000.00	(261,817,302.99)	(62,641,892.48)	-	-	-	2,337,445,112.30
Nanjing Huayu Real Estate Development Co., Ltd. (南京華宇地產開發有限公司)	-	459,000,000.00	-	(623,556.20)	-	-	-	458,376,443.80
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	-	432,646,005.00	-	(349,834.97)	-	-	-	432,296,170.03
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	1,263,619.13	-	-	(380,774.45)	-	-	-	882,844.68
Beijing Sinobade Technology Co., Ltd.	17,856,837.41	-	-	(889,137.16)	-	-	-	16,967,700.25
Beijing Jimiaocheng Management Consulting Partnership LLP (北京金海誠管理諮詢合夥企業有限合夥)	-	300,000.00	-	-	-	-	-	300,000.00
Beijing Jimiaocheng Technology Innovation Investment Partnership LLP (北京金海誠科技投資合夥企業有限合夥)	-	40,000,000.00	-	-	-	-	-	40,000,000.00
Zehnder (China) Indoor Climate Co., Ltd.	106,890,558.40	-	-	(758,062.16)	-	-	-	106,132,496.24
OCV Reinforcements (Beijing) Co., Ltd.	72,124,607.97	-	-	14,253,244.05	-	(4,020,000.00)	-	82,357,852.02
Tangshan Conch Profiles Co., Ltd.	131,622,124.80	-	-	(9,602,977.18)	-	-	-	122,019,147.62
Toto Machinery (Beijing) Company Limited	149,915,671.53	-	-	1,800,886.40	-	-	-	151,716,557.93
Beijing Toto Co., Ltd.	144,989,762.92	-	-	1,408,862.71	-	-	-	146,398,625.63
Beijing Innovation Industry Investment Co., Ltd.	201,217,151.75	-	-	6,981,189.40	-	-	-	208,198,341.15

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**14. Long-term equity investments** (continued)

2021 (continued)

	Movements during the year								Provision for impairment at the end of the year
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared	Closing balance	
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. (北京京西生态文旅投资有限公司)	-	10,000,000.00	-	503.03	-	-	-	10,000,503.03	-
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	4,981,823.43	-	-	-	-	-	-	4,981,823.43	-
SNUJ TRADING PTE LTD	4,579,091.96	-	(3,943,933.75)	(253,486.49)	-	-	(381,652.00)	19.72	-
Jilin Changjitu Investment Co., Ltd.	133,880,350.23	-	-	(6,390,694.93)	-	-	-	127,489,655.30	-
Liaoning Yunding Cement Group Co., Ltd.	1,268,979.33	-	-	(114,724.29)	-	-	-	1,154,255.04	-
Shanxi China Resources Fulong Cement Limited	-	122,000,000.00	-	(1,331,751.28)	-	662,062.62	-	121,330,311.34	-
Jidong Cement Fufeng Transportation Co., Ltd.	6,449,489.17	-	-	1,064,325.43	-	(24,750.07)	(1,187,500.00)	6,301,564.53	-
Tianjin Gangbei Concrete Co., Ltd.	3,168,320.69	-	-	-	-	-	(3,120,000.00)	48,320.69	(48,320.69)
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	29,610,194.74	-	-	89,680.11	-	-	-	29,699,874.85	-
Tianjin Yaopi Glass Co., Ltd.	147,123,950.76	-	-	21,228,424.75	-	-	-	168,352,375.51	-
Tianjin Binhai Jiantai Investment Co., Ltd.	110,474,400.00	-	-	-	-	-	-	110,474,400.00	-
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	-	-	-	-	-	-	31,940,000.00	(31,940,000.00)
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	-	-	-	-	8,244,156.30	(8,244,156.30)
Sub-total	2,271,187,332.39	2,778,946,005.00	(265,761,236.74)	(36,259,755.71)	-	637,312.55	(8,709,152.00)	4,740,040,505.49	(100,232,476.99)
Total	4,068,343,163.29	2,858,946,005.00	(265,761,236.74)	400,369,364.14	(11,354,210.57)	520,006.67	(446,681,695.25)	6,584,381,396.54	(100,232,476.99)

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Long-term equity investments (continued)

2020

	Movements during the year							Provision for impairment at the end of the year
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared	
Joint ventures								
BBMG TUS Technology Incubator Co., Ltd.	5,133,661.88	-	-	45,822.15	-	-	-	5,179,484.03
BBMG Landao Commercial Operation Management Co., Ltd.	2,587,747.03	-	(2,587,747.03)	-	-	-	-	-
STAR-USG Building Materials Co., Ltd.	44,224,382.99	-	-	4,431,851.96	-	-	-	48,656,234.95
Jidong Heidelberg (Jingxiang) Cement Co., Ltd.	681,625,793.39	-	-	206,822,618.26	-	91,478.15	(225,000,000.00)	663,539,889.80
Jidong Heidelberg (Futeng) Cement Co., Ltd.	511,176,266.95	-	-	146,172,862.22	-	127,678.45	(168,385,000.00)	489,091,807.62
Tangshan Capreolam Dunshi New Building Material Co., Ltd.	155,562,628.99	-	-	18,928,375.78	-	-	(7,500,000.00)	166,991,004.77
Anshan Jidong Cement Co., Ltd.	227,690,996.47	-	-	11,782,614.85	-	-	(5,000,000.00)	234,473,611.32
Cross Point Trading 274 (Pty) Ltd (RF)	135,993,387.14	-	-	43,030,411.27	-	-	-	179,023,798.41
Hebei Xirongan Zhong Technology Co., Ltd.	-	10,200,000.00	-	-	-	-	-	10,200,000.00
Total	1,763,994,864.84	10,200,000.00	(2,587,747.03)	431,214,556.49	-	219,156.60	(405,885,000.00)	1,797,155,830.90

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**14. Long-term equity investments** (continued)

2020 (continued)

	Movements during the year							Provision for impairment at the end of the year
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared	
Associates								
Changchun Light Rail Jidong Concrete Co., Ltd.	22,920,793.94	-	(20,936,076.81)	(1,984,717.13)	-	-	-	-
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	16,513,165.88	-	-	168,768.22	-	-	-	16,681,934.10
Beijing Chenyu Real Estate Development Co., Ltd.	978,392,370.60	-	-	(31,488,062.83)	-	-	-	946,904,307.77
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	1,545,810.00	-	-	(282,190.87)	-	-	-	1,263,619.13
Beijing Simobai Technology Co., Ltd.	16,154,165.61	-	-	1,702,671.80	-	-	-	17,856,837.41
Zehnder (China) Indoor Climate Co., Ltd.	103,037,341.89	-	-	3,853,216.51	-	-	-	106,890,558.40
OCV Reinforcements (Beijing) Co., Ltd.	71,385,513.95	-	-	739,094.02	-	-	-	72,124,607.97
Beijing Gaoqiang Concrete Co., Ltd.	26,284,093.76	-	(26,272,086.01)	(12,007.75)	-	-	-	-
Tangshan Conch Profiles Co., Ltd.	130,912,736.91	-	-	2,909,387.89	-	(2,200,000.00)	-	131,622,124.80
Toto Machinery (Beijing) Company Limited	127,711,909.27	-	-	22,203,762.26	-	-	-	149,915,671.53
Beijing Toto Co., Ltd.	145,045,601.14	-	-	(55,838.22)	-	-	-	144,989,762.92
Beijing Innovation Industry Investment Co., Ltd.	100,436,014.35	100,000,000.00	-	781,137.40	-	-	-	201,217,151.75
Zhongfang Huanui (Tangshan) Real Estate Co., Ltd.	4,981,823.43	-	-	-	-	-	-	4,981,823.43
SNUI TRADING PTE LTD	4,683,074.05	-	-	(103,982.09)	-	-	-	4,579,091.96
Jilin Changjitu Investment Co., Ltd.	137,302,540.20	-	-	(3,422,189.97)	-	-	-	133,880,350.23
Liaoning Yunding Cement Group Co., Ltd.	1,317,804.07	-	-	(48,824.74)	-	-	-	1,268,979.33
Jidong Cement Fufeng Transportation Co., Ltd.	6,246,940.35	-	-	1,102,926.87	-	49,621.95	(950,000.00)	6,449,489.17

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Long-term equity investments (continued)

2020 (continued)

	Movements during the year							Provision for impairment at the end of the year
	Opening balance	Increase investment	Decrease investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared	
Jilin Cement (Group) Co., Ltd.	14,694,041.46	-	(9,964,224.05)	(4,729,817.41)	-	-	-	-
Tianjin Gangbei Concrete Co., Ltd.	3,168,320.69	-	-	-	-	-	3,168,320.69	-
Tianjin Wankeyou Energy Saving Technology Co., Ltd.	66,794.05	-	(66,794.05)	-	-	-	-	-
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	31,895,330.42	-	-	114,864.32	-	(2,400,000.00)	29,610,194.74	-
Tianjin Yaopi Glass Co., Ltd.	150,176,058.58	-	-	(3,052,107.82)	-	-	147,123,950.76	-
Tianjin Binhai Jiantai Investment Co., Ltd.	129,664,427.82	-	-	(19,190,027.82)	-	-	110,474,400.00	-
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	-	-	-	-	-	31,940,000.00	31,940,000.00
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	-	-	-	8,244,156.30	8,244,156.30
Sub-total	2,264,720,828.72	100,000,000.00	(57,239,180.92)	(30,793,937.36)	-	49,621.95	2,271,187,332.39	100,184,156.30
Total	4,028,715,693.56	110,200,000.00	(59,826,927.95)	400,420,619.13	-	268,718.55	4,068,343,163.29	100,184,156.30

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***14. Long-term equity investments** *(continued)*

Impairment provision for long-term equity investments is as follows:

2021

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Beijing Toto Co., Ltd.	60,000,000.00	-	-	60,000,000.00
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	31,940,000.00	-	-	31,940,000.00
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	8,244,156.30
Tianjin Gangbei Concrete Co., Ltd.	-	48,320.69	-	48,320.69
Total	100,184,156.30	48,320.69	-	100,232,476.99

2020

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Beijing Toto Co., Ltd.	-	60,000,000.00	-	60,000,000.00
Tianjin Shengxiang Pipes Industry Co., Ltd.	31,940,000.00	-	-	31,940,000.00
Tianjin Shubulok Cement Block Co., Ltd.	8,244,156.30	-	-	8,244,156.30
Total	40,184,156.30	60,000,000.00	-	100,184,156.30

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

15. Investment in other equity instruments

31 December 2021

	Changes in fair value accumulated in other comprehensive income			Equity instruments held of dividend income for the year
	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	
Investments in shares of listed companies	450,201,827.20	(97,634,131.20)	352,567,696.00	–
Equity investments in non-listed companies	<u>257,783,496.11</u>	<u>(13,576,342.67)</u>	<u>244,207,153.44</u>	<u>8,538,486.53</u>
	<u>707,985,323.31</u>	<u>(111,210,473.87)</u>	<u>596,774,849.44</u>	<u>8,538,486.53</u>

31 December 2020

	Changes in fair value accumulated in other comprehensive income			Equity instruments held of dividend income for the year
	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	
Investments in shares of listed companies	450,201,827.20	(113,906,486.40)	336,295,340.80	–
Equity investments in non-listed companies	<u>289,169,589.64</u>	<u>(45,088,443.03)</u>	<u>244,081,146.61</u>	<u>6,173,733.41</u>
	<u>739,371,416.84</u>	<u>(158,994,929.43)</u>	<u>580,376,487.41</u>	<u>6,173,733.41</u>

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**16. Investment properties**

Fair value model is applied to investment properties of the Group for subsequent measurement:

2021

	Completed buildings	Buildings in progress	Total
Opening balance	29,325,818,846.64	1,357,981,224.38	30,683,800,071.02
Acquisition for the year	627,744,989.52	973,026,710.13	1,600,771,699.65
Transfer from inventories	2,540,700,000.00	774,811,291.02	3,315,511,291.02
Transfer from intangible assets	1,471,740.00	-	1,471,740.00
Transfer from fixed assets	58,100,000.00	-	58,100,000.00
Disposal for the year	(219,483,324.18)	-	(219,483,324.18)
Changes in fair value	652,118,591.28	-	652,118,591.28
Closing balance	<u>32,986,470,843.26</u>	<u>3,105,819,225.53</u>	<u>36,092,290,068.79</u>

2020

	Completed buildings	Buildings in progress	Total
Opening balance	27,539,607,674.53	2,092,637,075.00	29,632,244,749.53
Acquisition for the year	991,321,039.92	(890,137,763.08)	101,183,276.84
Transfer from construction in progress during the year	-	58,030,727.54	58,030,727.54
Transfer from intangible assets	-	31,297,318.25	31,297,318.25
Transfer from fixed assets	16,447,976.23	66,153,866.67	82,601,842.90
Disposal for the year	(16,760,119.59)	-	(16,760,119.59)
Other transfer out	(7,000,000.00)	-	(7,000,000.00)
Changes in fair value	802,202,275.55	-	802,202,275.55
Closing balance	<u>29,325,818,846.64</u>	<u>1,357,981,224.38</u>	<u>30,683,800,071.02</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

16. Investment properties

The following sets out the breakdown of investment properties:

Name of investment properties	Planned or actual use	Fair value 31 December 2021	Fair value 31 December 2020
Beijing – Pangu Plaza Building	Office	5,523,000,000	5,255,700,000
	Commercial	81,000,000	90,500,000
	Parking space	37,800,000	–
Beijing- Phase 2 of Global Trade Center	Office	3,521,589,013.62	3,201,656,837.98
	Commercial	345,562,690.46	463,936,860.29
	Parking space	171,000,000.00	171,000,000.00
Beijing – Phase 1 of Global Trade Center	Office	3,393,496,392.70	3,144,342,315.45
	Commercial	191,504,328.60	178,704,298.34
	Parking space	96,800,000.00	96,800,000.00
Tianjin – Shopping Mall in Circum-Bohai Sea Golden Coast	Commercial	2,431,378,750.00	2,432,163,510.00
Beijing – Tengda Plaza	Commercial	202,000,000.00	155,700,000.00
	Office	1,699,000,000.00	1,601,100,000.00
	Parking space	59,000,000.00	59,100,000.00
Beijing – Tiancun Public Housing (田村公租房)	Apartment	1,600,200,000.00	1,594,700,000.00
Beijing – Jin Yu Mansion	Commercial	46,000,000.00	66,100,000.00
	Office	1,253,000,000.00	1,177,900,000.00
	Parking space	11,900,000.00	11,900,000.00
Beijing- Phase 3 of Global Trade Center	Office	826,000,000.00	796,400,000.00
	Commercial	393,000,000.00	403,100,000.00
	Parking space	91,800,000.00	91,800,000.00
Beijing – Dacheng Building	Office	1,225,434,931.24	1,234,717,422.85
Beijing – Phase 1 of Logistics Park Project	Office	1,163,000,000.00	1,141,000,000.00
Beijing – Phase 2 of Logistics Park Project	Office	603,993,444.11	603,993,444.11
Beijing – Chinefarge upgrading project	Office	953,754,536.47	210,448,239.37
Beijing – Jinyu Jiapin Mall (金隅嘉品Mall)	Commercial	826,000,000.00	–
	Parking space	99,000,000.00	–
Chengdu -Longxi Center (self-owned commercial)	Commercial	774,811,291.02	–
Beijing-Daxing Jinlingfu (大興金麟府)	Apartment	744,600,000.00	–
Beijing – Jianda Building	Commercial	26,000,000.00	–
	Office	626,000,000.00	664,000,000.00
	Parking space	7,800,000.00	7,800,000.00
Beijing – Intelligent Manufacturing Plant	Office	1,002,900,000.00	958,700,000.00
Tianjin – Haoyu Commercial Building (昊昱商業大廈)	Commercial	638,418,170.99	620,890,442.64
	Commercial	588,298,009.68	–
Tianjin – Konggang Yunzhu Apartments (空港雲築公寓)	Apartment	520,200,000.00	–
	Commercial	480,833,370.00	481,927,250.00

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***16. Investment properties** *(continued)*

The following sets out the breakdown of investment properties: *(continued)*

Name of investment properties	Planned or actual use	Fair value 31 December 2021	Fair value 31 December 2020
Beijing – Building Materials Trading Tower	Commercial	480,000,000.00	504,100,000.00
Beijing – Doors and Windows Company	Commercial	407,600,000.00	405,700,000.00
Beijing -Dacheng International	Commercial	370,300,000.00	369,500,000.00
Beijing – Jianhong Mansion	Commercial	355,000,000.00	354,900,000.00
	Parking space	12,800,000.00	11,300,000.00
Shanghai- Xuhang BBMG Dachengjun	Apartment	306,100,000.00	–
Beijing – Chengyuan Real Estate	Apartment	262,000,000.00	262,700,000.00
Beijing – Jianjin Building	Commercial	60,000,000.00	245,100,000.00
	Office	195,000,000.00	–
Beijing – Peninsula International	Commercial	249,000,000.00	245,000,000.00
Others		<u>1,138,415,139.90</u>	<u>1,369,419,449.99</u>
		<u>36,092,290,068.79</u>	<u>30,683,800,071.02</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

16. Investment properties *(continued)*

All the above investment properties are located in the PRC and held under operating commercial leases. The title certificates of the Group's investment properties are available for a period ranging from 12 years to 67 years, which can be used for medium and long-term lease.

The Group's investment properties were valued by an independent valuer with professional qualifications, using future earnings method and market-based approach on an open market and existing use basis.

As at 31 December 2021, the carrying value of investment properties without completing their procedures for the title certificates was RMB1,262,588,110.00 (31 December 2020: RMB1,245,600,810.00). The Group was in the process of handling the procedures for changing the relevant titles. The management was of the view that the Group had the legitimate and valid right to occupy and use or dispose of the above properties and the above matters would not impose material adverse effect on the operation of the Group.

Details of pledge of investment properties are set out in Note V. 69.

As at 31 December 2021, the completed investment properties without completing their procedures for the title certificates were as follows:

	Carrying value	Reasons for uncompleting the procedures for the title certificates
Jianjin Building	255,000,000.00	In the process of handling the procedures for changing the relevant titles
Jinhuanyu Building	139,000,000.00	In the process of handling the procedures for changing the relevant titles
Tianjin Building Materials in Circum-Bohai Sea Golden Coast	868,588,110.00	In the process of handling the procedures for changing the relevant titles

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***17. Fixed assets****31 December 2021**

	Buildings	Machinery and equipment	Transportation equipment	Office and other equipment	Total
Original price					
Opening balance	33,342,129,549.59	30,780,442,336.33	846,332,689.48	843,372,804.57	65,812,277,379.97
Purchase	583,336,869.05	557,006,834.41	187,072,984.35	162,922,151.66	1,490,338,839.47
Transfer from construction in progress	1,647,794,778.42	1,938,798,785.24	1,066,397.36	37,347,230.32	3,625,007,191.34
Business combinations not under common control	-	-	1,126,498.65	2,704,606.25	3,831,104.90
Disposal or retirement	(505,917,852.07)	(994,556,289.42)	(438,572,864.88)	(79,735,785.65)	(2,018,782,792.02)
Removed from upon disposal of subsidiaries	(99,641,312.16)	(122,397,181.70)	(16,693,513.49)	(2,846,616.77)	(241,578,624.12)
Other transfer out	(2,634,583.89)	(78,439,048.35)	(1,272,053.59)	(3,120,867.83)	(85,466,553.66)
Closing balance	<u>34,965,067,448.94</u>	<u>32,080,855,436.51</u>	<u>579,060,137.88</u>	<u>960,643,522.55</u>	<u>68,585,626,545.88</u>
Accumulated depreciation					
Opening balance	7,810,831,367.48	12,782,771,647.67	250,544,858.22	513,354,955.38	21,357,502,828.75
Provision	1,259,511,494.98	2,116,458,239.08	124,838,504.91	92,441,257.56	3,593,249,496.53
Disposal or retirement	(195,747,731.09)	(992,151,791.78)	(5,259,802.40)	(72,800,893.44)	(1,265,960,218.71)
Removed from upon disposal of subsidiaries	(21,193,506.68)	(64,189,100.15)	(10,698,947.43)	(2,395,436.41)	(98,476,990.67)
Other transfer out	(25,395,580.66)	(12,933,410.52)	(5,381,956.14)	(1,751,613.55)	(45,462,560.87)
Closing balance	<u>8,828,006,044.03</u>	<u>13,829,955,584.30</u>	<u>354,042,657.16</u>	<u>528,848,269.54</u>	<u>23,540,852,555.03</u>
Provision for impairment					
Opening balance	398,755,172.87	307,373,467.98	32,289,871.69	1,907,906.08	740,326,418.62
Provision	23,977,004.31	56,739,417.80	635,960.37	-	81,352,382.48
Disposal or retirement	(111,396,935.42)	(22,071,058.63)	(10,245,852.84)	(686,343.95)	(144,400,190.84)
Other transfer out	(3,488,971.52)	(386,242.51)	-	(5,174.84)	(3,880,388.87)
Closing balance	<u>307,846,270.24</u>	<u>341,655,584.64</u>	<u>22,679,979.22</u>	<u>1,216,387.29</u>	<u>673,398,221.39</u>
Carrying value					
At the end of the year	<u>25,829,215,134.67</u>	<u>17,909,244,267.57</u>	<u>202,337,501.50</u>	<u>430,578,865.72</u>	<u>44,371,375,769.46</u>
At the beginning of the year	<u>25,132,543,009.24</u>	<u>17,690,297,220.68</u>	<u>563,497,959.57</u>	<u>328,109,943.11</u>	<u>43,714,448,132.60</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

17. Fixed assets *(continued)*

31 December 2020

	Buildings	Machinery and equipment	Transportation equipment	Office and other equipment	Total
Original price					
Opening balance	32,828,963,654.75	29,521,942,864.89	1,326,575,942.50	786,223,290.71	64,463,705,752.85
Purchase	49,057,061.53	494,994,295.28	164,971,423.07	119,325,342.34	828,348,122.22
Transfer from construction in progress	1,062,359,956.50	1,394,747,019.83	2,974,815.93	20,055,361.32	2,480,137,153.58
Disposal or retirement	(346,673,161.13)	(443,442,712.88)	(491,452,955.05)	(70,799,530.47)	(1,352,368,359.53)
Removed from upon disposal of subsidiaries	(2,348,203.16)	(2,373,298.95)	(1,226,110.78)	(359,326.19)	(6,306,939.08)
Other transfer out	(249,229,758.90)	(185,425,831.84)	(155,510,426.19)	(11,072,333.14)	(601,238,350.07)
Closing balance	<u>33,342,129,549.59</u>	<u>30,780,442,336.33</u>	<u>846,332,689.48</u>	<u>843,372,804.57</u>	<u>65,812,277,379.97</u>
Accumulated depreciation					
Opening balance	6,874,081,653.23	11,133,243,399.70	620,504,859.66	519,470,405.29	19,147,300,317.88
Provision	1,252,956,507.19	2,128,869,178.94	163,236,232.43	75,260,345.03	3,620,322,263.59
Disposal or retirement	(170,769,183.93)	(322,705,010.42)	(417,273,722.70)	(66,791,756.33)	(977,539,673.38)
Removed from upon disposal of subsidiaries	(1,149,616.21)	(1,636,193.26)	(733,661.99)	(260,254.53)	(3,779,725.99)
Other transfer out	(144,287,992.80)	(154,999,727.29)	(115,188,849.18)	(14,323,784.08)	(428,800,353.35)
Closing balance	<u>7,810,831,367.48</u>	<u>12,782,771,647.67</u>	<u>250,544,858.22</u>	<u>513,354,955.38</u>	<u>21,357,502,828.75</u>
Provision for impairment					
Opening balance	438,350,894.85	334,300,346.06	28,738,745.79	2,807,990.03	804,197,976.73
Provision	14,136,930.85	39,948,226.91	15,045,533.25	88,623.74	69,219,314.75
Disposal or retirement	(53,732,652.83)	(65,642,910.71)	(11,494,407.35)	(988,707.69)	(131,858,678.58)
Other transfer out	-	(1,232,194.28)	-	-	(1,232,194.28)
Closing balance	<u>398,755,172.87</u>	<u>307,373,467.98</u>	<u>32,289,871.69</u>	<u>1,907,906.08</u>	<u>740,326,418.62</u>
Carrying value					
At the end of the year	<u>25,132,543,009.24</u>	<u>17,690,297,220.68</u>	<u>563,497,959.57</u>	<u>328,109,943.11</u>	<u>43,714,448,132.60</u>
At the beginning of the year	<u>25,516,531,106.67</u>	<u>18,054,399,119.13</u>	<u>677,332,337.05</u>	<u>263,944,895.39</u>	<u>44,512,207,458.24</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***17. Fixed assets** *(continued)*

Fixed assets that are temporarily idle are as follows:

2021

	Original price	Accumulated depreciation	Provision for impairment	Carrying value
Buildings	114,355,552.96	41,577,787.53	–	72,777,765.43
Machinery and equipment	89,693,558.58	74,027,040.56	2,632,591.56	13,033,926.46
Transportation equipment	12,300,529.12	6,979,625.39	4,173,054.40	1,147,849.33
Office and other equipment	5,642,796.64	5,314,510.14	–	328,286.50
	<u>221,992,437.30</u>	<u>127,898,963.62</u>	<u>6,805,645.96</u>	<u>87,287,827.72</u>

2020

	Original price	Accumulated depreciation	Provision for impairment	Carrying value
Buildings	140,599,031.53	45,396,696.81	–	95,202,334.72
Machinery and equipment	150,325,837.76	96,571,016.39	–	53,754,821.37
Transportation equipment	6,257,088.71	4,344,036.15	–	1,913,052.56
Office and other equipment	6,482,032.66	6,038,157.26	1,785.52	442,089.88
	<u>303,663,990.66</u>	<u>152,349,906.61</u>	<u>1,785.52</u>	<u>151,312,298.53</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

17. Fixed assets *(continued)*

Fixed assets leased under operating leases are as follows:

2021

	Buildings	Machinery and equipment	Transportation equipment	Total
Original price				
Opening balance	400,109,038.18	12,070,316.67	326,588.00	412,505,942.85
Transfer from self-occupied	(1,402,682.44)	–	–	(1,402,682.44)
Disposal or retirement	(15,127,671.57)	–	–	(15,127,671.57)
Closing balance	383,578,684.17	12,070,316.67	326,588.00	395,975,588.84
Accumulated depreciation				
Opening balance	139,345,284.02	5,309,159.71	310,258.60	144,964,702.33
Provision	12,857,600.21	175,020.78	–	13,032,620.99
Transfer from self-occupied	614,483.27	–	–	614,483.27
Disposal or retirement	(1,917,805.40)	–	–	(1,917,805.40)
Closing balance	150,899,562.10	5,484,180.49	310,258.60	156,694,001.19
Provision for impairment				
Opening and closing balance	7,185,051.99	4,505,546.99	–	11,690,598.98
Carrying value				
At the end of the year	225,494,070.08	2,080,589.19	16,329.40	227,590,988.67
At the beginning of the year	253,578,702.17	2,255,609.97	16,329.40	255,850,641.54

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***17. Fixed assets** *(continued)*

2020

	Buildings	Machinery and equipment	Transportation equipment	Total
Original price				
Opening balance	372,728,585.84	12,070,316.67	326,588.00	385,125,490.51
Transfer from self-occupied	29,584,412.84	–	–	29,584,412.84
Transfer from construction in progress	677,733.00	–	–	677,733.00
Disposal or retirement	(2,881,693.50)	–	–	(2,881,693.50)
Closing balance	<u>400,109,038.18</u>	<u>12,070,316.67</u>	<u>326,588.00</u>	<u>412,505,942.85</u>
Accumulated depreciation				
Opening balance	122,533,255.59	5,143,709.31	310,258.60	127,987,223.50
Provision	11,994,917.56	165,450.40	–	12,160,367.96
Transfer from self-occupied	5,128,563.54	–	–	5,128,563.54
Disposal or retirement	(311,452.67)	–	–	(311,452.67)
Closing balance	<u>139,345,284.02</u>	<u>5,309,159.71</u>	<u>310,258.60</u>	<u>144,964,702.33</u>
Provision for impairment				
Opening and closing balance	<u>7,185,051.99</u>	<u>4,505,546.99</u>	<u>–</u>	<u>11,690,598.98</u>
Carrying value				
At the end of the year	<u>253,578,702.17</u>	<u>2,255,609.97</u>	<u>16,329.40</u>	<u>255,850,641.54</u>
At the beginning of the year	<u>243,010,278.26</u>	<u>2,421,060.37</u>	<u>16,329.40</u>	<u>245,447,668.03</u>

As at 31 December 2021, the carrying amount for fixed assets pending completion of the procedures for the title certificates amounted to RMB504,018,823.45 (31 December 2020: RMB395,989,167.13). The Group was in the process of handling the procedures for changing the relevant titles. The management was of the view that the Group had the legitimate and valid right to occupy and use or dispose of the above fixed assets and the above matters would not impose material adverse effect on the operations of the Group.

Details of pledge of fixed assets are set out in Note V. 69.

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Construction in progress

	31 December 2021	31 December 2020
Construction in progress	1,854,266,305.97	2,414,844,736.57
Construction materials	46,764,868.34	45,588,105.38
	1,901,031,174.31	2,460,432,841.95

	31 December 2021			31 December 2020		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Huahai Wind Power						
- Caofeldian New Wind Power Project	108,462,903.07	-	108,462,903.07	108,462,903.07	-	108,462,903.07
BBMG Residential Industrialization (Tangshan)						
- BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	90,245,282.97	-	90,245,282.97	6,085,433.95	-	6,085,433.95
- BBMG New Material Yutian Prefabricated Building Component Base Project Phase I	807,655.83	-	807,655.83	960,416.55	-	960,416.55
Datong Cement						
- Project of collaborative disposal of hazardous waste using cement kiln by Datong Company	67,230,865.22	-	67,230,865.22	10,019,063.12	-	10,019,063.12
- Mine stripping waste rock comprehensive utilization project of Datong Company	58,937,421.15	-	58,937,421.15	725,952.82	-	725,952.82
Beijing Jinyu Aerated Concrete						
- Construction project of plants in Glass Cultural and Creative Industrial Park	55,143,179.27	-	55,143,179.27	-	-	-
- Glass Cultural and Creative Industrial Park renovation project	50,124,852.12	-	50,124,852.12	-	-	-
Jidong Cement Fengxiang						
- Phase II construction project of the mine	52,840,003.06	-	52,840,003.06	19,045,722.55	-	19,045,722.55
- Project of collaborative disposal of hazardous wastes with a capacity of 100,000t/a through the cement kiln	-	-	-	53,683,601.96	-	53,683,601.96
Jidong Cement Tongchuan						
- New clinker cement production line	46,019,748.28	-	46,019,748.28	416,478,020.07	-	416,478,020.07
- Yangquanshan mine development project	51,745.02	-	51,745.02	55,631,484.46	-	55,631,484.46
- 6 million-tonne aggregate machined-made sand project (Phase II)	-	-	-	51,666,109.40	-	51,666,109.40
Badaling Hot Spring						
- Resort Upgrade and Renovation	42,735,686.71	-	42,735,686.71	421,906,417.13	-	421,906,417.13
Shanxi Shuangliang Dingxin Cement						
- Technical modification project of collaborative disposal through cement kiln for Shuangliang Company	41,509,384.15	-	41,509,384.15	38,588,174.70	-	38,588,174.70
Beijing Jianji Assets Operation Management						
- Lock factory renovation	59,530,631.91	-	59,530,631.91	37,835,160.54	-	37,835,160.54

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
(continued)**18. Construction in progress** (continued)

	31 December 2021			31 December 2020		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Tianjin Tiancai Construction Investment						
- Research and Development Building	33,511,727.59	-	33,511,727.59	33,511,727.59	-	33,511,727.59
Tangshan Jidong Cemen						
- Purchase of equipment	31,058,196.38	-	31,058,196.38	-	-	-
- Integrated management, control and operation information platform project	10,255,663.25	-	10,255,663.25	56,448,876.28	-	56,448,876.28
BBMG Weiguan (Cangzhou) Chemical						
- Equipment modification and installation	38,653,147.58	-	38,653,147.58	2,497,878.93	-	2,497,878.93
Laishui BBMG Environmental Protection						
- Project of collaborative disposal of hazardous solid wastes through the cement kiln	37,132,194.76	-	37,132,194.76	1,688,679.22	-	1,688,679.22
Qianan BBMG Shougang Environmental Technology						
- Slag superfine powder project	33,551,838.34	-	33,551,838.34	-	-	-
BBMG Hongshulin Biomass Energy (Jingyang) (金隅紅樹林生物質能源(溧陽))						
- Renovation (expansion) project of collaborative disposal of sludge through the cement kiln	32,177,299.03	-	32,177,299.03	-	-	-
BBMG Liushui Environmental Protection Technology						
- Power capacity expansion project	29,677,356.47	-	29,677,356.47	131,603.78	-	131,603.78
Linli Jidong Cement						
- Limestone prehomogenization shed project	27,905,342.34	-	27,905,342.34	888,098.71	-	888,098.71
Jidong Cement Panshi						
- 4500t/d clinker cement production line project in new building materials industrial park	24,330,332.24	-	24,330,332.24	-	-	-
- Technical modification project of collaborative disposal of solid wastes through the cement kiln	-	-	-	79,466,002.10	-	79,466,002.10
Tianjin BBMG Concrete						
- New office building	23,650,000.00	-	23,650,000.00	-	-	-
Shaanxi Energy-Saving Materials & Technology						
- Stone wool production line project with annual output of 40,000 tonnes	22,597,028.60	-	22,597,028.60	-	-	-
Jidong Cement Heilongjiang						
- Construction project of green mines of Heilongjiang company	22,154,962.49	-	22,154,962.49	3,128,231.53	-	3,128,231.53
Shanxi Jinyu aerated assembly parts						
- Shanxi Jinyu aerated infrastructure project	20,223,137.24	-	20,223,137.24	-	-	-

Notes to Financial Statements (continued)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Construction in progress (continued)

	31 December 2021			31 December 2020		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Tangshan Jidong Development Machinery and Equipment						
- Equipment under installation	19,730,605.71	-	19,730,605.71	17,080,609.34	-	17,080,609.34
Chengde Jidong Cement						
- Technical modification project of mines	17,994,065.22	-	17,994,065.22	17,994,065.22	-	17,994,065.22
Tianjin BBMG Zhenxing Environmental Protection						
- "8.12" Tianjin Port Explosion Accident Scene Cleaning and Repairing Steel Structure Cover Assets to Offset the Technical Transformation Project of the Works under Construction (company: CZX)	17,496,532.46	-	17,496,532.46	-	-	-
Jilin BBMG Jidong Environmental Protection Technology						
- Construction project of limestone mines for cement in Qincaigou	17,105,066.72	-	17,105,066.72	11,808,039.45	-	11,808,039.45
Tangxian Jidong Cement						
- Purchase capacity indicator project of Tangxian company	15,792,452.82	-	15,792,452.82	-	-	-
Inner Mongolia Yili Jidong Cement						
- Technical modification project for the grate coolers of Yili company	15,136,413.09	-	15,136,413.09	-	-	-
Dachang BBMG Tiantan Furniture						
- 800,000 standard project	13,215,269.78	-	13,215,269.78	24,693,735.78	-	24,693,735.78
BBMG Tiantan (Tangshan) Wood Technology						
- BBMG Tiantan Homeaware (Caofeidian) Innovation Industry Construction Project	10,328,714.53	-	10,328,714.53	-	-	-
BBMG (Dachang) Modern Industrial Park						
- Standard plant of Tiantan furniture project	35,416,287.13	-	35,416,287.13	46,444,616.59	-	46,444,616.59
- Tiantan furniture Land No. 12 construction and installation project	6,725,952.32	-	6,725,952.32	6,725,952.32	-	6,725,952.32
- Tiantan furniture Land No. 12 prepaid expenses	2,384,271.84	-	2,384,271.84	2,384,271.84	-	2,384,271.84
- Tiantan furniture Land No. 12 fence	1,918,105.30	-	1,918,105.30	1,918,105.30	-	1,918,105.30
Xingtai BBMG Jidong Cement						
- Project for collaborative disposal of integrated solid waste	908,685.52	-	908,685.52	38,230,060.44	-	38,230,060.44
- Project of Xingtai BBMG grate coolers for energy conservation and efficiency improvement	-	-	-	20,454,165.96	-	20,454,165.96
Construction materials	60,607,694.96	13,842,826.62	46,764,868.34	60,796,316.26	15,208,210.88	45,588,105.38
Others	717,205,883.68	97,609,585.22	619,596,298.46	917,209,588.24	88,948,032.37	828,261,555.87
Total	2,012,483,586.15	111,452,411.84	1,901,031,174.31	2,564,589,085.20	104,156,243.25	2,460,432,841.95

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**18. Construction in progress** (continued)

Changes of major construction in progress in 2021 are as below:

	Budget (RMB'000)	Opening balance	Increase during the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Badaling Hot Spring								
- Resort Upgrade and Renovation	730,000.00	421,906,417.13	189,276,402.78	494,117,958.81	74,329,174.39	42,735,686.71	Self-financing	84.00%
Baotou Jidong Cement								
- Technical modification project for limestone aggregates	45,690.00	-	42,995,590.85	42,995,590.85	-	-	Self-financing	100.00%
Baoding Taihang Heyi Environmental Protection Technology								
- 2# Cement mill energy saving renovation project	72,200.00	-	67,751,023.15	67,751,023.15	-	-	Self-financing	100.00%
Beijing Jianji Assets Management Co., Ltd.								
- Lock factory renovation	74,000.00	37,835,160.54	21,695,471.37	-	-	59,530,631.91	Self-financing	70.00%
Beijing Jinyu Aerated Concrete								
- Construction project of plants in Glass Cultural and Creative Industrial Park	60,000.00	-	55,143,179.27	-	-	55,143,179.27	Self-financing	92.00%
- Glass Cultural and Creative Industrial Park renovation project	120,000.00	-	50,124,852.12	-	-	50,124,852.12	Self-financing	42.00%
Dachang BBMG Tiantan Furniture								
- Dachang project construction	558,600.00	24,693,735.78	10,159,642.00	1,386,242.77	20,251,865.23	13,215,269.78	Self-financing and state funding	95.00%
BBMG (Dachang) Modern Industrial Park								
- Standard plant of Tiantan furniture project	35,416.29	35,416,287.13	-	-	-	35,416,287.13	Self-financing	100.00%
Datong Jidong Cement								
- Mine stripping waste rock comprehensive utilization project of Datong Company	85,410.00	725,952.82	58,211,468.33	-	-	58,937,421.15	Self-financing Self-financing	69.00%
- Project of collaborative disposal of hazardous waste using cement kiln by Datong Company	77,370.00	10,019,063.12	57,211,802.10	-	-	67,230,865.22	Self-financing and borrowing	87.00%
- Construction project of green mines of Datong Company	39,890.00	19,418,388.48	11,031,018.23	10,709,494.62	19,739,912.09	-	Self-financing	100.00%
- West mine uphill road construction and south side slope comprehensive management project of Datong Company	33,710.00	10,483,476.34	13,278,457.73	422,814.20	23,339,119.87	-	Self-financing and borrowing	100.00%

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Construction in progress *(continued)*

Changes of major construction in progress in 2021 are as below: *(continued)*

	Budget (RMB'000)	Opening balance	Increase during the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Huaihai Wind Power Development - Caofeidian New Wind Power Project	230,000.00	180,951,347.24	-	-	-	180,951,347.24	Self-financing	100.00%
Jidong Development Group - Caofeidian Industrial Park	72,764.00	22,569,974.07	13,952,708.11	36,522,682.18	-	-	Self-financing	100.00%
Jidong Haitian Cement Wenxi - Project of collaborative disposal of hazardous wastes through the cement kiln	68,200.00	37,495,341.73	23,506,941.65	61,002,283.38	-	-	Self-financing	100.00%
Jidong Cement - Project of collaborative disposal of general solid wastes through the cement kiln of the second plant	54,040.00	21,756,880.00	24,193,921.10	45,950,801.10	-	-	Self-financing	100.00%
- Integrated management, control and operation information platform project	108,860.00	56,448,876.28	16,327,868.04	1,896,551.71	60,624,529.36	10,255,663.25	Self-financing	67.00%
Jidong Cement Luanzhou - Luanzhou environmental protection 3 million-tonne comprehensive utilization project of mine resources	59,790.00	-	53,786,383.16	53,218,220.21	568,162.95	-	Self-financing	100.00%
Jidong Cement Panshi - Project of collaborative disposal of hazardous waste using cement kiln	96,950.00	79,466,002.10	12,181,373.31	91,647,375.41	-	-	Self-financing and borrowing	100.00%
Jidong Cement Tongchuan - 6 million-tonne aggregate machined-made sand project (Phase II)	67,080.00	51,666,109.40	1,715,766.32	53,381,875.72	-	-	Self-financing and borrowing	100.00%
- New clinker cement production line	1,560,361.80	416,478,020.07	986,094,110.51	1,356,552,382.30	-	46,019,748.28	Self-financing and borrowing	79.00%
- Yangquanshan mine development project	76,420.00	55,631,484.46	7,754,810.59	135,219.45	63,199,330.58	51,745.02	Self-financing and borrowing	100.00%
BBMG Hongshulin Biomass Energy (Jingyang) - Project of collaborative disposal of sludge renovation (expansion) through the cement kiln	36,778.70	-	32,177,299.03	-	-	32,177,299.03	Borrowing	87.00%
BBMG Jidong Fengxiang Environmental Technology - Phase II construction project of the mine	59,760.00	19,045,722.55	33,794,280.51	-	-	52,840,003.06	Self-financing	88.42%
- Project of collaborative disposal of hazardous wastes with a capacity of 100,000t/a through the cement kiln	80,913.40	53,683,601.96	13,100,103.29	66,783,705.25	-	-	Self-financing and borrowing	100.00%
Qianan BBMG Shougang Environmental Technology - Slag superfine powder project	261,880.00	-	33,551,838.34	-	-	33,551,838.34	Self-financing	13.00%

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***18. Construction in progress** *(continued)*Changes of major construction in progress in 2021 are as below: *(continued)*

	Budget (RMB'000)	Opening balance	Increase during the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
BBMG Weiguan (Cangzhou) Chemical - Equipment modification and installation	80,000.00	2,497,878.93	38,206,862.22	1,274,894.54	776,699.03	38,653,147.58	Self-financing	51.00%
BBMG Residential Industrialization (Tangshan) - BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	235,513.60	6,085,433.95	119,766,836.16	35,606,987.14	-	90,245,282.97	Self-financing	53.00%
Laishui BBMG Environmental Protection Technology - Construction project of the limestone shed	30,640.00	-	59,143,335.78	59,143,335.78	-	-	Self-financing	100.00%
- Project of collaborative disposal of hazardous solid wastes through the cement kiln	46,000.00	1,688,679.22	35,443,515.54	-	-	37,132,194.76	Self-financing	81.00%
Qinyang BBMG Jidong Environmental Protection Technology - Relying on 2500t/d cement production line for collaborative disposal of 30000t/a hazardous waste	46,880.00	44,074,268.49	384,392.10	44,358,560.59	-	-	Self-financing	100.00%
Shanxi Shuangliang Dingxin Cement - Technical modification project of collaborative disposal through cement kiln for Shuangliang Company	43,797.70	38,588,174.70	2,921,209.45	-	-	41,509,384.15	Self-financing	95.00%
Tangshan Jidong Qixin Cement - Ecological rehabilitation project	49,990.00	36,302,555.33	9,219,617.58	3,157,274.48	42,364,898.43	-	Self-financing	100.00%
Tianjin Tiancai Construction Investment - Research and Development Building	167,558.64	33,511,727.59	-	-	-	33,511,727.59	Borrowing	20.00%
Xingtai BBMG Jidong Cement - Project of collaborative disposal of integrated solid waste	93,830.00	38,230,060.44	45,648,123.83	82,969,498.75	-	908,685.52	Self-financing and borrowing	89.00%
Yangquan Jidong Cement - Project of collaborative disposal of hazardous waste using cement kiln	56,000.00	38,333,105.74	13,552,121.01	51,885,226.75	-	-	Self-financing	100.00%

Note: Other decrease was mainly due to the fact that the resort upgrade and renovation project was transferred to administrative expenses and intangible assets, integrated management, control and operation of information platform project was transferred to intangible assets and construction project under Dachang project was transferred to long-term deferred expenditures.

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Construction in progress (continued)

Changes of major construction in progress in 2020 are as below:

	Budget (RMB'000)	Opening balance	Increase during the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Beijing Chinafarge Cement								
- Chinafarge upgrading project	58,030.73	58,030,727.54	-	-	(58,030,727.54)	-	Self-financing	100.00%
Dachang BBMG Tiantan Furniture								
- Dachang project construction	558,600.00	46,341,727.58	31,331,739.82	(47,241,097.54)	(5,738,634.08)	24,693,735.78	Self-financing+ state funding	89.97%
BBMG Tiantan (Tangshan) Wood Technology								
- BBMG Tiantan Homeware (Caofeidian) Innovation Industry Construction Project	1,039,170.00	511,845,733.57	183,113,747.82	(694,959,481.39)	-	-	Self-financing and borrowing	66.88%
BBMG Residential Industrialization (Tangshan)								
- BBMG New Material Yutian Prefabricated Building Component Base Project Phase I	218,917.00	100,662,454.78	66,358,010.72	(166,060,048.95)	-	960,416.55	Self-financing and borrowing	76.29%
BBMG (Dachang) Modern Industrial Park								
- Standard plant of Tiantan furniture project	46,444.62	25,226,379.16	21,218,237.43	-	-	46,444,616.59	Self-financing funds	100.00%
BBMG GEM Real Estate								
- Supply and installation of home appliances and furniture for public rental housing of Xisha West Project	28,401.37	26,070,452.64	2,330,916.36	-	(28,401,369.00)	-	Self-financing	100.00%
Badaling Hot Spring								
- Resort Upgrade and Renovation	698,670.00	173,067,568.08	278,104,969.43	(28,405,378.57)	(860,741.81)	421,906,417.13	Self-financing and borrowing	64.58%
Beijing Jianji Assets Operation Management								
- Lock factory renovation	74,000.00	15,658,313.79	22,176,846.75	-	-	37,835,160.54	Self-financing	51.13%
Jidong Development Group								
- Caofeidian Industrial Park	72,764.00	72,673,443.48	-	-	-	72,673,443.48	Self-financing and borrowing	99.99%
Tangshan Jidong Development Machinery and Equipment								
- Equipment under installation	272,070.00	6,787,641.12	62,608,339.47	(69,395,980.59)	-	-	Self-financing	25.51%
Huahai Wind Power								
- Caofeidian New Wind Power Project	230,000.00	108,462,903.07	-	-	-	108,462,903.07	Self-financing	47.16%
Jidong Equipment & Engineering								
- BBMG Intelligent Electric Manufacturing Base (phase I construction project)	198,000.00	106,112,789.23	50,004,947.51	(156,117,736.74)	-	-	Self-financing and borrowing	78.85%

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
(continued)**18. Construction in progress** (continued)

Changes of major construction in progress in 2020 are as below: (continued)

	Budget (RMB'000)	Opening balance	Increase during the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Jidong Cement Tongchuan								
- New clinker cement production line project	1,800,000.00	6,905,944.81	409,572,075.26	-	-	416,478,020.07	Self-financing and borrowing	23.14%
- Yangquanshan mine development project	76,420.00	25,243,662.65	30,387,821.81	-	-	55,631,484.46	Self-financing and borrowing	72.80%
- 6 million-tonne aggregate machined-made sand project (Phase II)	67,080.00	-	51,666,109.40	-	-	51,666,109.40	Self-financing	77.02%
Jidong Cement Panshi								
- Project of collaborative disposal of hazardous waste using cement kiln (CPS)	96,950.00	3,424,268.11	76,041,733.99	-	-	79,466,002.10	Self-financing	81.97%
Tangshan Jidong Cemen								
- Integrated management, control and operation information platform project	108,860.00	36,536,792.46	19,912,083.82	-	-	56,448,876.28	Self-financing	51.85%
Jidong Cement Fengxiang								
- Project of collaborative disposal of hazardous wastes with a capacity of 100,000t/a through the cement kiln	80,913.40	1,093,396.21	52,590,205.75	-	-	53,683,601.96	Self-financing	66.35%
Laishui Jidong Environmental Protection Technology								
- Residential building project	118,000.00	-	48,354,693.76	-	-	48,354,693.76	Self-financing	40.98%
Qinyang Jidong Environmental Protection Technology								
- Leverage on the cement production line with a capacity of 2,500t/d to co-process hazardous wastes for 30,000t/year	46,880.00	2,845,266.09	41,229,002.40	-	-	44,074,268.49	Self-financing	94.02%
Shanxi Shuangliang Dingxin Cement								
- Technical modification project of collaborative disposal through cement kiln for Shuangliang Company	43,796.70	14,378,618.00	24,209,556.70	-	-	38,588,174.70	Self-financing	88.11%
Yangquan Jidong Cement								
- Project of collaborative disposal of hazardous waste using cement kiln	56,000.00	867,924.53	37,465,181.21	-	-	38,333,105.74	Self-financing	68.45%
Xingtai Jidong Cement								
- Project for collaborative disposal of integrated solid waste	93,830.00	728,155.37	37,501,905.07	-	-	38,230,060.44	Self-financing	40.74%
- Project of Xingtai BBMG grate coolers for energy conservation and efficiency improvement	24,000.00	-	20,454,165.96	-	-	20,454,165.96	Self-financing	85.23%
Jidong Haitian Cement Wenxi								
- Project of collaborative disposal of hazardous waste using cement kiln	68,200.00	1,293,685.68	36,201,656.05	-	-	37,495,341.73	Self-financing	54.98%

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Construction in progress (continued)

Changes of major construction in progress in 2020 are as below: (continued)

	Budget (RMB'000)	Opening balance	Increase during the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget
Jidong Development Jingyang Building Materials								
- Aggregates production line with annual production capacity of 3 million tonnes of Jingyang Building Materials	330,780.00	977,349.43	35,594,831.62	-	-	36,572,181.05	Self-financing	86.26%
Yantai Jidong Runtai Building Materials								
- Project that processes cements for 850,000t/a and fine ores for 600,000t/a	35,000.00	3,614,433.74	20,671,042.98	-	-	24,285,476.72	Self-financing and borrowing	69.39%
Jidong Cement (Tangshan)								
- Project of collaborative disposal of general solid wastes through the cement kiln of the second plant	54,040.00	-	21,756,880.00	-	-	21,756,880.00	Self-financing	40.26%
Linli Jidong Cement								
- Technical modification project for the upgrading and transformation of grate coolers	19,950.00	326,307.10	18,081,967.08	(17,051,862.35)	-	1,356,411.83	Self-financing	92.27%
Handan Shexian BBMG Cement								
- Project of collaborative disposal of domestic waste using cement kiln	65,140.00	39,644,396.55	21,581,105.90	(61,197,472.70)	-	28,029.75	Self-financing	93.99%
Jidong Cement Heilongjiang								
- Clinker silo project of Jidong Cement Heilongjiang Co., Ltd. with a capacity of 250,000t	45,220.00	2,412,789.81	41,995,439.79	(44,408,229.60)	-	-	Self-financing	98.20%
Zanhuang BBMG Cement								
- Project of collaborative disposal of hazardous waste using cement kiln	63,350.00	23,606,622.35	31,738,545.63	(55,345,167.98)	-	-	Self-financing	87.36%
Dingxin Cement								
- Environmental protection technology improvement project for collaborative disposal of integrated solid waste	117,830.00	80,368,155.63	28,415,261.33	(108,783,416.96)	-	-	Self-financing and borrowing	92.32%
Zuquan BBMG Cement								
- 1.5 million tonnes per year limestone (for cement use) mine project	42,227.00	28,104,798.26	6,886,062.67	(14,306,951.38)	(20,683,909.55)	-	Self-financing	82.86%
- Project of collaborative disposal of hazardous waste using cement kiln	35,950.00	7,253,048.50	25,832,791.08	(33,085,839.58)	-	-	Self-financing	94.65%

Note: Other decreases were mainly due to that Xingfa's transformation project is transferred to investment properties, and the supply and installation project of electrical appliances and furniture in public rental housing of Xishaxi project and the project of limestone mines for cements with a capacity of 1.5 million tonnes/year are transferred to long-term unamortized expenses.

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**18. Construction in progress** (continued)

The analysis of capitalized amount and capitalization rate of borrowing costs included in balances for construction in progress is set out below:

2021

	Progress of works	Accumulated amount of capitalized interest	Including: capitalized interest for the year	Capitalization rate of interest for the year
Jidong Cement Panshi - 4500t/d clinker cement production line project in new building materials industrial park	10.00	1,455,562.50	1,455,562.50	2.90
Zanhuang BBMG Cement - Technical modification project of second-line SCR ultralow emission	30.00	68,000.00	68,000.00	3.65
Jidong Cement Tongchuan - New clinker cement production line project	97.00	519,312.78	519,312.78	2.79
Tangshan Caofeidian Jidong Equipment machinery hotworking - Large-scale metal material intelligent manufacturing project	10.00	9,502.75	9,502.75	3.80
BBMG Residential Industrialization (Tangshan) - BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	70.00	3,634,306.37	3,543,309.98	3.51
Jilin Jidong Concrete - Panshi field station	30.00	16,500.00	16,500.00	3.30
Xingtai BBMG Jidong Cement - Project for collaborative disposal of integrated solid waste	89.39	635,586.67	635,586.67	3.52
Laishui BBMG Jidong Environmental Protection Technology - Project for collaborative disposal of hazardous and solid waste using cement kiln	81.00	537,075.00	-	4.14
		6,875,846.07	6,247,774.68	

Note: The amount of capitalized interests included in construction in progress for 2021 was RMB55,540,356.44 (2020: RMB48,207,716.98), and RMB65,345,412.51 (2020: RMB53,163,514.09) had been transferred to fixed assets.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

18. Construction in progress *(continued)*

2020

	Progress of works	Accumulated amount of capitalized interest	Including: capitalized interest for the year	Capitalization rate of interest for the year
Jidong Development Group				
- Caofeidian Industrial Park	99.99	22,561,618.77	—	—
- Deep reform and treatment of mines	59.62	355,785.87	—	—
BBMG Residential				
Industrialization (Tangshan)				
- BBMG New Material Yutian Prefabricated Building Component Base Project Phase II	2.58	90,996.39	90,996.39	3.99
Badaling Hot Spring				
-Resort Upgrade and Renovation	64.58	8,948,698.93	7,612,205.82	3.18
Jidong Cement Tongchuan				
- New clinker cement production line project	23.14	15,959,694.21	15,959,694.21	4.45
- Yangquanshan mine development project	72.80	150,168.09	150,168.09	3.85
Yantai Jidong Runtai Building Materials				
- Project that processes cements for 850,000t/a and fine ores for 600,000t/a	1.17	234,000.00	234,000.00	4.05
Jilin BBMG Jidong				
Environmental Protection Technology				
- Construction project of limestone mines for cement in Qincaigou	12.29	797,805.54	797,805.54	3.86
		<u>49,098,767.80</u>	<u>24,844,870.05</u>	

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**18. Construction in progress** (continued)

Provision for impairment of construction in progress in 2021:

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Jidong Group				
- Nanhu Yingbinguan	64,378,932.25	-	-	64,378,932.25
Jidong Cement Tongchuan				
- Conveyor belt project	10,640,070.94	2,422,302.52	-	13,062,373.46
Investment Property Group				
- Qingyundian mixing station project	-	5,718,269.89	-	5,718,269.89
Others	13,929,029.18	2,138,324.77	1,617,344.33	14,450,009.62
Provision for impairment of construction in progress	88,948,032.37	10,278,897.18	1,617,344.33	97,609,585.22
Provision for impairment of construction materials	15,208,210.88	-	1,365,384.26	13,842,826.62
Total	104,156,243.25	10,278,897.18	2,982,728.59	111,452,411.84

Provision for impairment of construction in progress in 2020:

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Jidong Group				
- Nanhu Yingbinguan	64,378,932.25	-	-	64,378,932.25
Jidong Cement Tongchuan				
- Conveyor belt project	8,217,768.42	2,422,302.52	-	10,640,070.94
Others	16,242,655.04	-	2,313,625.86	13,929,029.18
Provision for impairment of construction in progress	88,839,355.71	2,422,302.52	2,313,625.86	88,948,032.37
Provision for impairment of construction materials	15,982,477.57	2,214,390.00	2,988,656.69	15,208,210.88
Total	104,821,833.28	4,636,692.52	5,302,282.55	104,156,243.25

Note: All the reason for making provision for impairment of the projects above is the construction suspension of such projects.

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

19. Right-of-use assets

31 December 2021

	Lands	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Opening balance	518,572,486.89	454,221,225.68	61,440,168.12	1,304,253.82	21,211,535.40	1,056,749,669.91
Increase	49,069,272.18	74,965,501.56	3,370,325.32	-	-	127,405,099.06
Disposal	(18,402,292.96)	(25,778,564.59)	(21,923.24)	(1,304,253.82)	-	(45,507,034.61)
Closing balance	<u>549,239,466.11</u>	<u>503,408,162.65</u>	<u>64,788,570.20</u>	<u>-</u>	<u>21,211,535.40</u>	<u>1,138,647,734.36</u>
Accumulated depreciation						
Opening balance	85,457,797.36	165,859,481.93	45,902,215.46	1,071,772.75	8,852,313.54	307,143,581.04
Provision	53,259,477.37	80,248,106.77	2,251,599.92	94,149.67	39,000.00	135,892,333.73
Disposal	(3,070,929.95)	(11,367,013.82)	-	(1,165,922.42)	-	(15,603,866.19)
Closing balance	<u>135,646,344.78</u>	<u>234,740,574.88</u>	<u>48,153,815.38</u>	<u>-</u>	<u>8,891,313.54</u>	<u>427,432,048.58</u>
Provision for impairment						
Opening and closing balance	<u>464,557.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>464,557.00</u>
Carrying value						
At the end of the year	<u>413,128,564.33</u>	<u>268,667,587.77</u>	<u>16,634,754.82</u>	<u>-</u>	<u>12,320,221.86</u>	<u>710,751,128.78</u>
At the beginning of the year	<u>432,650,132.53</u>	<u>288,361,743.75</u>	<u>15,537,952.66</u>	<u>232,481.07</u>	<u>12,359,221.86</u>	<u>749,141,531.87</u>

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**19. Right-of-use assets** (continued)

31 December 2020

	Lands	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Opening balance	368,224,151.65	295,901,537.87	61,229,482.38	3,007,425.46	21,205,678.65	749,568,276.01
Increase	151,453,484.62	180,954,484.52	210,685.74	145,765.09	5,856.75	332,770,276.72
Disposal	(1,105,149.38)	(22,634,796.71)	—	(1,848,936.73)	—	(25,588,882.82)
Closing balance	<u>518,572,486.89</u>	<u>454,221,225.68</u>	<u>61,440,168.12</u>	<u>1,304,253.82</u>	<u>21,211,535.40</u>	<u>1,056,749,669.91</u>
Accumulated depreciation						
Opening balance	55,177,963.25	71,627,144.35	28,480,541.78	1,155,948.05	3,950,128.94	160,391,726.37
Provision	30,744,391.11	99,587,853.91	17,421,673.68	1,451,663.01	4,902,184.60	154,107,766.31
Disposal	(464,557.00)	(5,355,516.33)	—	(1,535,838.31)	—	(7,355,911.64)
Closing balance	<u>85,457,797.36</u>	<u>165,859,481.93</u>	<u>45,902,215.46</u>	<u>1,071,772.75</u>	<u>8,852,313.54</u>	<u>307,143,581.04</u>
Provision for impairment						
Opening balance	—	—	—	—	—	—
Provision	464,557.00	—	—	—	—	464,557.00
Closing balance	<u>464,557.00</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>464,557.00</u>
Carrying value						
At the end of the year	<u>432,650,132.53</u>	<u>288,361,743.75</u>	<u>15,537,952.66</u>	<u>232,481.07</u>	<u>12,359,221.86</u>	<u>749,141,531.87</u>
At the beginning of the year	<u>313,046,188.40</u>	<u>224,274,393.52</u>	<u>32,748,940.60</u>	<u>1,851,477.41</u>	<u>17,255,549.71</u>	<u>589,176,549.64</u>

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

20. Intangible assets

31 December 2021

	Computer					Total
	Land use rights	software licenses	Mining rights	Trademark rights	Others	
Original value						
Opening balance	15,343,233,433.23	273,381,798.66	3,366,170,261.65	83,414,700.00	208,585,822.11	19,274,786,015.65
Purchase	318,623,083.66	83,176,708.04	552,689,838.07	-	46,773,602.76	1,001,263,232.53
Transfer from construction in progress	-	63,523,060.13	-	-	-	63,523,060.13
Disposal	(270,749,085.39)	(1,035,320.71)	(71,557,895.43)	-	(514,774.64)	(343,857,076.17)
Other decrease	(55,069,941.77)	(1,851,349.64)	(45,515,540.35)	-	-	(102,436,831.76)
Closing balance	<u>15,336,037,489.73</u>	<u>417,194,896.48</u>	<u>3,801,786,663.94</u>	<u>83,414,700.00</u>	<u>254,844,650.23</u>	<u>19,893,278,400.38</u>
Accumulated amortization						
Opening balance	1,872,225,352.76	162,742,931.18	778,199,199.48	-	91,908,544.75	2,905,076,028.17
Provision	402,536,721.93	45,665,399.06	132,471,714.03	4,557,245.92	27,548,740.34	612,779,821.28
Disposal	(17,834,998.97)	(1,070,702.42)	(10,776,060.49)	-	(64,231.41)	(29,745,993.29)
Other decrease	(22,441,590.31)	(621,337.65)	(25,555,655.18)	-	-	(48,618,583.14)
Closing balance	<u>2,234,485,485.41</u>	<u>206,716,290.17</u>	<u>874,339,197.84</u>	<u>4,557,245.92</u>	<u>119,393,053.68</u>	<u>3,439,491,273.02</u>
Provision for impairment						
Opening balance	32,074,445.75	-	130,164,363.36	5,000,000.00	8,046,757.54	175,285,566.65
Other decrease	-	-	(66,167.86)	-	(2,329,253.28)	(2,395,421.14)
Closing balance	<u>32,074,445.75</u>	<u>-</u>	<u>130,098,195.50</u>	<u>5,000,000.00</u>	<u>5,717,504.26</u>	<u>172,890,145.51</u>
Carrying value						
At the end of the year	<u>13,069,477,558.57</u>	<u>210,478,606.31</u>	<u>2,797,349,270.60</u>	<u>73,857,454.08</u>	<u>129,734,092.29</u>	<u>16,280,896,981.85</u>
At the beginning of the year	<u>13,438,933,634.72</u>	<u>110,638,867.48</u>	<u>2,457,806,698.81</u>	<u>78,414,700.00</u>	<u>108,630,519.82</u>	<u>16,194,424,420.83</u>

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**20. Intangible assets** (continued)

31 December 2020

	Land use rights	Computer software licenses	Mining rights	Trademark rights	Others	Total
Original value						
Opening balance	15,361,139,823.36	239,227,132.98	3,319,284,284.77	83,414,700.00	194,904,894.35	19,197,970,835.46
Purchase	413,917,489.96	34,650,395.64	171,116,928.61	-	20,842,831.94	640,527,646.15
Disposal	(297,771,876.76)	(495,729.96)	(65,484,402.73)	-	(7,161,904.18)	(370,913,913.63)
Other decrease	(134,052,003.33)	-	(58,746,549.00)	-	-	(192,798,552.33)
Closing balance	<u>15,343,233,433.23</u>	<u>273,381,798.66</u>	<u>3,366,170,261.65</u>	<u>83,414,700.00</u>	<u>208,585,822.11</u>	<u>19,274,786,015.65</u>
Accumulated amortization						
Opening balance	1,579,260,647.08	123,587,567.85	659,226,341.78	-	72,822,761.56	2,434,897,318.27
Provision	390,561,530.80	39,601,031.39	132,047,571.01	-	20,052,401.87	582,262,535.07
Disposal	(56,355,938.84)	(445,668.06)	(13,074,713.31)	-	(966,618.68)	(70,842,938.89)
Other decrease	(41,240,886.28)	-	-	-	-	(41,240,886.28)
Closing balance	<u>1,872,225,352.76</u>	<u>162,742,931.18</u>	<u>778,199,199.48</u>	<u>-</u>	<u>91,908,544.75</u>	<u>2,905,076,028.17</u>
Provision for impairment						
Opening balance	22,690,520.52	-	101,574,830.64	5,000,000.00	8,046,757.54	137,312,108.70
Provision	9,383,925.23	-	30,767,217.50	-	-	40,151,142.73
Disposal	-	-	(2,177,684.78)	-	-	(2,177,684.78)
Closing balance	<u>32,074,445.75</u>	<u>-</u>	<u>130,164,363.36</u>	<u>5,000,000.00</u>	<u>8,046,757.54</u>	<u>175,285,566.65</u>
Carrying value						
At the end of the year	<u>13,438,933,634.72</u>	<u>110,638,867.48</u>	<u>2,457,806,698.81</u>	<u>78,414,700.00</u>	<u>108,630,519.82</u>	<u>16,194,424,420.83</u>
At the beginning of the year	<u>13,759,188,655.76</u>	<u>115,639,565.13</u>	<u>2,558,483,112.35</u>	<u>78,414,700.00</u>	<u>114,035,375.25</u>	<u>16,625,761,408.49</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

20. Intangible assets *(continued)*

All land use rights owned by the Group are within the PRC and are analysed as follows according to the remaining useful lives:

	31 December 2021	31 December 2020
Less than 50 years	13,069,477,558.58	13,438,933,634.72

Details of pledge of intangible assets are set out in Note V.69.

As at 31 December 2021, the useful life of trademark rights with a carrying amount of RMB78,414,700.00 was indefinite (31 December 2020: RMB78,414,700.00). The Group can apply for extension at the end of the expiration of protection periods of trademark rights with lower handling fees, and according to comprehensive judgment on product life cycle, market conditions and other factors, such trademark rights will bring economic benefits to the Group during future periods. After evaluated by the management of the Group, no provision for impairment is necessary.

As at 31 December 2021, the carrying value of intangible assets of the Group pending completion of the procedures for title certificates amounted to RMB131,272,224.82 (31 December 2020: RMB39,385,701.98). The management of the Company is of the view that there would not be any material adverse impact on the business operation of the Group from the aforementioned incomplete procedures for the title certificates.

21. Goodwill

	31 December 2021	31 December 2020
Hebei BBMG Dingxin Cement Co., Ltd.	189,815,999.91	189,815,999.91
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	3,967,009.95	3,967,009.95
Handan BBMG Taihang Cement Co., Ltd.	26,884,752.28	26,884,752.28
Beijing Taihang Prospect Environmental Protection Technology Co., Ltd.	9,482,871.64	9,482,871.64
Baoding Taihang Heyi Cement Co., Ltd.	11,428,946.82	11,428,946.82
Beijing Qianglian Cement Co., Ltd.	2,742,710.29	2,742,710.29
Tianjin BBMG Zhenxing Environmental Protection Technology Co., Ltd.	10,931,009.96	10,931,009.96
Handan Shexian BBMG Cement Co., Ltd.	56,276,121.38	56,276,121.38
Jidong Cement Business	2,013,854,242.93	2,013,854,242.93
Jidong Equipment Business	477,549,380.23	477,549,380.23
Baogang Jidong Cement Co., Ltd.	1,181,333.25	1,181,333.25
Beijing Jingu Zhitong Lulian Technology Co., Ltd. (北京金谷智通綠鏈科技有限公司)	3,441,762.77	-
	2,807,556,141.41	2,804,114,378.64
Less: Provision for impairment of goodwill	369,240,395.59	342,645,395.59
	2,438,315,745.82	2,461,468,983.05

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***21. Goodwill** *(continued)*

Movements in provision for impairment of goodwill are as follows:

2021

	Amount
Opening balance	342,645,395.59
Provision for the year	<u>26,595,000.00</u>
Closing balance	<u>369,240,395.59</u>

2020

	Amount
Opening balance	212,645,395.59
Provision for the year	<u>130,000,000.00</u>
Closing balance	<u>342,645,395.59</u>

For the purpose of impairment testing, the goodwill arising from the business combination has been allocated to a group of assets (being subsidiaries acquired in each acquisition). Such assets group represents the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Measurement basis and major assumptions for determining the recoverable amount of the above assets groups are as follows:

The recoverable amount was determined based on the higher of the net amount of fair value of the assets group less costs to sell and the present value of the estimated future cash flow of the assets group.

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Goodwill (continued)

The goodwill formed by the acquisition of equity interests of the listed companies by the Company was determined as the net amount of fair value less costs to sell based on the market value of the interests held by the Group in the RMB denominated ordinary shares of the listed companies issued by way of public issuance as at 31 December 2021 after adjustments.

The estimated future cash flows of the asset group are based on the five-year financial budget approved by the management at a discount rate of 9%-10% (2020: 9%-10%). The estimated cash flows of these assets groups beyond five years are determined at a fixed growth rate of 1%-3% (2020: 1%-3%) per annum. Other key assumptions adopted during the evaluation include estimated production capacity, future selling price, growth rate, expected gross profit margin and relevant expenditures of the asset product portfolio, and the above assumptions are based on the previous performance of these assets groups, industry standard and the management's expectations on market development.

22. Long-term deferred expenditures

31 December 2021

	Opening balance	Increase during the year	Amortisation during the year	Other decrease	Provision for impairment in the year	Closing balance
Decoration	106,066,471.12	58,167,472.33	32,961,078.29	8,780,718.19	-	122,492,146.97
Leasehold improvement for fixed assets rented	33,355,507.25	4,884,729.95	5,406,568.92	344,712.99	-	32,488,955.29
Land lease prepayments and compensation for land acquisition	245,309,020.70	91,606,646.47	36,561,886.26	-	-	300,353,780.91
Cost of stripping mines	707,143,409.42	110,635,233.61	80,240,957.41	-	-	737,537,685.62
Others	351,129,323.20	295,970,210.14	134,634,155.78	21,935,189.58	-	490,530,187.98
	<u>1,443,003,731.69</u>	<u>561,264,292.50</u>	<u>289,804,646.66</u>	<u>31,060,620.76</u>	<u>-</u>	<u>1,683,402,756.77</u>

31 December 2020

	Opening balance	Increase during the year	Amortisation during the year	Other decrease	Provision for impairment in the year	Closing balance
Decoration	112,984,664.44	37,513,373.21	35,891,956.65	8,539,609.88	-	106,066,471.12
Leasehold improvement for fixed assets rented	27,029,259.27	12,008,255.41	5,682,007.43	-	-	33,355,507.25
Land lease prepayments and compensation for land acquisition	168,151,641.58	102,363,159.86	24,657,430.74	548,350.00	-	245,309,020.70
Cost of stripping mines	737,669,639.09	64,447,261.33	94,973,491.00	-	-	707,143,409.42
Others	230,448,989.10	224,067,810.21	63,901,268.11	5,486,208.00	34,000,000.00	351,129,323.20
	<u>1,276,284,193.48</u>	<u>440,399,860.02</u>	<u>225,106,153.93</u>	<u>14,574,167.88</u>	<u>34,000,000.00</u>	<u>1,443,003,731.69</u>

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**23. Deferred income tax assets/liabilities**

Deferred income tax assets not eliminated:

	31 December 2021		31 December 2020	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deferred income tax assets				
Provision for LAT	5,191,588,787.96	1,297,897,196.99	5,396,865,150.00	1,349,216,287.50
Deductible losses	3,980,995,417.36	995,248,854.34	4,178,042,190.04	1,044,510,547.51
Provision for impairment of assets	1,902,536,396.64	475,634,099.16	1,913,412,599.00	478,353,149.75
Difference in accounting and tax of revenue recognition	50,839,959.00	12,709,989.75	35,210,212.48	8,802,553.12
Accrual of property development cost	2,566,274,473.36	641,568,618.34	3,024,146,243.16	756,036,560.79
Unrealised profits and losses of internal transactions	1,072,090,244.24	268,022,561.06	1,548,642,166.08	387,160,541.52
Changes in fair value of other equity instruments	97,634,131.20	24,408,532.80	113,906,486.40	28,476,621.60
Others	(14,247,083.84)	(3,561,770.96)	456,495,943.92	114,123,985.98
	14,847,712,325.92	3,711,928,081.48	16,666,720,991.08	4,166,680,247.77

Deferred income tax liabilities not eliminated:

	31 December 2021		31 December 2020	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Deferred income tax liabilities				
Valuation gains of investment properties	11,138,403,797.24	2,784,600,949.31	10,497,150,950.24	2,624,287,737.56
Assessment increase/decrease in business combination	11,825,488,409.00	2,956,372,102.25	11,912,498,651.56	2,978,124,662.89
Others	1,215,843,333.84	303,960,833.46	1,843,088,142.12	460,772,035.53
	24,179,735,540.08	6,044,933,885.02	24,252,737,743.92	6,063,184,435.98

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

23. Deferred income tax assets/liabilities *(continued)*

Deductible losses and temporary differences of unrecognised deferred income tax assets are as follows:

	31 December 2021	31 December 2020
Deductible temporary differences	10,169,060,256.75	10,231,014,366.68
Deductible losses	<u>13,018,761,767.56</u>	<u>9,700,148,476.39</u>
	<u>23,187,822,024.31</u>	<u>19,931,162,843.07</u>

The deductible losses that are not recognised as deferred income tax assets will expire in the following years:

	31 December 2021	31 December 2020
2021	–	949,960,677.26
2022	789,922,248.82	1,427,001,552.13
2023	1,241,940,492.02	1,311,264,936.73
2024	4,451,091,306.60	3,595,119,489.04
2025	2,483,312,572.83	2,416,801,821.23
2026	<u>4,052,495,147.29</u>	–
	<u>13,018,761,767.56</u>	<u>9,700,148,476.39</u>

The Group's subsidiaries with deductible losses prepare the profit forecasts for the next 5 years based on the approved budget to assess the taxable income to be generated from the subsidiaries enjoying the deductible loss before the expiration of the deductible loss, and to recognize the deferred income tax assets for the deductible loss based on the assessment result.

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***24. Other non-current assets**

	31 December 2021	31 December 2020
Prepayment for projects, equipment and plants	147,145,238.21	208,455,232.26
Prepayment for lands	185,285,856.21	95,410,134.00
Prepayment for exploration rights	166,783,073.31	95,532,297.05
Other assets	132,335,114.17	–
	631,549,281.90	399,397,663.31

25. Short-term loans

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

Note 1: As at 31 December 2021 and 31 December 2020, the guaranteed loans were guaranteed by entities within the Group.

Note 2: As at 31 December 2021 and 31 December 2020, details and value of collaterals corresponding to mortgaged and pledged loans of the Group are set out in Note V. 68.

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

As at the balance sheet date, the Group had no outstanding loans that were due.

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

26. Bills payable

	31 December 2021	31 December 2020
Commercial acceptance bills	48,489,866.70	10,654,618.71
Bank acceptance bills	<u>3,169,008,141.75</u>	1,768,672,188.76
	<u>3,217,498,008.45</u>	<u>1,779,326,807.47</u>

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

27. Accounts payable

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

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

The aging of accounts payable is calculated from the date of receipt of goods delivered by the suppliers or rendering of services from the suppliers.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***27. Accounts payable** *(continued)*

As at 31 December 2021, significant accounts payable aging over 1 year of the Group are as follows:

	Relationship with the Group	Amount payable	Percentage of total accounts payable (%)	Reasons for non-repayment
First	Third party	1,232,447,312.89	5.67	Unsettled
Second	Third party	61,212,561.35	0.28	Unsettled
Third	Third party	49,856,901.77	0.23	Unsettled
Fourth	Third party	41,660,845.06	0.19	Unsettled
Fifth	Third party	41,160,000.00	0.19	Unsettled

28. Receipts in advance

	31 December 2021	31 December 2020
Advances on rents	328,325,876.17	305,227,873.47

As at 31 December 2021, there were no significant receipts in advance aged over one year (31 December 2020: Nil).

29. Contract liabilities

	31 December 2021	31 December 2020
Advances on pre-sale of properties	24,939,943,396.51	26,973,508,752.49
Advances on sale of goods	1,304,510,602.05	1,378,129,234.31
Advances on construction costs	41,137,991.73	62,910,414.97
Advances on property fees	262,199,730.39	250,005,111.93
Others	275,158,698.39	241,764,506.09
	26,822,950,419.07	28,906,318,019.79

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

29. Contract liabilities *(continued)*

Details of advances on pre-sale of properties as at the balance sheet date are as follows:

Projects	Expected settlement date of the next batch	Proportion of the pre-sale (%)	31 December 2021	31 December 2020
Beijing -Treasures Mansion	January 2022	95.00%	73,101,407.68	47,786,777.69
Beijing -Wangchuan Beiyuan	June 2022	87.90%	126,337,240.01	414,081,037.33
Chongqing -Nanshanjun	May 2022	45.45%	241,428,357.47	215,649,086.38
Tangshan -Jin'anhongbao	June 2022	17.21%	97,186,649.91	470,536,105.47
Haikou -Yangguangjun	January 2022	76.55%	1,245,607,829.94	370,936,510.23
Chongqing - Xinduhui	July 2022	16.52%	1,170,564,017.49	1,544,933,419.94
Beijing -Chaoyang New City	January 2022	97.00%	611,351,386.82	626,340,657.34
Beijing-Jinlinjiayuan	January 2022	33.35%	60,972,104.00	1,722,246,809.13
Nanjing-Zijingdieyuan	June 2022	39.37%	510,634,285.55	346,359,912.90
Hefei - Dachengjun	June 2022	75.01%	2,472,698,645.73	352,115,100.89
Beijing - Xuefu	January 2022	100.00%	584,728,737.84	1,934,218,376.22
Hefei - Jincheng Mansions	January 2022	73.27%	1,665,378,870.18	1,727,792,292.60
Nanjing-Zijingxiyuan	June 2022	76.39%	202,199,951.50	1,102,820,365.10
Beijing - Shanglin Home	June 2023	100.00%	4,512,304,820.48	374,653,215.70
Qingdao - Treasures Mansion	May 2022	16.31%	385,771,410.07	127,014,750.67
Tangshan - Treasures Mansion	October 2022	30.47%	102,970,544.92	464,045,629.64
Hangzhou - Senlinlanfu	June 2023	97.28%	2,781,548,872.00	494,244,844.58
Nanjing - Zijingyunzhu	January 2022	34.01%	1,481,512,047.23	590,881,870.50
Chengdu - Jincheng Mansion	January 2022	100.00%	513,615,481.67	472,063,816.00
Chengdu - Shangchengjun	January 2022	34.14%	2,022,580,708.42	169,944,540.29
Ningbo - Ruizhenhuating	January 2022	99.10%	98,064,926.72	1,427,931,436.70
Hangzhou - Chuntanglanfu	June 2023	81.81%	2,504,318,151.28	-
Tianjin - Jinzhong Project	January 2022	6.73%	107,833,715.39	-
Tianjin - Yingshun Building	November 2022	100.00%	68,782,479.82	-
Phase I of Technology Park/ Phase I of Scientific Research	December 2022	100.00%	394,785,155.96	-
Tianjin - Beichen Project	December 2022	7.10%	240,343,956.45	-
Ningbo - Jinjunfu	November 2023	1.22%	75,933,652.34	-
Others	-	-	587,387,989.64	11,976,912,197.19
			24,939,943,396.51	26,973,508,752.49

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS***(continued)***30. Wages payable**

2021

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Short-term remunerations	373,929,602.79	6,163,130,947.90	6,148,438,840.39	388,621,710.30
Post-employment benefits (defined contribution plan)	14,250,570.19	777,114,122.12	777,678,213.99	13,686,478.32
Termination benefits	<u>41,805,384.05</u>	<u>74,784,822.45</u>	<u>82,327,539.84</u>	<u>34,262,666.66</u>
	<u>429,985,557.03</u>	<u>7,015,029,892.47</u>	<u>7,008,444,594.22</u>	<u>436,570,855.28</u>

2020

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Short-term remunerations	436,985,160.94	5,619,325,979.55	5,682,381,537.70	373,929,602.79
Post-employment benefits (defined contribution plan)	13,462,162.87	258,072,332.99	257,283,925.67	14,250,570.19
Termination benefits	<u>40,445,572.64</u>	<u>33,185,795.91</u>	<u>31,825,984.50</u>	<u>41,805,384.05</u>
	<u>490,892,896.45</u>	<u>5,910,584,108.45</u>	<u>5,971,491,447.87</u>	<u>429,985,557.03</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

30. Wages payable *(continued)*

Short-term remunerations are as bellow:

2021

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Salaries, bonuses, allowances and subsidies	260,486,389.57	4,665,626,748.60	4,642,916,515.89	283,196,622.28
Staff welfare	1,571,170.85	443,909,148.13	443,901,594.65	1,578,724.33
Social insurance	13,162,083.35	411,116,136.97	409,680,384.74	14,597,835.58
Including: <i>Medical insurance</i>	10,789,406.83	364,260,293.03	362,611,702.80	12,437,997.06
<i>Work injury insurance</i>	1,314,671.80	43,606,867.41	43,923,555.46	997,983.75
<i>Maternity insurance</i>	1,058,004.72	3,248,976.53	3,145,126.48	1,161,854.77
Housing funds	30,432,612.02	457,120,041.63	458,510,075.28	29,042,578.37
Union fund and employee education fund	56,305,887.35	117,974,177.79	127,152,345.72	47,127,719.42
Other short-term remunerations	11,971,459.65	67,384,694.78	66,277,924.11	13,078,230.32
	373,929,602.79	6,163,130,947.90	6,148,438,840.39	388,621,710.30

2020

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Salaries, bonuses, allowances and subsidies	337,718,205.24	4,358,574,615.19	4,435,806,430.86	260,486,389.57
Staff welfare	968,555.81	384,505,107.62	383,902,492.58	1,571,170.85
Social insurance	13,073,994.08	284,101,249.93	284,013,160.66	13,162,083.35
Including: <i>Medical insurance</i>	11,191,050.50	266,056,766.43	266,458,410.10	10,789,406.83
<i>Work injury insurance</i>	1,191,403.60	11,849,543.85	11,726,275.65	1,314,671.80
<i>Maternity insurance</i>	691,539.98	6,194,939.65	5,828,474.91	1,058,004.72
Housing funds	29,973,693.91	433,312,347.31	432,853,429.20	30,432,612.02
Union fund and employee education fund	53,366,767.01	106,630,250.15	103,691,129.81	56,305,887.35
Other short-term remunerations	1,883,944.89	52,202,409.35	42,114,894.59	11,971,459.65
	436,985,160.94	5,619,325,979.55	5,682,381,537.70	373,929,602.79

As at the balance sheet date, there was no wages payable in arrears.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***30. Wages payable** *(continued)*

Details of defined contribution plan are as follows:

2021

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Basic pension	12,350,875.87	622,271,170.69	622,497,931.69	12,124,114.87
Unemployment insurance	675,866.56	26,291,619.01	26,252,210.82	715,274.75
Corporate annuity	1,223,827.76	128,551,332.42	128,928,071.48	847,088.70
	14,250,570.19	777,114,122.12	777,678,213.99	13,686,478.32

2020

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Basic pension	11,696,144.43	185,663,701.81	185,008,970.37	12,350,875.87
Unemployment insurance	724,540.91	5,433,973.27	5,482,647.62	675,866.56
Corporate annuity	1,041,477.53	66,974,657.91	66,792,307.68	1,223,827.76
	13,462,162.87	258,072,332.99	257,283,925.67	14,250,570.19

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

30. Wages payable *(continued)*

The Group participated in the pension insurance and unemployment insurance managed by local government, to which the Group and employees made contributions based on 16% and 0.7-0.8% of the total wages in the previous year respectively. In addition, the Group also participated in the corporate annuity scheme operated and managed by a competent external management organization, to pay ascertain percentage of annuity for eligible enterprises and employees.

31. Tax payable

	31 December 2021	31 December 2020
VAT	633,889,210.67	532,245,965.41
Corporate income tax	934,925,476.01	1,372,266,058.10
Individual income tax	29,588,632.93	28,525,457.67
City maintenance and construction tax	56,439,488.13	43,798,794.41
Resource tax	30,082,984.11	46,805,603.60
Land appreciation tax	329,622,674.11	429,600,180.47
Education surcharges	43,021,517.54	34,229,483.69
Urban and rural land use tax	23,682,786.88	24,987,365.83
Real estate tax	40,000,321.52	38,701,299.30
Deed tax and others	234,943,973.26	76,957,463.78
	2,356,197,065.16	2,628,117,672.26

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***32. Other payables**

	31 December 2021	31 December 2020
Interests payable	1,283,850,567.83	1,492,797,039.93
Interests on borrowings	97,592,148.80	132,058,659.58
<i>Including: Interests on long-term borrowings</i>	<i>74,007,022.01</i>	<i>70,765,030.05</i>
<i>Interests on short-term borrowings</i>	<i>23,585,126.79</i>	<i>61,293,629.53</i>
Interests of corporate bonds	1,186,258,419.03	1,360,738,380.35
Dividends payable	258,868,380.11	312,091,740.42
Other shareholders	108,270,084.82	30,596,257.92
Interest on perpetual bonds	150,598,295.29	281,495,482.50
Other payables	8,158,833,706.75	6,090,677,191.37
Amounts collected on behalf and temporary receipts	4,775,941,085.96	2,624,777,077.42
Deposits	1,740,229,650.78	1,564,870,997.96
Payables for land use right	76,968,404.25	88,686,930.87
Construction costs payable	100,713,574.27	109,941,362.91
Payables for relocation compensation	266,707,543.52	557,682,612.93
Freight and miscellaneous charges payable	122,806,927.46	133,843,301.26
Payables for acquisition of equity investments	7,573,900.77	6,239,800.00
Payables to related companies	44,824,880.73	39,184,407.58
Utilities	12,729,121.28	10,054,725.93
Public maintenance fund payable	24,933,091.47	24,422,096.65
Current portion of net liabilities of defined benefit plan (Note V. 39)	54,816,853.88	58,070,571.60
Others	930,588,672.38	872,903,306.26
	9,701,552,654.69	7,895,565,971.72

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

32. Other payables *(continued)*

As at 31 December 2021, significant other payables aging more than one year of the Group are as follows:

	Relationship with the Group	Amount payable	Percentage of total other payables (%)	Reasons for un-repayment
First	Third party	300,033,343.80	3.68%	Undue
Second	Third party	231,237,832.80	2.83%	Undue
Third	Third party	190,156,700.00	2.33%	Undue
Fourth	Third party	74,794,869.73	0.92%	Undue
Fifth	Third party	73,357,201.32	0.90%	Undue

33. Non-current liabilities due within one year

	31 December 2021	31 December 2020
Long-term loans due within one year (Note V. 35)	9,514,312,659.92	5,837,256,826.00
Bonds payable due within one year (Note V. 36)	5,433,175,563.81	8,984,892,614.67
Long-term payables due within one year (Note V. 38)	40,040,615.47	39,567,383.08
Lease liabilities due with one year (Note V. 37)	138,273,121.17	106,062,842.41
	15,125,801,960.37	14,967,779,666.16

34. Other current liabilities

	31 December 2021	31 December 2020
Accrued expenses	8,247,695,543.90	9,191,227,283.89
Including: Accrued development costs	2,947,327,292.72	3,395,472,382.10
Provision for LAT	4,929,370,902.88	5,367,137,566.95
Accrued costs for treatment of solid wastes	166,079,658.06	165,857,705.47
Other accrued expenses	204,917,690.24	262,759,629.37
Tax to be written off	1,059,973,462.40	1,184,661,755.28
Charges from sale and repurchase	–	1,016,918,013.52
	9,307,669,006.30	11,392,807,052.69

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

35. Long-term loans

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

	31 December 2021	31 December 2020
Guaranteed loans (Note 1)	5,121,681,056.14	7,855,232,916.00
Credit loans	21,594,843,912.14	19,358,248,263.18
Mortgaged loans (Note 2)	7,322,500,142.44	11,946,505,010.30
Pledged loans (Note 2)	4,476,999,999.00	4,454,600,000.00
	38,516,025,109.72	43,614,586,189.48
Less: Long-term loans due within one year	9,514,312,659.92	5,837,256,826.00
	29,001,712,449.80	37,777,329,363.48

Note 1: As at 31 December 2021 and 31 December 2020, the guaranteed loans of the Group were guaranteed by entities within the Group.

Note 2: As at 31 December 2021 and 31 December 2020, details and value of collaterals corresponding to mortgaged and pledged loans of the Group are set out in Note V. 69.

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

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

As at 31 December 2021, the annual interest rates of the above loans were 3.30%-6.60% (31 December 2020: 1.20%-7.20%).

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

36. Short-term financing bonds payable and bonds payable

	31 December 2021	31 December 2020
Short-term financing bonds payable	7,500,000,000.00	1,599,273,452.96
Corporate bonds	27,932,850,068.31	29,556,738,698.04
Medium-term notes	11,000,000,000.00	11,000,000,000.00
Closing balance	38,932,850,068.31	40,556,738,698.04
Less: Bonds payable due within one year	5,433,175,563.81	8,984,892,614.67
Non-current portion	33,499,674,504.50	31,571,846,083.37

Analysis of maturity of bonds payable:

	31 December 2021	31 December 2020
Within 1 year (inclusive of 1 year)	5,433,175,563.81	8,984,892,614.67
1 to 2 years (inclusive of 2 years)	7,795,654,650.53	8,125,441,880.93
2 to 5 years (inclusive of 5 years)	21,214,765,082.08	21,969,331,341.18
Over 5 years	4,489,254,771.89	1,477,072,861.26
	38,932,850,068.31	40,556,738,698.04

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**36. Short-term financing bonds payable and bonds payable** (continued)

As at 31 December 2021, the balance of bonds payable is as follows:

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Non-current portion:											
1) RMB800 million corporate bonds	RMB800 million	15 October 2012	10 years	800,000,000.00	798,869,358.09	-	48,000,000.00	643,988.64	-	(799,513,346.73)	-
2) RMB3.2 billion corporate bonds	RMB3.2 billion	14 March 2016	3+2 years	3,200,000,000.00	3,191,695,687.00	-	25,448,449.84	2,239,313.00	(3,193,935,000.00)	-	-
2) RMB1.8 billion corporate bonds	RMB1.8 billion	14 March 2016	5+2 years	1,800,000,000.00	1,795,940,788.26	1,353,300,000.00	62,999,832.90	1,303,493.23	(1,353,306,000.00)	-	1,797,438,281.49
3) RMB3.5 billion corporate bonds	RMB3.5 billion	19 May 2017	3+2 years	3,500,000,000.00	3,496,604,647.31	-	111,999,999.96	1,437,999.95	-	(3,498,042,647.26)	-
3) RMB500 million corporate bonds	RMB500 million	19 May 2017	5+2 years	500,000,000.00	498,333,621.04	-	26,900,000.04	286,316.81	-	(499,219,937.85)	-
4) RMB1.25 billion corporate bonds	RMB1.25 billion	13 July 2017	2+1 years	1,250,000,000.00	554,991.89	-	-	(554,991.89)	-	-	-
4) RMB1.75 billion corporate bonds	RMB1.75 billion	13 July 2017	3+2 years	1,750,000,000.00	137,042,109.10	-	3,219,999.96	117,763.62	-	(137,159,872.72)	-
5) RMB2 billion medium-term notes	RMB2 billion	18 January 2018	5 years	2,000,000,000.00	2,000,000,000.00	-	117,000,000.00	-	-	-	2,000,000,000.00
6) RMB2.5 billion debt financing plan	RMB2.5 billion	25 June 2018	3 years	2,500,000,000.00	2,500,000,000.00	-	76,562,500.00	-	(2,500,000,000.00)	-	-
7) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	3+2 years	1,500,000,000.00	1,497,256,139.41	177,000,000.00	61,027,222.95	1,024,229.63	(177,064,000.00)	-	1,498,216,369.04
7) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	5+2 years	1,500,000,000.00	1,496,503,766.25	-	75,000,000.00	738,656.58	-	-	1,497,242,422.83
8) RMB2.5 billion medium-term notes	RMB2.5 billion	9 August 2018	5 years	2,500,000,000.00	2,500,000,000.00	-	117,500,000.04	-	-	-	2,500,000,000.00
9) RMB500 million corporate bonds	RMB500 million	9 January 2019	3+2 years	500,000,000.00	498,890,568.22	-	18,650,000.04	349,191.03	-	(499,239,759.25)	-
9) RMB1.5 billion corporate bonds	RMB1.5 billion	9 January 2019	5+2 years	1,500,000,000.00	1,496,057,668.67	-	61,050,000.00	717,199.39	-	-	1,496,774,868.06
10) RMB2.5 billion medium-term notes	RMB2.5 billion	7 March 2019	5 years	2,500,000,000.00	2,500,000,000.00	-	108,750,000.00	-	-	-	2,500,000,000.00

Notes to Financial Statements (continued)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Short-term financing bonds payable and bonds payable (continued)

As at 31 December 2021, the balance of bonds payable is as follows: (continued)

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
11) RMB1.2 billion corporate bonds	RMB1.2 billion	21 March 2019	5 years	1,200,000,000.00	1,197,821,872.95	-	59,640,000.00	710,759.40	-	-	1,198,532,632.35
11) RMB1.5 billion corporate bonds	RMB1.5 billion	29 October 2019	5 years	1,500,000,000.00	1,496,724,712.34	-	63,000,000.00	868,179.94	-	-	1,497,592,892.28
12) RMB2 billion medium-term notes	RMB2 billion	7 August 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	78,800,000.04	-	-	-	2,000,000,000.00
12) RMB2 billion medium-term notes	RMB2 billion	12 November 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	82,599,999.96	-	-	-	2,000,000,000.00
13) RMB4.5 billion corporate bonds	RMB4.5 billion	10 January 2020	5+2 years	4,500,000,000.00	4,487,185,227.28	-	179,550,000.00	2,069,544.61	-	-	4,489,254,771.89
13) RMB2 billion corporate bonds	RMB2 billion	15 June 2020	3+2 years	2,000,000,000.00	1,994,166,668.22	-	64,800,000.00	1,333,569.93	-	-	1,995,500,238.15
13) RMB1.5 billion corporate bonds	RMB1.5 billion	13 August 2020	3+2 years	1,500,000,000.00	1,495,418,010.75	-	54,600,000.00	680,196.69	-	-	1,496,098,207.44
14) RMB2.82 billion corporate bonds	RMB2.82 billion	11 November 2020	6 years	2,820,000,000.00	1,477,072,861.26	-	4,794,287.62	58,405,242.04	-	-	1,535,478,103.30
15) RMB1 billion corporate bonds	RMB1 billion	11 June 2021	5 years	1,000,000,000.00	-	998,384,905.66	20,388,888.91	154,770.60	-	-	998,739,676.26
15) RMB1 billion corporate bonds	RMB1 billion	13 October 2021	5 years	1,000,000,000.00	-	998,384,905.66	7,773,387.10	60,781.57	-	-	998,645,687.23
18) RMB2 billion corporate bonds	RMB2 billion	19 November 2021	3+2 years	2,000,000,000.00	-	2,000,000,000.00	6,868,333.33	160,354.18	-	-	2,000,160,354.18
				48,820,000,000.00	40,556,738,698.04	5,527,469,811.32	1,536,922,902.69	72,946,558.95	(7,224,305,000.00)	(5,433,175,563.81)	33,499,674,504.50

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** *(continued)***36. Short-term financing bonds payable and bonds payable** *(continued)*As at 31 December 2021, the balance of bonds payable is as follows: *(continued)*

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Short-term financing bond:											
16) RMB800 million ultra-short financing bonds	RMB800 million	14 May 2020	270 days	800,000,000.00	799,877,830.18	-	1,732,813.83	122,169.82	(800,000,000.00)	-	-
16) RMB800 million ultra-short financing bonds	RMB800 million	5 August 2020	270 days	800,000,000.00	799,395,622.78	-	8,169,201.29	604,372.22	(800,000,000.00)	-	-
17) RMB1.5 billion ultra-short financing bonds	RMB1.5 billion	5 March 2021	140 days	1,500,000,000.00	-	1,500,000,000.00	15,180,136.99	-	(1,500,000,000.00)	-	-
17) RMB1.5 billion ultra-short financing bonds	RMB1.5 billion	10 March 2021	268 days	1,500,000,000.00	-	1,500,000,000.00	34,774,193.35	-	(1,500,000,000.00)	-	-
17) RMB2.5 billion ultra-short financing bonds	RMB2.5 billion	11 August 2021	259 days	2,500,000,000.00	-	2,500,000,000.00	24,361,559.14	-	-	-	2,500,000,000.00
17) RMB3 billion ultra-short financing bonds	RMB3 billion	1 September 2021	205 days	3,000,000,000.00	-	3,000,000,000.00	26,000,000.00	-	-	-	3,000,000,000.00
17) RMB2 billion ultra-short financing bonds	RMB2 billion	6 September 2021	269 days	2,000,000,000.00	-	2,000,000,000.00	16,930,555.55	-	-	-	2,000,000,000.00
				12,100,000,000.00	1,599,273,452.96	10,500,000,000.00	127,168,460.35	726,547.04	(4,600,000,000.00)	-	7,500,000,000.00
				60,920,000,000.00	42,156,012,151.00	16,027,469,811.32	1,664,091,363.04	73,673,105.99	(11,824,305,000.00)	(5,433,175,563.81)	40,999,674,504.50

Notes to Financial Statements (continued)

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Short-term financing bonds payable and bonds payable (continued)

As at 31 December 2020, the balance of bonds payable is as follows:

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Non-current portion:											
1) RMB800 million corporate bonds	RMB800 million	15 October 2012	10 years	800,000,000.00	798,262,481.01	-	48,000,000.00	606,877.08	-	-	798,869,358.09
2) RMB3.2 billion corporate bonds	RMB3.2 billion	14 March 2016	3+2 years	3,200,000,000.00	3,189,708,833.39	-	124,217,455.38	1,986,853.61	-	(3,191,695,687.00)	-
2) RMB1.8 billion corporate bonds	RMB1.8 billion	14 March 2016	5+2 years	1,800,000,000.00	1,795,173,893.04	-	62,825,000.00	766,895.22	-	(1,795,940,788.26)	-
3) RMB3.5 billion corporate bonds	RMB3.5 billion	19 May 2017	3+2 years	3,500,000,000.00	3,493,070,972.35	319,107,000.00	145,626,666.66	3,533,674.96	(319,107,000.00)	-	3,496,604,647.31
3) RMB500 million corporate bonds	RMB500 million	19 May 2017	5+2 years	500,000,000.00	498,697,370.15	-	26,900,000.04	791,242.89	-	-	499,488,613.04
4) RMB1.25 billion corporate bonds	RMB1.25 billion	13 July 2017	2+1 years	1,250,000,000.00	488,655,975.73	-	9,032,032.26	344,024.27	(469,000,000.00)	-	-
4) RMB1.75 billion corporate bonds	RMB1.75 billion	13 July 2017	3+2 years	1,750,000,000.00	1,746,327,209.11	-	51,105,080.65	714,899.88	(1,610,000,000.00)	-	137,042,108.99
5) RMB2 billion medium-term notes	RMB2 billion	18 January 2018	5 years	2,000,000,000.00	2,000,000,000.00	-	117,000,000.00	-	-	-	2,000,000,000.00
6) RMB2.5 billion debt financing plan	RMB2.5 billion	25 June 2018	3 years	2,500,000,000.00	2,500,000,000.00	-	157,062,500.00	-	-	(2,500,000,000.00)	-
7) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	3+2 years	1,500,000,000.00	1,496,300,463.49	-	70,304,166.67	955,675.92	-	(1,497,256,139.41)	-
7) RMB1.5 billion corporate bonds	RMB1.5 billion	12 July 2018	5+2 years	1,500,000,000.00	1,495,853,170.05	-	74,791,666.67	650,596.20	-	-	1,496,503,766.25
8) RMB2.5 billion medium-term notes	RMB2.5 billion	9 August 2018	5 years	2,500,000,000.00	2,500,000,000.00	-	117,173,611.15	-	-	-	2,500,000,000.00
9) RMB500 million corporate bonds	RMB500 million	9 January 2019	3+2 years	500,000,000.00	498,566,229.88	-	18,650,000.02	324,338.34	-	-	498,890,568.22
9) RMB1.5 billion corporate bonds	RMB1.5 billion	9 January 2019	5+2 years	1,500,000,000.00	1,495,395,557.95	-	61,050,000.00	662,110.72	-	-	1,496,057,668.67
10) RMB2.5 billion medium-term notes	RMB2.5 billion	7 March 2019	5 years	2,500,000,000.00	2,500,000,000.00	-	108,447,916.67	-	-	-	2,500,000,000.00

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**36. Short-term financing bonds payable and bonds payable** (continued)

As at 31 December 2020, the balance of bonds payable is as follows: (continued)

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
11) RMB1.2 billion corporate bonds	RMB1.2 billion	21 March 2019	3 years	1,200,000,000.00	1,197,446,271.18	-	59,640,000.00	675,601.77	-	-	1,197,821,872.95
11) RMB1.5 billion corporate bonds	RMB1.5 billion	29 October 2019	3 years	1,500,000,000.00	1,495,892,448.00	-	63,000,000.00	832,264.34	-	-	1,496,724,712.34
12) RMB2 billion medium-term notes	RMB2 billion	7 August 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	78,581,111.15	-	-	-	2,000,000,000.00
12) RMB2 billion medium-term notes	RMB2 billion	12 November 2019	5 years	2,000,000,000.00	2,000,000,000.00	-	82,599,999.96	-	-	-	2,000,000,000.00
13) RMB4.5 billion corporate bonds	RMB4.5 billion	10 January 2020	5+2 years	4,500,000,000.00	-	4,500,000,000.00	175,006,048.39	2,935,227.28	(15,750,000.00)	-	4,487,185,227.28
13) RMB2 billion corporate bonds	RMB2 billion	15 June 2020	3+2 years	2,000,000,000.00	-	2,000,000,000.00	35,100,000.00	1,166,668.22	(7,000,000.00)	-	1,994,166,668.22
13) RMB1.5 billion corporate bonds	RMB1.5 billion	13 August 2020	3+2 years	1,500,000,000.00	-	1,500,000,000.00	20,841,935.48	668,010.75	(5,250,000.00)	-	1,495,418,010.75
14) RMB2.82 billion corporate bonds	RMB2.82 billion	11 November 2020	6 years	2,820,000,000.00	-	1,463,876,018.19	783,333.31	13,196,843.07	-	-	1,477,072,861.26
15) RMB900 million corporate bonds	RMB900 million	20 March 2012	5+3 years	900,000,000.00	418,315,330.01	-	-	379,669.99	(418,695,000.00)	-	-
3) RMB500 million corporate bonds	RMB500 million	3 July 2017	2+1 years	500,000,000.00	314,469,614.39	-	-	530,385.61	(315,000,000.00)	-	-
17) RMB500 million debt financing plan	RMB500 million	27 February 2018	2+3 years	500,000,000.00	500,000,000.00	-	4,583,333.34	-	(500,000,000.00)	-	-
				46,720,000,000.00	34,401,835,819.73	9,782,983,018.19	1,712,521,857.80	31,721,860.12	(3,659,802,000.00)	(8,984,892,614.67)	31,571,846,083.37

Notes to Financial Statements (continued)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)
36. Short-term financing bonds payable and bonds payable (continued)

As at 31 December 2020, the balance of bonds payable is as follows: (continued)

Bonds payable	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
Short-term financing bond:											
16) RMB800 million ultra-short financing bonds	RMB800 million	14 May 2020	270 days	800,000,000.00	-	798,490,566.04	10,497,049.18	(1,387,264.14)	-	-	799,877,830.18
16) RMB800 million ultra-short financing bonds	RMB800 million	5 August 2020	270 days	800,000,000.00	-	798,490,566.08	9,998,469.94	905,056.70	-	-	799,395,622.78
18) RMB800 million ultra-short financing bonds	RMB800 million	26 July 2019	270 days	800,000,000.00	799,394,083.19	-	8,103,606.56	605,916.81	(800,000,000.00)	-	-
18) RMB500 million ultra-short financing bonds	RMB500 million	25 September 2019	270 days	500,000,000.00	499,407,006.06	-	7,731,327.93	592,993.94	(500,000,000.00)	-	-
19) RMB2 billion ultra-short financing bonds	RMB2 billion	12 October 2019	177 days	2,000,000,000.00	2,000,000,000.00	-	15,244,444.46	-	(2,000,000,000.00)	-	-
20) RMB2 billion ultra-short financing bonds	RMB2 billion	12 March 2020	240 days	2,000,000,000.00	-	2,000,000,000.00	31,467,777.77	-	(2,000,000,000.00)	-	-
21) RMB800 million ultra-short financing bonds	RMB800 million	13 March 2020	270 days	800,000,000.00	-	798,490,566.04	15,859,726.03	1,509,433.96	(800,000,000.00)	-	-
21) RMB800 million ultra-short financing bonds	RMB800 million	19 March 2020	270 days	800,000,000.00	-	798,490,566.03	15,741,369.86	1,509,433.97	(800,000,000.00)	-	-
				8,500,000,000.00	3,298,801,089.25	5,193,962,264.19	114,643,771.73	6,510,099.52	(6,900,000,000.00)	-	1,599,273,452.96
				55,220,000,000.00	37,700,636,908.98	14,976,945,282.38	1,827,165,629.53	38,231,959.64	(10,559,802,000.00)	(8,994,892,614.67)	33,171,119,536.33

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

36. Short-term financing bonds payable and bonds payable *(continued)*

- 1) Pursuant to the document (Fa Gai Cai Jin [2012] No. 2810) (發改財金[2012]2810號文件) issued by National Development and Reform Commission, Jidong Group issued the first tranche of corporate bonds of Jidong Development Group Co., Ltd. for 2012 on 15 October 2012 (hereinafter referred to as "12 Jidong Development Bond"), totalling RMB800,000,000 with a term of 10 years and a coupon rate of 6.3%.
- 2) Pursuant to the document [2016] No. 35 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) of BBMG Corporation for 2016 to qualified investors by way of public issuance on 14 March 2016 (hereinafter referred to as "16 BBMG 01"), totalling RMB3,200,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and an initial coupon rate of 3.12%. As announced on 22 January 2019, the coupon rate of the bonds was increased to 3.9% for the next two years (i.e., from 14 March 2019 to 13 March 2021). The sale back amount as announced on 12 March 2019 was RMB6,065,000 (exclusive of interests) with the remaining amount of RMB3,193,935,000 (exclusive of interests) due for payment on 15 March 2021; The Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2016 to qualified investors by way of public issuance on 14 March 2016 (hereinafter referred to as "16 BBMG 02"), totalling RMB1,800,000,000 with a term of 7 years (with the issuer's option to raise the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.5%. As disclosed in the announcement dated 5 March 2021, the issuer decided not to raise the coupon rate of the bonds for the next two years. The total sale back amount as announced on 15 March 2021 was RMB1,353,306,000 (exclusive of interests). As announced on 15 March 2021, part of the sale-back bonds were resold with an amount of RMB1,353,300,000 (exclusive of interests) and the remaining bonds not resold was cancelled with an amount of RMB6,000.
- 3) Pursuant to the document [2017] No. 46 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) of BBMG Corporation for 2017 to qualified investors by way of public issuance on 19 May 2017 (hereinafter referred to as "17 BBMG 01"), totalling RMB3,500,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.2%. As announced on 25 March 2020, the coupon rate of the bonds was lowered to 3.2% for the next two years (i. e., from 19 May 2020 to 18 May 2022). The total sale back amount as announced on 19 May 2020 was RMB319,107,000 (exclusive of interests). As announced on 19 May 2020, part of the sale-back bonds were resold with an amount of RMB319,107,000 (exclusive of interests). The Company issued its first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of public issuance on 19 May 2017 (hereinafter referred to as "17 BBMG 02"), totalling RMB500,000,000 with a term of 7 years (with the issuer's option to raise the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.38%.

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

36. Short-term financing bonds payable and bonds payable *(continued)*

- 4) Pursuant to the relevant requirements for bonds listing on the Shanghai Stock Exchange, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2017 to qualified investors by way of non-public issuance on 13 July 2017 (hereinafter referred to as "17 BBMG 03"), totalling RMB1,250,000,000 with a term of 3 years (with the issuer's option to raise the coupon rate at the end of the second year and the investors' entitlement to sell back the bonds) and coupon rate of 5.20%; the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2017 to qualified investors by way of non-public issuance on 13 July 2017 (hereinafter referred to as "17 BBMG 04"), totalling RMB1,750,000,000 with a term of 5 years (with the issuer's option to raise the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.30%.
- 5) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) (《接受註冊通知書》(中市協註[2017]MTN512號)) issued by the National Association of Financial Market Institutional Investors (the "NAFMII"), the Company issued the first tranche of medium term notes of BBMG Corporation for 2018 on 18 January 2018 (hereinafter referred to as "18 BBMG MTN001"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 5.85%.
- 6) Pursuant to the Notice of Acceptance of Filing (Debt Financing Plan [2018] No. 0312) (《接受備案通知書》(債權融資計劃[2018]第0312號)) issued by Beijing Financial Assets Exchange Limited, the Company issued the second tranche of debt financing plan for 2018 on 25 June 2018 (hereinafter referred to as "18 BBMG ZR002"), totalling RMB2,500,000,000 with a term of 3 years and a coupon rate of 6.30%, which was due for payment on 25 June 2021.
- 7) Pursuant to the document [2018] No. 884 issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as "18 BBMG 01"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.7%. The total sale back amount as announced on 28 May 2021 was RMB177,064,000 (exclusive of interests). As announced on 28 July 2021, part of the sale-back bonds were resold with an amount of RMB177,000,000 (exclusive of interests) and the bonds not resold with the remaining amount of RMB64,000 were cancelled. The Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2018 to qualified investors by way of public issuance on 12 July 2018 (hereinafter referred to as "18 BBMG 02"), totalling RMB1,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 5.00%.
- 8) Pursuant to the Notice of Acceptance of Registration issued by the NAFMII, the Company issued the third tranche of medium term notes of BBMG Corporation for 2018 on 9 August 2018 (hereinafter referred to as "18 BBMG MTN003"), totalling RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.70%.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

36. Short-term financing bonds payable and bonds payable *(continued)*

- 9) Pursuant to the Zheng Jian Xu Ke document [2018] No. 884 (《證監許可[2018]884號》文件) issued by the China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2019 to qualified investors by way of public issuance on 9 January 2019 (hereinafter referred to as "19 BBMG 01"), totalling RMB500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.73%. The Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2019 to qualified investors by way of public issuance on 9 January 2019 (hereinafter referred to as "19 BBMG 02"), totalling RMB1,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.07%.
- 10) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) (《接受註冊通知書》中市協註[2017] MTN512號) issued by the NAFMII, the Company issued the first tranche of medium term notes of BBMG Corporation for 2019 on 7 March 2019 (hereinafter referred to as "19 BBMG MTN001"), totalling RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.35%.
- 11) Pursuant to the No Objection Letter Regarding the Compliance with Transfer Conditions of the Shenzhen Stock Exchange in the Non-Public Issuance of Corporate Bonds for 2018 of Tangshan Jidong Cement Co., Ltd. (Shen Zheng Han [2018] No. 810) (《關於唐山冀東水泥股份有限公司2018年非公開發行公司債券符合深交所轉讓條件的無異議函》(深證函[2018]810號)) issued by the Shenzhen Stock Exchange, Jidong Cement issued the first tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 19 March 2019 (hereinafter referred to as "19 Jidong 01"), totalling RMB1,200,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.97%. Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. for 2019 by way of non-public issuance on 28 October 2019 (hereinafter referred to as "19 Jidong 02"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 4.20%.
- 12) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DFI6) (《接受註冊通知書》(中市協註[2019]DFI6號)) issued by the NAFMII, the Company issued the second tranche of medium term notes of BBMG Corporation for 2019 on 7 August 2019 (hereinafter referred to as "19 BBMG MTN002"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 3.94%; and the Company issued the third tranche of medium term notes of BBMG Corporation for 2019 on 12 November 2019 (hereinafter referred to as "19 BBMG MTN003"), totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 4.13%.

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

36. Short-term financing bonds payable and bonds payable *(continued)*

- 13) Pursuant to the Replies (Zheng Jian Xu Ke [2019] No. 2255) issued by the China Securities Regulatory Commission (中國證券監督管理委員會出具的批復(證監許可[2019]2255號)), the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2020 to qualified investors by way of public issuance on 10 January 2020 (hereinafter referred to as "20 BBMG 02"), totalling RMB4,500,000,000 with a term of 7 years (with the issuer's option to adjust the coupon rate at the end of the fifth year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.99%; the Company issued the second tranche of corporate bonds of BBMG Corporation for 2020 to qualified investors by way of public issuance on 15 June 2020 (hereinafter referred to as "20 BBMG 03"), totalling RMB2,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.24%; the Company issued the third tranche of corporate bonds of BBMG Corporation for 2020 to qualified investors by way of public issuance on 13 August 2020 (hereinafter referred to as "20 BBMG 04"), totalling RMB1,500,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.64%.
- 14) Pursuant to the Replies (Zheng Jian Xu Ke [2020] No. 2416) issued by the China Securities Regulatory Commission (中國證券監督管理委員會出具的批復(證監許可[2020]2416號)), Tangshan Jidong Cement Co., Ltd. issued its convertible corporate bonds on 5 November 2020 (hereinafter referred to as "Jidong Convertible Bonds"), totally RMB2,820,000,000 with a term of 6 years, and the coupon rate was set as 0.20%, 0.40%, 0.80%, 1.20%, 1.50% and 2.00% for the first year, second year, third year, fourth year, fifth year and sixth year, respectively, with the redemption price at maturity of RMB106 (including the last payment of interests).
- 15) Pursuant to the document (Zheng Jian Xu Ke [2020] No. 2804) (《證監許可[2020]2804號》文件) issued by the China Securities Regulatory Commission, Jidong Cement issued the first tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. to professional investors by way of public issuance on 11 June 2021 (hereinafter referred to as "21 Jidong 01"), totalling RMB1,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.67%; Jidong Cement issued the second tranche of corporate bonds of Tangshan Jidong Cement Co., Ltd. to professional investors by way of public issuance on 22 November 2021 (hereinafter referred to as "21 Jidong 02"), totalling RMB1,000,000,000 with a term of 5 years (with the issuer's option to adjust the coupon rate at the end of the third year and the investors' entitlement to sell back the bonds) and a coupon rate of 3.57%.
- 16) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. SCP 16) (《接受註冊通知書》(中市協註[2019] SCP16號)) issued by the NAFMII, Jidong Cement issued the third tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2020 on 14 May 2020 (hereinafter referred to as "20 Jidong SCP003"), totalling RMB800,000,000 with a term of 270 days and a coupon rate of 2.07%, which was paid on 8 February 2021; Jidong Cement successfully issued the fourth tranche of ultrashort financing bonds of Tangshan Jidong Cement Co., Ltd. for 2020 on 5 August 2020 (hereinafter referred to as "20 Jidong SCP004"), totalling RMB800,000,000 with a term of 270 days and a coupon rate of 3.07%, which was paid on 2 May 2021.

Notes to Financial Statements (continued)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**36. Short-term financing bonds payable and bonds payable** (continued)

- 17) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. DF16) (《接受註冊通知書》(中市協註[2019]DF16號)) issued by the NAFMII, the Company successfully issued the first tranche of ultrashort financing bonds of BBMG Corporation as at 31 December 2021 on 4 March 2021 (hereinafter referred to as "21 BBMG SCP001"), totalling RMB1,500,000,000 with a term of 140 days and a coupon rate of 2.90% and successfully issued the second tranche of ultrashort financing bonds of BBMG Corporation as at 31 December 2021 on 8 March 2021 (hereinafter referred to as "21 BBMG SCP002"), totalling RMB1,500,000,000 with a term of 268 days and a coupon rate of 3.18%; the Company successfully issued the third tranche of ultrashort financing bonds of BBMG Corporation as at 31 December 2021 on 11 August 2021 (hereinafter referred to as "21 BBMG SCP003"), totalling RMB2,500,000,000 with a term of 259 days and a coupon rate of 2.50% and successfully issued the fourth tranche of ultrashort financing bonds of BBMG Corporation as at 31 December 2021 on 1 September 2021 (hereinafter referred to as "21 BBMG SCP004"), totalling RMB3,000,000,000 with a term of 205 days and a coupon rate of 2.60%; the Company also successfully issued the fifth tranche of ultrashort financing bonds of BBMG Corporation as at 31 December 2021 on 6 September 2021 (hereinafter referred to as "21 BBMG SCP005"), totalling RMB2,000,000,000 with a term of 269 days and a coupon rate of 2.65%.
- 18) Pursuant to the document (Zheng Jian Xu Ke [2020] No. 2749) (《證監許可[2020]2749號》文件) issued by the China Securities Regulatory Commission, the Company issued the 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%.

37. Lease liabilities

	31 December 2021	31 December 2020
Principal of lease liabilities	667,488,140.39	738,044,085.90
Less: Unrecognised finance cost	134,003,468.62	173,651,593.89
	533,484,671.77	564,392,492.01
Less: Lease liabilities due within one year	138,273,121.17	106,062,842.41
Non-current portion	395,211,550.60	458,329,649.60

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

38. Long-term payables

	31 December 2021	31 December 2020
Long-term payables	385,210,384.03	58,729,603.77
Less: Long-term payables due within one year	<u>40,040,615.47</u>	<u>39,567,383.08</u>
Non-current portion	<u>345,169,768.56</u>	<u>19,162,220.69</u>

Analysis of maturity of long-term payables:

	31 December 2021	31 December 2020
Within 1 year (inclusive of 1 year)	40,040,615.47	39,567,383.08
1 to 2 years (inclusive of 2 years)	68,318,215.69	–
2 to 5 years (over 2 years and inclusive of 5 years)	<u>276,851,552.87</u>	<u>19,162,220.69</u>
	<u>385,210,384.03</u>	<u>58,729,603.77</u>

39. Long-term wages payable

	31 December 2021	31 December 2020
Net liabilities of defined benefit plan	<u>498,937,107.96</u>	<u>529,547,335.17</u>

The Group's defined benefit plans are various supplementary benefit plans targeting at employees retiring before the designated dates, and the plans are subject to impacts from interest rate risk and changes in the life expectancy of pension beneficiaries. The present value of the net liabilities of the defined benefit plans was determined by Beijing Branch of Towers Watson Management and Consulting (Shenzhen) Company Limited (韜睿惠悅管理諮詢(深圳)有限公司), a member of the China Association of Actuaries (中國精算學會), on 31 December 2021 using the projected accumulated benefit units method.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***39. Long-term wages payable** *(continued)*

The following table sets forth the principal actuarial assumptions used as at the balance sheet date:

	31 December 2021	31 December 2020
Discount rate (%)	2.00-4.00	3.00-4.00
Growth rate of benefit costs of retirees and early retirees (%)	2.25	2.5

The following table sets forth the quantitative sensitivity analysis of significant assumptions used:

31 December 2021

	Increase (%)	Increase/ (decrease) of defined benefit plan obligations	Decrease (%)	Increase/ (decrease) of defined benefit plan obligations
Discount rate (%)	0.25	(9,148,432.70)	0.25	9,488,229.49
Expected growth rate of future retiree benefit costs	0.50	17,382,731.73	0.50	(16,150,822.52)

31 December 2020

	Increase (%)	Increase/(decrease) of defined benefit plan obligations	Decrease (%)	Increase/(decrease) of defined benefit plan obligations
Discount rate (%)	0.25	(9,970,096.12)	0.25	10,336,361.72
Expected growth rate of future retiree benefit costs (%)	0.50	18,274,037.05	0.50	(16,970,951.10)

The above sensitivity analysis represents the inference on the impacts over the defined benefit obligations based on reasonable changes in key assumptions as at the balance sheet date. The sensitivity analysis is based on changes in major assumptions with other assumptions remain unchanged. As changes in assumptions are always not isolated from each other, the sensitivity analysis may not represent the actual changes in the defined benefit obligations.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

39. Long-term wages payable *(continued)*

The table below sets out the relevant costs recognised in profit or loss:

	31 December 2021	31 December 2020
Net interest expenses charged to finance expenses	16,692,438.00	20,581,342.00
Charged to management expenses	<u>(3,356,000.00)</u>	<u>(63,379,000.00)</u>
	13,336,438.00	(42,797,658.00)

Movements in present value of defined benefit plan are as follows:

	31 December 2021	31 December 2020
Opening balance	587,617,906.77	710,193,487.83
Interest expenses for the year	17,095,438.00	20,581,342.00
Service costs for the year	(9,001,000.00)	(34,719,000.00)
Previous service costs	(1,913,000.00)	(28,660,000.00)
Welfare benefits paid for the year	(46,949,104.93)	(52,882,167.06)
Actuarial gains recognised in other comprehensive income	6,903,722.00	(26,895,756.00)
<i>Including: Actuarial changes arising from changes in demographic statistics assumptions</i>	4,915,000.00	–
<i>Including: Actuarial changes arising from changes in financial assumptions</i>	(3,481,000.00)	(3,481,000.00)
<i>Including: Actuarial gains on difference in experience</i>	10,351,722.00	(23,414,756.00)
Closing balance	553,753,961.84	587,617,906.77
Less: Current portion of net liabilities of defined benefit plan	<u>54,816,853.88</u>	<u>58,070,571.60</u>
Closing balance	498,937,107.96	529,547,335.17

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***39. Long-term wages payable** *(continued)*

Expected future payments to the defined benefit plan:

	31 December 2021	31 December 2020
Within 1 year	54,816,853.88	58,070,571.60
2 to 5 years	189,240,146.35	202,152,503.12
5 to 10 years	192,898,253.86	205,170,206.72
Over 10 years	576,748,463.30	685,330,185.57
Total expected deposit	1,013,703,717.39	1,150,723,467.01

40. Accrued liabilities

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Pending litigations or arbitration	11,943,914.92	100,000.00	9,141,731.25	2,902,183.67
Accrued concrete loss (Note 1)	47,540,047.23	625,739.07	15,321,776.68	32,844,009.62
Restoration cost of mines (Note 2)	531,897,777.96	12,789,252.60	140,635,951.78	404,051,078.78
Others (Note 3)	233,420,755.26	150,000.00	169,906,648.96	63,664,106.30
	824,802,495.37	13,664,991.67	335,006,108.67	503,461,378.37

Note 1: Accrued concrete loss was recognized based on potential difference between concrete's warehouse-out amount and future settlement amount by the Group's subsidiaries engaged in the production of concrete.

Note 2: Accrued restoration cost was recognized based on the expenditure on restoration of mines required to be incurred in subsequent years by the Group's subsidiaries engaged in the production of cement.

Note 3: Others include the estimated project compensation for subsidiaries of the Group.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

41. Deferred income

	31 December 2021	31 December 2020
Opening balance	832,750,925.25	837,416,381.95
Increase during the year	55,551,416.28	75,971,189.15
Decrease during the year	92,945,107.01	80,636,645.85
Closing balance	795,357,234.52	832,750,925.25

Of which, the details of government grants are as follows:

	31 December 2021	31 December 2020
Government grants related to assets		
Environmental protection projects	434,467,610.13	416,672,814.52
Cogeneration projects	7,899,995.06	17,402,834.97
Relocation compensation	232,996,643.00	197,625,852.66
Specific funds	6,693,351.03	7,037,648.63
Others	107,393,615.80	189,028,263.77
Government grants related to income		
Research and development funds	5,906,019.50	4,983,510.70
Closing balance	795,357,234.52	832,750,925.25

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
(continued)**41. Deferred income** (continued)

As at 31 December 2021, the major items related to government grants were as follows:

	Opening balance	Increase in the year	Other transfer out during the year	Included in other income in the year	Closing balance	Related to assets/gains
Asset subsidy for relocation compensation of Tiantan	150,803,870.79	-	-	7,004,967.62	143,798,903.17	Related to assets
Subsidy for environmental protection equipment for Bio-Island project	110,974,234.02	-	-	15,375,917.64	95,598,316.38	Related to assets
Appropriation for mud project of Beijing Cement Plant	18,969,722.20	-	-	2,976,666.68	15,993,055.52	Related to assets
Tangshan Qixin Cement Industry Museum Project	46,245,793.10	-	-	1,360,475.93	44,885,317.17	Related to assets
Grant of Liushui construction garbage project	31,841,333.32	-	-	2,449,333.32	29,392,000.00	Related to assets
Relocation compensation for Jianji	44,218,182.16	-	-	1,842,424.20	42,375,757.96	Related to assets
Replacement subsidy for Jianyuan	18,867,924.53	-	-	-	18,867,924.53	Related to assets
Zanhuang collaborative disposal of household garbage and sludge project	13,363,500.00	-	-	1,062,000.00	12,301,500.00	Related to assets
Grant of Heilongjiang industrial production project	12,344,096.40	-	-	1,028,674.68	11,315,421.72	Related to assets
Project of the production line with a capacity of 4,600 tonnes of cement clinkers in Hechuan	12,481,730.28	-	-	322,109.16	12,159,621.12	Related to assets
Raw material storage tent of Zhenxing	7,311,333.34	-	-	672,000.00	6,639,333.34	Related to assets
Ground source heat pump construction project of BBMG Logistics Park	6,750,000.00	-	6,750,000.00	-	-	Related to assets
Heat supply renovation project of Liulihe	5,374,999.85	-	-	500,000.04	4,874,999.81	Related to assets
	479,546,719.99	-	6,750,000.00	34,594,569.27	438,202,150.72	

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Deferred income (continued)

As at 31 December 2020, the major items related to government grants were as follows:

	Opening balance	Increase in the year	Other transfer out during the year	Included in other income in the year	Closing balance	Related to assets/ gains
Asset subsidy for relocation compensation of Tiantan	157,757,241.75	-	-	6,953,370.96	150,803,870.79	Related to assets
Subsidy for environmental protection equipment for Bio-Island project	126,163,285.46	-	-	15,189,051.44	110,974,234.02	Related to assets
Appropriation for mud project of Beijing Cement Plant	21,946,388.88	-	-	2,976,666.68	18,969,722.20	Related to assets
Tangshan Qixin Cement Industry Museum Project	47,726,666.30	-	-	1,480,873.20	46,245,793.10	Related to assets
Grant of Liushui construction garbage project	38,550,666.64	-	4,260,000.00	2,449,333.32	31,841,333.32	Related to assets
Relocation compensation for Jianji	46,060,606.36	-	-	1,842,424.20	44,218,182.16	Related to assets
Replacement subsidy for Jianyuan	-	18,867,924.53	-	-	18,867,924.53	Related to assets
Zanhuang collaborative disposal of household garbage and sludge project	14,425,500.00	-	-	1,062,000.00	13,363,500.00	Related to assets
Grant of Heilongjiang industrial production project	12,332,666.63	1,040,104.45	-	1,028,674.68	12,344,096.40	Related to assets
Project of the production line with a capacity of 4,600 tonnes of cement clinkers in Hechuan	-	12,589,100.00	-	107,369.72	12,481,730.28	Related to assets
Raw material storage tent of Zhenxing	7,392,000.00	-	-	80,666.66	7,311,333.34	Related to assets
Ground source heat pump construction project of BBMG Logistics Park	6,750,000.00	-	-	-	6,750,000.00	Related to assets
Heat supply renovation project of Liulihe	5,874,999.89	-	-	500,000.04	5,374,999.85	Related to assets
	<u>484,980,021.91</u>	<u>32,497,128.98</u>	<u>4,260,000.00</u>	<u>33,670,430.90</u>	<u>479,546,719.99</u>	

42. Other non-current liabilities

	31 December 2021	31 December 2020
Advance payment for rent	<u>4,750,000.01</u>	<u>9,000,000.00</u>

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**43. Share capital****2021**

	Opening balance	Movements during the year		Closing balance
		Shares released from lock-up period	Sub-total	
I. Shares subject to lock-up restriction				
1. State-owned legal person shareholdings	-	-	-	-
2. Other domestic shareholdings	4,848,000.00	-	-	4,848,000.00
Total shares subject to lock-up restriction	4,848,000.00	-	-	4,848,000.00
II. Shares not subject to lock-up restriction				
1. RMB ordinary shares	8,334,158,264.00	-	-	8,334,158,264.00
2. Overseas listed foreign shares	2,338,764,870.00	-	-	2,338,764,870.00
Total shares not subject to lock-up restriction	10,672,923,134.00	-	-	10,672,923,134.00
Total share capital	10,677,771,134.00	-	-	10,677,771,134.00

2020

	Opening balance	Movements during the year		Closing balance
		Shares released from lock-up period	Sub-total	
I. Shares subject to lock-up restriction				
1. State-owned legal person shareholdings	-	-	-	-
2. Other domestic shareholdings	4,848,000.00	-	-	4,848,000.00
Total shares subject to lock-up restriction	4,848,000.00	-	-	4,848,000.00
II. Shares not subject to lock-up restriction				
1. RMB ordinary shares	8,334,158,264.00	-	-	8,334,158,264.00
2. Overseas listed foreign shares	2,338,764,870.00	-	-	2,338,764,870.00
Total shares not subject to lock-up restriction	10,672,923,134.00	-	-	10,672,923,134.00
Total share capital	10,677,771,134.00	-	-	10,677,771,134.00

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Other equity instruments

Perpetual bonds	Issuance date	31 December 2021	31 December 2020
2016 First Tranche of Medium-term Notes	2 September 2016	–	1,996,000,000.00
2016 Second Tranche of Medium-term Notes	6 September 2016	–	1,996,000,000.00
2017 First Tranche of Medium-term Notes	11 October 2017	2,495,000,000.00	2,495,000,000.00
2017 Second Tranche of Medium-term Notes	6 November 2017	2,495,000,000.00	2,495,000,000.00
2018 Second Tranche of Medium-term Notes	7 June 2018	–	1,996,000,000.00
2018 Fourth Tranche of Medium-term Notes	18 September 2018	–	1,497,000,000.00
2018 Fifth Tranche of Medium-term Notes	17 October 2018	–	1,497,000,000.00
2020 First Tranche of Medium-term Notes	22 April 2020	1,500,000,000.00	1,500,000,000.00
2020 Second Tranche of Medium-term Notes	19 June 2020	1,500,000,000.00	1,050,000,000.00
Jiangsu Trust Perpetual Bonds Investment	28 September 2021	4,000,000,000.00	–
Jiangsu Trust Perpetual Bonds Investment	29 October 2021	999,000,000.00	–
2021 First Tranche of Renewable Corporate Bonds	12 November 2021	1,500,000,000.00	–
2021 Second Tranche of Renewable Corporate Bonds	21 December 2021	1,500,000,000.00	–
		15,989,000,000.00	16,522,000,000.00

According to the contract terms of various types of perpetual bonds issued by the Company, the Company has no contractual obligation to repay the principal or pay interest on the bonds, nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds. The perpetual bonds were accounted for by the Company based on the net proceeds after deducting issue expenses and included in other equity instruments, and the relevant coupon payments declared will be treated as distribution to the holders of the equity.

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***44. Other equity instruments** *(continued)***(1) According to the Prospectus, the major terms of the medium-term notes are as follows:**

Maturity date	The medium-term notes have no fixed maturity date, which are on a long-term basis until redemption by the Company according to the requirement of the issuance provisions, and will expire when the Company redeems the notes according to the requirement of the issuance provisions.
Deferred distribution	Unless a mandatory interest payment event has occurred, on each interest payment date of the medium-term notes, the Company can elect to defer payment of interest due and all interest deferred according to the issuance provisions and its fruits to the next interest payment date without any limitation on the number of times of such deferral. The foregoing deferred interest payment does not make the Company fail to pay the interest in full according to the requirement. Interest shall accrue on each of the deferred interest at the prevailing coupon rate over the period of deferral.
Mandatory distribution payment events	If any of the following events occurs within 12 months prior to the interest payment date, the Company shall not defer the payment of interest due or all interest deferred pursuant to this term and its fruits: <ul style="list-style-type: none"> (1) distributing dividends to ordinary shareholders; (2) reducing the registered capital.
Redemption and purchase	The Company is entitled to redeem the medium-term notes at par value plus payable interest (including all deferred interest) on the third/fifth and each of the subsequent interest payment dates of the medium-term notes.
Interest rate determination	Medium-term notes carried fixed rate; <p>The coupon rate shall be reset every three/five years from the fourth/sixth year of interest calculation;</p> <p>In the event that the issuer does not exercise its redemption right, starting from the fourth/sixth year of interest calculation, the coupon rate shall be adjusted to benchmark interest rate for the current period plus initial spread plus 300 basis points. Thereafter, the coupon interest rates is reset every three/five years to the benchmark interest rate for the current period plus the initial spread plus 300 basis points.</p>

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Other equity instruments *(continued)*

- (2) **According to the Perpetual Bonds Investment Contract of Jiangsu Trust – BBMG No. 1 Assembled Funds Trust Plan (《江蘇信託一金隅1號集合資金信託計劃之永續債權投資合同》), the major terms of Jiangsu Trust Perpetual Bonds Investment are as follows:**

Maturity date	No fixed maturity date. The investment period under this Contract shall be 7+N (N=0, 1, 2, 3.....), which shall last for a long time before the Company applies for the expiration of this contract according to the provisions of this Contract or the Investor announces the early expiration of the investment under this Contract according to the provisions of this Contract, and expire on the expiration date stipulated in the Application for Investment Expiration of the i-th Investment Fund sent by the Company or at the time when the Investor announces the early expiration of the investment under this Contract according to the provisions of this Contract. The first seven years after the release of each investment fund shall be the initial investment period, and each subsequent year shall be an investment period. The Company shall have the right to choose to apply for the maturity of the investment fund prior 90 days of the expiration date of each investment period. If the Company chooses to apply for the maturity of the investment fund, such investment fund shall expire when the current investment period expires, and the Company shall, according to the provisions of this Contract, fully pay such investment fund, the investment income (including the deferred investment income under such investment fund) and other payable.
Deferred distribution	Unless a compulsory payment event occurs, the Company can choose to postpone the payment of the current i-th investment income corresponding to the i-th investment fund and all the i-th investment income deferred according to this Article to the next payment date on each i-th investment income payment date under this Contract, without any restriction on the number of deferred payments. The above deferral of the i-th investment income will not constitute the Company's failure to pay the i-th investment income to the Investor in full according to the provisions of this Contract. If the Company chooses deferred payment, it shall send a notice of deferred payment to the Investor 10 working days in advance.

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***44. Other equity instruments** *(continued)*

(2) **According to the Perpetual Bonds Investment Contract of Jiangsu Trust – BBMG No. 1 Assembled Funds Trust Plan (《江蘇信託一金隅1號集合資金信託計劃之永續債權投資合同》), the major terms of Jiangsu Trust Perpetual Bonds Investment are as follows:** *(continued)*

Mandatory distribution payment events	If the Company has any of the following events within 12 months before the payment date of any i-th investment income, the Company shall not defer the payment of the current i-th investment income and all the deferred i-th investment income:
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(1) paying dividends to shareholders;

(2) reducing the registered capital;

(3) making any form of interest payment or payment with respect to other perpetual bonds or securities or creditor's rights with the same repayment order as or inferior repayment order than the Perpetual Bonds.

Redemption and purchase	Before 90 days of the expiration date of each investment period, the Company shall have the right, according to the provisions of this Contract, fully pay such investment fund, the investment income (including the deferred investment income under such investment fund) and other amounts payable.
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Interest rate determination	The Perpetual Debts shall bear interest at the fixed rate of return within the previous 7 years;
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The investment income will be adjusted on the day immediately after the expiration date of the 7th year from the starting date of the i-th investment period. The adjusted interest rate will be the original applicable investment income rate plus 300bp, and such investment income rate will remain unchanged thereafter.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Other equity instruments *(continued)*

(3) According to the Prospectus, the major terms of the Renewable Corporate Bonds are as follows:

Maturity date	The basic period of the Bonds shall be 2 years, with every 2 interest-bearing years as a cycle (repricing cycle). The Company has the option of renewal at the end of each agreed period, and the Company has the right to choose to extend the period of the Bonds for one cycle, or choose to pay the Bonds in full at the expiration of the repricing cycle.
Deferred distribution	Unless a mandatory interest payment event has occurred, on each interest payment date of the current bonds, the Company can elect to defer payment of interest due and all interest deferred according to the provisions and its fruits to the next interest payment date without any limitation on the number of times of such deferral. The foregoing deferred interest payment does not make the Company fail to pay the interest in full according to the requirement.
Mandatory distribution payment events	If any of the following events occurs within 12 months prior to the interest payment date, the Company shall not defer the payment of interest due or all interest deferred as agreed and its fruits: <ul style="list-style-type: none"> (1) distributing dividends to ordinary shareholders; (2) reducing the registered capital.
Redemption and purchase	The Company has no right or obligation to redeem the Bonds, except that the Company redeems the Bonds due to change of tax policies and change of accounting standards. If the Company redeems the Bonds, it will redeem all the Bonds from the investors with the par value plus the current interest, the deferred interest and its fruits (if any). The payment method of redemption will be the same as the payment method of the principal and interest due for the Bonds. The list of bondholders will be counted according to the relevant regulations of the registration authority of the Bonds, and it will be handled according to the relevant regulations of the registration authority of the Bonds.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

44. Other equity instruments *(continued)*

(3) According to the Prospectus, the major terms of the Renewable Corporate Bonds are as follows: *(continued)*

Interest rate determination	The Renewable Bonds will be in the form of fixed interest rate, with simple interest bearing annual interest, excluding compound interest.
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If there is any deferral, each deferred interest will accrue at the current coupon rate during the deferred period. The coupon rate of the first cycle of the Bonds shall be fixed in the first cycle, and then reset once every cycle.

The coupon rate of the first cycle shall be the initial benchmark interest rate plus the initial interest rate spread. If the Issuer exercises the renewal option at the end of the first cycle or a subsequent cycle, the coupon rate will be adjusted to the current benchmark interest rate plus the initial interest rate spread plus 300 basis points from the second cycle. After that, the coupon rate will be reset to the current benchmark interest rate plus the initial interest rate spread plus 300 basis points in each cycle, and so on, and such 300 basis points will not be superimposed progressively.

The interest rate of medium-term notes, perpetual bonds investment and renewable corporate bonds of the Group was 3.28%~5.45%, and as at 31 December 2021, the interest accrued was RMB767,955,896.34 and interest payable to specific investors amounted to RMB917,079,221.92.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

45. Capital reserve

31 December 2021

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share premium	6,169,149,696.05	–	939,860,611.71	5,229,289,084.34

31 December 2020

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share premium	6,434,307,002.11	–	265,157,306.06	6,169,149,696.05

The decrease in the capital reserve during the year mainly includes other comprehensive income transferred from the evaluation appreciation of investment properties which was converted from original inventories of RMB238,555,502.49 at the date of conversion and the decrease in capital reserve of the equity transactions that do not affect control of RMB703,056,699.00. For details of the equity transactions that do not affect control, please see the Note VII. 2.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***46. Other comprehensive income**

Accumulated balance of other comprehensive income attributable to shareholders of the parent company in the consolidated balance sheet:

31 December 2021

	1 January 2021	Increase/(decrease)	31 December 2021
Changes arising from re-measurement of defined benefit plans	95,100,748.00	(5,194,172.00)	89,906,576.00
Changes in fair value of investment in other equity instruments	(30,329,303.57)	(1,046,692.64)	(31,375,996.21)
The effect of the change in the equity of other owners of an investee under equity method	(1,008,660.75)	(3,746,889.49)	(4,755,550.24)
Cash flow hedging reserves	-	(733,367.25)	(733,367.25)
Exchange differences on foreign currency translation	(702,944.41)	7,294,895.33	6,591,950.92
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	384,136,093.81	299,441,471.84	683,577,565.65
	447,195,933.08	296,015,245.79	743,211,178.87

31 December 2020

	1 January 2020	Increase/(decrease)	31 December 2020
Changes arising from re-measurement of defined benefit plans	76,807,642.00	18,293,106.00	95,100,748.00
Changes in fair value of investment in other equity instruments	(28,712,389.60)	(1,616,913.97)	(30,329,303.57)
Other comprehensive income that may be reclassified to profit or loss under equity method	(1,008,660.75)	-	(1,008,660.75)
Exchange differences on foreign currency translation	8,459,245.41	(9,162,189.82)	(702,944.41)
The difference between the fair value and the carrying value of the self-occupied properties on the date when it changed to the investment properties measured with the fair value model	176,722,075.98	207,414,017.83	384,136,093.81
	232,267,913.04	214,928,020.04	447,195,933.08

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

46. Other comprehensive income *(continued)*

Changes in other comprehensive income:

31 December 2021

	Amount before tax	Less: Income tax	Attributable to the shareholders of the parent company	Attributable to minority shareholders
Other comprehensive income not allowed to be reclassified to profit or loss				
Changes in net liabilities arising from re-measurement of defined benefit plans	(6,903,722.00)	-	(5,194,172.00)	(1,709,550.00)
Changes in fair value of investment in other equity instruments	16,449,124.68	4,112,281.17	(1,046,692.64)	13,383,536.15
Other comprehensive income to be reclassified into profit or loss				
Other comprehensive income that may be reclassified to profit or loss under the equity method	(11,354,210.57)	-	(3,746,889.49)	(7,607,321.08)
Cash flow hedging reserves	(1,481,550.00)	-	(733,367.25)	(748,182.75)
Exchange differences on foreign currency translation	2,583,702.93	-	7,294,895.33	(4,711,192.40)
The difference between the fair value and the carrying value of self-occupied properties or inventories on the date when it changed to investment properties measured with the fair value model	399,255,295.79	99,813,823.95	299,441,471.84	-
	<u>398,548,640.83</u>	<u>103,926,105.12</u>	<u>296,015,245.79</u>	<u>(1,392,710.08)</u>

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***46. Other comprehensive income** *(continued)*

31 December 2020

	Amount before tax	Less: Income tax	Attributable to the shareholders of the parent company	Attributable to minority shareholders
Changes arising from re-measurement of defined benefit plans	26,895,756.00	-	18,293,106.00	8,602,650.00
The difference between the fair value and the carrying value of the self-occupied properties on the date when it changed to the investment properties measured with the fair value model	276,552,023.77	69,138,005.94	207,414,017.83	-
Exchange differences on foreign currency translation	(21,389,719.73)	-	(9,162,189.82)	(12,227,529.91)
Changes in fair value of investment in other equity instruments	(9,321,338.25)	(2,440,853.28)	(1,616,913.97)	(5,263,571.00)
	<u>272,736,721.79</u>	<u>66,697,152.66</u>	<u>214,928,020.04</u>	<u>(8,888,450.91)</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

47. Specific reserve

31 December 2021

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Production safety cost	51,385,977.58	103,817,813.04	109,329,517.48	45,874,273.14

31 December 2020

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Production safety cost	32,250,174.13	116,941,990.17	97,806,186.72	51,385,977.58

Pursuant to the requirements of the Administrative Measures on Provision and Usage of Production Safety Cost of Enterprises" (Caiqi [2012] No.16) issued by the Ministry of Finance and the State Administration of Work Safety, the Group began to accrue production safety fund for the stipulated non-metal mineral products industries at a fixed amount from 2012, the details of which are set out in Note III. 33 Production safety cost.

48. Surplus reserve

31 December 2021

	Opening balance	Increase during the year	Closing balance
Statutory surplus reserve	2,263,251,151.05	207,727,037.43	2,470,978,188.48

31 December 2020

	Opening balance	Increase during the year	Closing balance
Statutory surplus reserve	1,926,994,968.55	336,256,182.50	2,263,251,151.05

According the requirements of the Company Law and the Articles of Association of the Company, the Company shall appropriate 10% of its net profit to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve of the Company has exceeded 50% of the registered capital of the Company, additional appropriation will not be needed. After the appropriation to statutory surplus reserve, the Company may make appropriation to the discretionary surplus reserve. Upon approval, discretionary surplus reserve can be used to make up for losses from previous years or to increase the share capital.

Notes to Financial Statements (continued)

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)**49. General risk reserve**

31 December 2021

	Opening balance	Increase during the year	Closing balance
General risk reserve	457,650,791.76	–	457,650,791.76

31 December 2020

	Opening balance	Increase during the year	Closing balance
General risk reserve	359,957,564.90	97,693,226.86	457,650,791.76

The general risk reserve is made by the Company's subsidiary BBMG Finance Co., Ltd. based on a certain ratio of the balance of risk assets at the end of the year pursuant to the Administrative Measures on Provision of Reserves of Financial Enterprises (《金融企業準備金計提管理辦法》) issued by the Ministry of Finance.

50. Retained earnings

	31 December 2021	31 December 2020
Retained earnings as at the beginning of the year	26,787,531,577.50	26,505,650,840.60
Net profit attributable to the shareholders of the parent company	2,933,014,544.76	2,843,772,517.94
Less: Interest of perpetual bonds	767,955,896.34	846,609,835.60
Less: Appropriation of surplus reserve	207,727,037.43	336,256,182.50
Less: Appropriation of general risk reserve	–	97,693,226.86
Less: Cash dividends payable	641,145,378.28	1,281,332,536.08
Retained earnings at the end of the year	28,103,717,810.21	26,787,531,577.50

Note 1: Upon the consideration and approval at the 2020 annual general meeting of the Company convened on 12 May 2021, profit distribution for the year 2020 was calculated based on total share capital of the Company of 10,677,771,134 shares before implementation of distribution plan, with the distribution of a cash dividend of RMB0.06 per share (tax inclusive).

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

51. Operating revenue and costs

	2021		2020	
	Revenue	Costs	Revenue	Costs
Principal operations	122,624,107,338.15	103,263,395,398.16	107,333,851,103.15	87,055,316,543.85
Other operations	<u>1,010,340,773.75</u>	<u>301,201,822.18</u>	<u>671,033,248.20</u>	<u>398,829,191.13</u>
	<u>123,634,448,111.90</u>	<u>103,564,597,220.34</u>	<u>108,004,884,351.35</u>	<u>87,454,145,734.98</u>

Operating revenue are as follows:

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***51. Operating revenue and costs** *(continued)*

Disaggregated operating revenue from contracts with customers is as follows:

	2021	2020
Revenue recognition time		
Revenue recognized at a point in time		
Sale of products	44,702,085,584.18	42,951,278,341.88
Bulk commodity trade	32,148,422,650.98	27,324,031,886.59
Sale of properties	39,625,866,717.94	30,931,485,171.17
Others	<u>1,740,506,415.38</u>	<u>1,510,300,746.37</u>
Revenue recognized over time		
Property management	1,027,170,565.44	874,491,158.82
Hotel operation	319,643,831.44	234,423,655.99
Income from decoration	521,005,552.76	305,866,207.65
Treatment of solid wastes	<u>1,427,929,554.34</u>	<u>1,755,645,182.75</u>
	<u>121,512,630,872.46</u>	<u>105,887,522,351.22</u>

The revenue recognized in the current year and included in the carrying amount of contract liabilities at the beginning of the year is as follow:

	2021	2020
Sale of products	1,133,155,959.89	1,060,073,418.63
Bulk commodity trade	214,231,068.20	267,086,028.87
Sale of properties	22,333,048,368.17	21,997,653,925.55
Property management	2,127,089.30	546,900.00
Income from decoration	25,650,649.80	31,819,694.41
Treatment of solid wastes	25,135,875.99	42,498,184.05
Others	<u>57,496,859.61</u>	<u>130,132,299.35</u>
Total	<u>23,790,845,870.96</u>	<u>23,529,810,450.86</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

52. Tax and surcharges

	2021	2020
City maintenance and construction tax	184,326,528.69	197,528,950.24
Education surcharges	151,280,992.84	161,874,518.30
Resource tax	133,156,443.35	98,233,559.35
Land appreciation tax	463,576,062.92	843,049,096.25
Real estate tax	393,468,929.22	349,838,355.83
Land use tax	195,516,924.07	191,868,758.56
Stamp duty	104,715,772.24	92,701,448.20
Green tax	65,016,536.67	76,660,232.35
Others	74,319,093.62	15,117,655.72
	1,765,377,283.62	2,026,872,574.80

53. Selling expenses

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

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***54. Administrative expenses**

	2021	2020
Employee remunerations	2,843,365,459.19	2,402,899,798.82
Office expenses	1,063,545,729.59	1,098,244,905.88
Utilities	80,529,541.16	79,012,528.78
Intermediary service fees	312,879,856.23	286,211,256.47
Lease fee	89,714,245.14	94,963,902.67
Sewage and afforestation fees	45,941,912.69	58,416,896.06
Loss on shut down	788,524,816.04	741,943,287.04
Others	<u>1,617,782,014.86</u>	<u>1,578,726,207.23</u>
	<u>6,842,283,574.90</u>	<u>6,340,418,782.95</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 RMB6,300,000.00 (tax inclusive) (2020: RMB5,800,000.00).

55. Research and development expenses

	2021	2020
Employee remunerations	193,181,017.25	123,887,455.70
Material and equipment cost	63,534,280.62	60,851,225.40
Others	<u>90,017,417.64</u>	<u>84,414,128.57</u>
	<u>346,732,715.51</u>	<u>269,152,809.67</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

56. Finance costs

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

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

The breakdown of interest income was as follows:

	2021	2020
Cash and bank balances	154,063,457.30	153,575,586.71
Interest income from financing component	92,564,238.15	97,736,880.37
Other debt investments	20,721,556.99	24,756,749.90
	267,349,252.44	276,069,216.98

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***57. Other gains**

Government subsidies in relation to the ordinary activities are as follows:

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

58. Investment gains

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

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

59. Gains from changes in fair value

	2021	2020
Financial assets held for trading	39,696,150.69	(5,257,665.09)
Investment properties measured at fair value	<u>652,118,591.28</u>	<u>525,650,251.77</u>
	<u>691,814,741.97</u>	<u>520,392,586.68</u>

60. Credit impairment losses

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

61. Asset impairment losses

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

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***62. Gains/(losses) on disposal of assets**

	2021	2020
Gains on disposal of fixed assets	70,181,804.49	29,186,660.06
Gains/(losses) on disposal of intangible assets	2,940,901.49	(29,609,498.01)
Others	750,926.51	283,775.35
	73,873,632.49	(139,062.60)

63. Non-operating income

	2021	2020	Recognised in non-recurring profit and loss for 2021
Net gains from fines	83,982,984.83	69,489,456.49	83,982,984.83
Relocation compensation/government grants	175,949,842.70	453,863,482.70	175,949,842.70
Unpayable amounts	50,835,868.43	68,225,053.40	50,835,868.43
Gains on disposal of non-current assets	340,123,622.48	32,952,695.81	340,123,622.48
Others	452,478,519.41	50,326,966.86	452,478,519.41
	1,103,370,837.85	674,857,655.26	1,103,370,837.85

64. Non-operating expenses

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

65. Expenses by nature

The supplemental information on the Group's operating costs, selling expenses, administrative expenses and R&D expenditure by nature is as follows:

	2021	2020
Consumption of raw materials	23,611,506,729.35	20,327,254,623.94
Procurement costs of tradable goods	32,734,389,803.79	28,398,508,833.63
Cost of sales of real estate	33,844,752,156.84	26,284,746,609.02
Changes in inventory of finished goods and work in progress	242,658,953.18	267,321,930.83
Employee remunerations	7,015,029,892.47	5,916,779,048.10
Depreciation and amortisation	4,631,726,298.20	4,581,798,718.90
Rentals	315,106,498.57	323,838,069.78
Maintenance expenses	1,432,672,622.23	1,381,717,736.96
Fuel and energy costs	3,746,618,682.64	3,400,623,017.43
Transportation fee	1,533,329,183.88	1,551,663,919.14
Advertisement fee	388,889,746.90	361,120,791.69
Office expenses	1,555,712,318.32	1,515,961,416.15
Intermediary fee	945,337,403.22	784,807,996.81
Others	1,414,910,941.93	1,306,450,574.98
	113,412,641,231.52	96,402,593,287.36

66. Income tax expense

	2021	2020
Current income tax expense	2,345,686,513.65	2,689,651,245.06
Deferred income tax expense	322,109,773.06	(51,153,557.14)
	2,667,796,286.71	2,638,497,687.92

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***66. Income tax expense** *(continued)*

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

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

67. Earnings per share

	2021 RMB/share	2020 RMB/share
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	2,933,014,544.76	2,843,772,517.94
Less: Interests on other equity instrument	<u>767,955,896.34</u>	<u>846,609,835.62</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>10,677,771,134.00</u>	<u>10,677,771,134.00</u>
Basic earnings per share – continuing operations	<u>0.20</u>	<u>0.19</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 the 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 earning per share was consistent with basic earnings per share. For earnings per share (before deducting other equity instruments), please refer to Supplementary Information to Financial Statements 2.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

68. Notes to items of statement of cash flows

	2021	2020
Cash received relating to other operating activities		
Deposits and other amounts received	–	20,698,353.09
Compensation received	351,244,223.93	678,529,218.79
Interest income received	242,999,447.01	309,951,419.54
Principal and interest on financing sale-leaseback	50,048,331.70	–
Current accounts and other current account	1,462,732,035.59	1,116,266,752.21
	2,107,024,038.23	2,125,445,743.63
Cash paid relating to other operating activities		
Selling and administrative expenses etc. paid	4,183,347,735.28	4,875,883,608.90
Principal on financing sale-leaseback	400,000,000.00	–
Deposit and other amounts paid	5,448,793.98	60,848,356.08
Other current accounts	401,434,009.28	2,058,364,707.81
	4,990,230,538.54	6,995,096,672.79
Cash received from other investing activities		
Disposal of financial products such as short-term funds or bonds	932,360,771.94	2,036,932,205.90
Collection of the principal and interest of borrowings from Chenyu Real Estate	2,482,468,521.62	100,443,013.93
Collection of the principal and interest of borrowings from Mamba Cement	33,660,000.00	–
	3,448,489,293.56	2,137,375,219.83
Cash paid relating to other investing activities		
Payment of borrowings from associates	3,662,956,016.26	–
Purchase of trust products	920,000,000.00	2,691,410,864.43
	4,582,956,016.26	2,691,410,864.43

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***68. Notes to items of statement of cash flows** *(continued)*

	2021	2020
Cash received from other financing activities		
Borrowings received from minority shareholders	2,483,557,388.94	720,300,000.00
Cash paid relating to other financing activities		
Repayment of borrowings of minority shareholders	959,079,000.00	686,000,000.00
Principal and interest of lease liabilities	128,409,750.92	–
Payment for acquisition of minority interests	57,978,636.45	258,300,118.90
	1,145,467,387.37	944,300,118.90

(1) Supplemental information to statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2021	2020
Net Profit	5,212,718,250.08	5,155,905,571.54
Add: Losses on credit impairment	355,182,812.82	359,170,322.93
Asset impairment losses	1,008,653,384.21	717,013,166.69
Depreciation of fixed assets	3,593,249,496.53	3,620,322,263.59
Depreciation of right-of-use assets	135,892,333.73	154,107,766.31
Amortisation of intangible assets	612,779,821.28	582,262,535.07
Amortisation of long-term deferred expenses	289,804,646.66	225,106,153.93
Gains from disposal of fixed assets, intangible assets and other long-term assets	(917,806,777.75)	(102,645,505.76)
Losses on retirement of non-current assets	136,686,882.27	97,622,565.62
Gains from changes in fair value	(691,814,741.97)	(520,392,586.68)
Finance costs	2,534,108,208.37	3,154,423,199.93
Investment income	(792,555,260.75)	(686,779,516.72)
Decrease/(increase) in deferred income tax assets	454,752,166.29	(178,039,740.77)
(Increase)/decrease in deferred income tax liabilities	(46,400,346.55)	4,417,275.38
Decrease in inventories	2,010,019,856.34	3,900,143,815.76
Decrease/(increase) in operating receivables	2,339,235,168.46	(3,359,837,633.97)
(Decrease)/increase in operating payables	(2,500,637,189.73)	2,332,934,138.24
Net cash flows from operating activities	13,733,868,710.29	15,455,733,791.09

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

68. Notes to items of statement of cash flows *(continued)*

(1) Supplemental information to statement of cash flows *(continued)*

Endorsement and transfer of bills:

	2021	2020
Endorsement and transfer of bank acceptance bills received from sale of goods or rendering of services	12,292,479,727.76	11,023,577,774.97

Net changes in cash and cash equivalents:

	2021	2020
Balance of cash at the end of the year	15,245,962,910.56	22,149,845,547.97
Less: Balances of cash equivalents at the beginning of the year	22,149,845,547.97	15,327,545,297.51
Net decrease/(increase) in cash	(6,903,882,637.41)	6,822,300,250.46

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS**
*(continued)***68. Notes to items of statement of cash flows** *(continued)***(2) Information on acquisition or disposal of subsidiaries and other operating unit**

Information on disposal of subsidiaries and other operating units

	2021	2020
Cash received from disposal of subsidiaries and other business entities	53,591,660.36	38,049,457.00
Cash and cash equivalents received during the year from disposal of subsidiaries and other operating units during the previous year	-	56,602,304.00
Less: Cash and cash equivalent held by subsidiaries and other operating units disposed of	<u>122,479,666.62</u>	<u>11,213,327.20</u>
(Decrease) in net cash/net cash received from disposal of subsidiaries and other business entities	<u>(68,888,006.26)</u>	<u>83,438,433.80</u>

Information on acquisition of subsidiaries and other operating units

	2021	2020
Price for acquisition of subsidiaries and other operating units		
Cash and cash equivalents received from subsidiaries and other operating units acquired	271,813,561.00	-
Less: Cash and cash equivalents held by subsidiaries and other operating units acquired	<u>59,994,666.66</u>	<u>-</u>
Net cash payments for acquisition of subsidiaries and other business units	<u>211,818,894.34</u>	<u>-</u>

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

68. Notes to items of statement of cash flows *(continued)*

(3) Cash and cash equivalents

	2021	2020
Cash	15,245,962,910.56	22,149,845,547.97
Including: Cash on hand	455,219.88	351,001.90
Bank deposits on demand	15,217,591,153.40	21,675,922,072.57
Other monetary fund on demand	<u>27,916,537.28</u>	<u>473,572,473.50</u>
Balance of cash and cash equivalents at end of the year	<u>15,245,962,910.56</u>	<u>22,149,845,547.97</u>

69. Assets with restricted titles or right to use

	Notes	2021	2020
Pledged assets			
Cash and bank balances		1,757,601,265.59	2,142,658,447.28
Statutory deposit reserve placement			
with central bank by finance company	(1)	1,199,421,376.20	1,668,998,245.72
Guarantee deposits for L/C	(1)	22,354,507.33	22,098,267.36
Quality/performance deposits	(1)	342,176,075.77	232,094,224.21
Guarantee deposits for acceptance bills	(1)	193,649,306.29	219,467,709.99
Inventories	(2)	13,040,956,216.62	26,004,434,604.65
Financing receivables	(3)	35,879,811.89	106,689,856.49
Fixed assets	(2)	1,285,754,432.20	868,826,001.58
Investment properties	(2)	10,256,287,356.62	12,234,757,734.91
Equity interests	(2)	10,343,176,371.21	10,343,176,371.21
Land use rights	(2)	48,558,686.00	36,048,592.81
Cash and bank balances whose titles are restricted for other reasons			
Restricted cash arising from pre-sales of properties	(4)	4,518,459,281.36	3,975,423,205.32
Others		<u>399,945,062.43</u>	<u>375,958,331.76</u>
		<u>41,686,618,483.92</u>	<u>56,087,973,146.01</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

69. Assets with restricted titles or right to use *(continued)*

Note 1: As at 31 December 2021, the total amount of the Group's pledged cash and bank balances was RMB1,757,601,265.59 (31 December 2020: RMB2,142,658,447.28), of which the amount paid by BBMG Finance Co., Ltd. to the People's Bank of China as statutory deposit reserve in accordance with relevant regulations which cannot be used for daily operations was RMB1,199,421,376.20 (31 December 2020: RMB1,668,998,245.72).

Note 2: As at 31 December 2021, the Group obtained short-term borrowings of RMB0.00 (31 December 2020: RMB7,388,385.20) and long-term borrowings of RMB12,501,712,089.24 (31 December 2020: RMB16,401,105,010.30) secured by inventories with a carrying amount of RMB13,040,956,216 (31 December 2020: RMB26,004,434,604.65), fixed assets with a carrying amount of RMB1,285,754,432.20 (31 December 2020: RMB868,826,001.58), investment properties with a carrying amount of RMB10,256,287,356.62 (31 December 2020: RMB12,234,757,734.91), land use rights with a carrying amount of RMB48,558,686.00 (31 December 2020: RMB36,048,592.81) and equity interests with a carrying amount of RMB10,343,176,371.21 (31 December 2020: RMB10,343,176,371.21).

Note 3: As at 31 December 2021, the Group obtained short-term borrowings of RMB3,100,000.00 by discounting bank acceptance bills with a carrying amount of RMB3,100,000.00 (31 December 2020: the Group obtained short-term borrowings of RMB19,250,000.00 by discounting bank acceptance bills with a carrying amount of RMB19,250,000.00). As at 31 December 2021, the Group pledged bank acceptance bills for invoicing of RMB32,779,811.89 (31 December 2020: RMB87,439,856.49).

Note 4: In accordance with relevant provisions, funds from pre-sales of commodity housing of property developers have to be deposited in special bank accounts of funds from pre-sales of real estates for supervision to ensure that the pre-sales funds are used for construction projects first, and written application have to be made to the supervisory bank before using the funds. Where presale projects under supervision have been completed and accepted and other required conditions have been satisfied, application for lifting supervision of the funds may be made. As at 31 December 2021, there were no bank borrowings obtained from unreleased pledge by land use rights of commodity houses of the Company which had already been delivered to the purchasers.

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

70. Foreign currency monetary items

	31 December 2021			31 December 2020		
	Original currency	Exchange rate	As RMB	Original currency	Exchange rate	As RMB
Cash and bank balances						
USD	17,431,833.98	6.3757	111,140,143.91	39,551,623.28	6.5249	258,070,386.75
HKD	9,313,920.22	0.8176	7,615,061.17	968,506.88	0.8416	815,095.39
ZAR	38,696,287.72	0.4004	15,493,993.60	20,204,382.15	0.4458	9,007,113.56
Accounts receivable						
USD	1,512,792.70	6.3757	9,645,112.42	862,191.63	6.5249	5,625,714.17
ZAR	-	-	-	6,740,021.67	0.4458	3,004,701.66
Other receivables						
USD	14,703,172.40	6.3757	93,743,016.27	1,095,799.95	6.5249	7,149,985.10
ZAR	297,534.00	0.4004	119,132.61	328,534.00	0.4458	146,460.46
HKD	24,000.00	0.8176	19,622.40	325,240.00	0.8416	273,721.98
Long-term receivables						
USD	43,481,033.00	6.3757	277,222,022.10	49,072,738.00	6.5249	320,194,708.18
Total foreign currency monetary assets	-	-	514,998,104.48	-	-	604,287,887.25
Accounts payable						
USD	598,693.07	6.3757	3,817,087.41	11,715,689.50	6.5249	76,443,702.42
ZAR	43,148,734.92	0.4004	17,276,753.46	74,470.75	0.4458	33,199.06
Bills payable						
USD	169,082,191.33	6.3757	1,078,017,327.26	93,738,746.54	6.5249	611,635,947.30
Other payables						
USD	2,676,077.01	6.3757	17,061,864.19	54,733.94	6.5249	357,133.49
ZAR	15,022,308.56	0.4004	6,014,932.35	19,553.65	0.4458	8,717.02
Total foreign currency monetary liabilities			<u>1,122,187,964.67</u>			<u>688,478,699.29</u>
Net foreign currency monetary liabilities			<u>607,189,860.19</u>			<u>84,190,812.04</u>

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS*(continued)***71. Hedging*****Fair value hedge***

The Group is engaged in trading of commodities such as non-ferrous metals and ferrous metals (including copper, iron ore, coke and thermal coal futures). These commodities are subject to the risk of price changes. Therefore, the Group uses futures contracts of futures exchanges to manage its exposure to commodity price risks arising from trading commodities it holds. The standard indicators for the industrial products sold by the Group are the same as the corresponding delivery grades in the futures contract. The basic variables of the hedging instrument (futures contract) and the hedged item (certain commodities held by the Group) are all standard parameter prices. Through qualitative analysis, the Group determines that the ratio of the number of hedging instruments to the number of hedged items was 1:1. The ineffective portion of hedging mainly arose from the basis risk, the risk of changes in supply and demand in the spot or futures market, and other risks of uncertainties in the spot or futures market. The amount of ineffective hedges recognized during the period was not significant. The Group adopted fair value hedge for such hedging.

The time distribution and average price of the nominal amount of the hedging instruments are as follows:

2021

	Within 6 months
Nominal amount of copper futures	155,424,959.06
Average price of copper futures	67,576.07
Nominal amount of iron ore futures	193,754,106.00
Average price of iron ore futures	625.01
Nominal amount of steel billet futures	4,128,000.00
Average price of steel billet futures	4,128.00

2020

	Within 6 months
Nominal amount of copper futures	112,162,200.75
Average price of copper futures	57,080.00
Nominal amount of iron ore futures	21,405,060.00
Average price of iron ore futures	1,070.25
Nominal amount of coke futures	38,430,000.00
Average price of coke futures	2,562.00

Notes to Financial Statements (continued)

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(continued)

71. Hedging (continued)

Fair value hedge (continued)

Changes in the carrying amount and fair value of the hedging instruments are as follows:

2021

	Nominal amounts of the hedging instruments	Carrying amounts of the hedging instruments		Items on the balance sheet that contain Hedging instruments	Changes in fair value of hedging instruments used as a basis for recognizing the ineffective portion of hedging for the year
		Assets	Liabilities		
Commodity price risk – inventories	353,307,065.06	385,139,921.30	-	Inventories	-

2020

	Nominal amounts of the hedging instruments	Carrying amounts of the hedging instruments		Items on the balance sheet that contain Hedging instruments	Changes in fair value of hedging instruments used as a basis for recognizing the ineffective portion of hedging for the year
		Assets	Liabilities		
Commodity price risk – inventories	171,997,260.75	176,070,411.42	-	Inventories	-

The carrying amount of hedged items and related adjustments are as follows:

2021

	Carrying amount of hedged items	Cumulative amount of adjustments to fair value hedge of hedged items (included in carrying amount of hedged items)	Items on the balance sheet that contain hedged items	Changes in fair value of hedged items used as a basis for recognizing the ineffective portion of hedging for the year		
					Assets	Assets
Commodity price risk – inventories	224,424,514.76	22,736,235.45	Inventories	-		

Notes to Financial Statements *(continued)*

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V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS
*(continued)***71. Hedging** *(continued)***Fair value hedge** *(continued)*

The carrying amount of hedged items and related adjustments are as follows: *(continued)*

2020

	Carrying amount of hedged items Assets	Cumulative amount of adjustments to fair value hedge of hedged items (included in carrying amount of hedged items) Assets	Items on the balance sheet that contain hedged items	Changes in fair value of hedged items used as a basis for recognizing the ineffective portion of hedging for the year
Commodity price risk – inventories	164,852,412.02	5,290,106.25	Inventories	–

The ineffective portion of hedging in the changes in fair value of hedging instruments is set out below:

2021

	Ineffective portion of hedging included in profit or loss	Ineffective portion of hedging included in other comprehensive income	Items on the income statement that contain ineffective portion of hedging
Inventory price risk	(10,000.00)	(1,481,550.00)	–

Notes to Financial Statements *(continued)*

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VI. CHANGE IN SCOPE OF CONSOLIDATION

1. Business combinations not under common control

On 1 July 2021, Beijing Green Capital Jingu Railway Transportation Co., Ltd. (hereinafter referred to as "Ludu Jingu"), Jingu Huizhong (Beijing) Supply Chain Management Co., Ltd. (hereinafter referred to as "Jingu Huizhong") and Tangshan Jidong Cement Co., Ltd. (hereinafter referred to as "Jidong Cement") signed a capital increase and share enlargement agreement, which stipulates that Jidong Cement will acquire 85% of the equity of Jingu Huizhong in the form of capital increase of RMB130 million in cash. As of 1 July 2021, the effective conditions stipulated in the above agreement have been fulfilled, and Jidong Cement has made payment and completed the relevant equity transfer procedures and the change of the articles of association, etc. according to the provisions of such agreement. Jingu Huizhong changed its name to Beijing Jingu Zhitong Lulian Technology Co., Ltd. (hereinafter referred to as "Jingu Zhitong"). On 1 July 2021 (the date of amendment to the articles of association), Jidong Cement began to have the substantial control over Jingu Huitong, holding 85% of the equity of Jingu Zhitong and becoming the controlling shareholder of Jingu Huitong.

The fair value and carrying amount of the identifiable assets and liabilities of Jingu Zhitong on the acquisition date are as follows:

	Fair value on 1 July 2021	Carrying amount on 1 July 2021
Cash and bank balances	7,614,103.01	7,614,103.01
Prepayments	2,831.00	2,831.00
Other receivables	130,333,300.00	130,333,300.00
Other current assets	318,515.46	318,515.46
Fixed assets	83,751.58	94,106.38
Intangible assets	14,979,120.00	-
Contract liabilities	(305,268.30)	(305,268.30)
Deferred income tax liabilities	(3,742,191.30)	-
Identifiable net assets	<u>149,284,161.45</u>	<u>138,057,587.55</u>
Minority interests	22,392,624.22	-
	<u>126,891,537.23</u>	<u>138,057,587.55</u>
Goodwill on acquisition	3,441,762.77	
Consideration paid	<u>130,333,300.00</u>	

Notes to Financial Statements *(continued)*

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VI. CHANGE IN SCOPE OF CONSOLIDATION *(continued)***1. Business combinations not under common control** *(continued)*

Operating results and cash flows of Jingu Zhitong from the date of acquisition to the end of the year are listed below:

	From 1 July to 31 December 2021
Operating revenue	800,759,026.99
Net profits	4,978,010.91
Net cash flows	<u>100,235,789.47</u>

On 22 October 2021, BBMG Assets Management Co., Ltd. (hereinafter referred to as "Asset Management") and BBGM Corporation (hereinafter referred to as "BBGM") signed an equity transfer agreement, which stipulates that BBGM will acquire 100% the equity of Beijing Jingcai Talent Development Center Co., Ltd. (hereinafter referred to as "Jingcai Talent") held by Asset Management at the price of RMB141 million in cash. As of 31 October 2021, the effective conditions stipulated in the above agreement have been fulfilled, and BBGM has made payment and completed the relevant equity transfer procedures and change of the articles of association, etc. according to the provisions of such agreement. On 31 October 2021 (the date of amendment to the articles of association), BBGM began to have substantial control over Jingcai Talent, holding 100% of the equity of Jingcai Talent and becoming the controlling shareholder of Jingcai Talent.

Notes to Financial Statements *(continued)*

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VI. CHANGE IN SCOPE OF CONSOLIDATION *(continued)*

1. Business combinations not under common control *(continued)*

The fair value and carrying amount of the identifiable assets and liabilities of Jingcai Talent on the acquisition date are as follows:

	Fair value on 31 October 2021	Carrying amount on 31 October 2021
Cash and bank balances	52,380,563.65	52,380,563.65
Accounts receivable	1,722,521.99	1,722,521.99
Prepayments	1,752,450.94	1,752,450.94
Other receivables	31,822,323.55	30,686,540.06
Other current assets	150,000,000.00	150,000,000.00
Fixed assets	2,312,818.68	2,312,818.68
Construction in progress	293,301.88	293,301.88
Intangible assets	193,459.93	193,459.93
Long-term deferred expenditures	18,573.00	18,573.00
Accounts payable	(138,413.40)	(138,413.40)
Receipts in advance	(148,225.24)	(148,225.24)
Wages payable	(592,173.07)	(592,173.07)
Tax payable	(3,094,694.96)	(3,094,694.96)
Other payables	(95,042,245.95)	(95,042,245.95)
Identifiable net assets	<u>141,480,261.00</u>	<u>140,344,477.51</u>
Consideration paid	<u>141,480,261.00</u>	

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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VI. CHANGE IN SCOPE OF CONSOLIDATION *(continued)***1. Business combinations not under common control** *(continued)*

Operating results and cash flows of Jingcai Talent from the date of acquisition to the end of the year are listed below:

	From 31 October to 31 December 2021
Operating revenue	31,503,530.94
Net profits	1,749,742.46
Net cash flows	<u>54,254,435.61</u>

2. Disposal of subsidiaries

In April 2021, Beijing First Intermediate People's Court accepted the bankruptcy petition filed by Beijing Zhejun Technology Development Co., Ltd. (hereinafter referred to as "Beijing Zhejun"), a subsidiary of the Company, and designated Beijing Zhonglun W&D Law Firm as its bankruptcy administrator. On 27 April 2021, the information handover was completed. The date when BBMG lost its control over Beijing Zhejun was 27 April 2021. Therefore, BBMG no longer included Beijing Zhejun in the scope of consolidation since 27 April 2021.

The financial information of Beijing Zhejun is set forth below:

	Carrying amount on 27 April 2021	Carrying amount on 31 December 2020
Current assets	138,537,927.88	138,471,877.95
Non-current assets	94,692,756.79	97,054,998.55
Current liabilities	(241,741,206.21)	(238,817,261.67)
Non-current liabilities	<u>(9,361,426.91)</u>	<u>(9,225,754.07)</u>
	<u>(17,871,948.45)</u>	<u>(12,516,139.24)</u>
Investment income	<u>17,871,948.45</u>	
Consideration of disposal	<u>-</u>	

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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VI. CHANGE IN SCOPE OF CONSOLIDATION *(continued)*

2. Disposal of subsidiaries *(continued)*

The operating results included in the scope of consolidation in the year:

	From 1 January to 27 April 2021
Operating revenue	-
Operating cost	-
Net loss	5,355,809.21

In September 2021, People's Court of Weibin District, Baoji City, Shaanxi Province accepted the bankruptcy petition filed by Qinling Cement (Baoji) Co., Ltd. (秦嶺水泥寶雞有限公司) (hereinafter referred to as "Qinling Baoji"), a subsidiary of the Company, and designated Shaanxi Yongjia Law Firm (陝西永佳律師事務所) as bankruptcy administrator. On 3 September 2021, the information handover was completed. The date when BBMG lost its control over Qinling Baoji was 3 September 2021. Therefore, BBMG no longer included Qinling Baoji in the scope of consolidation since 3 September 2021.

The financial information of Qinling Baoji is set forth below:

	Carrying amount on 3 September 2021	Carrying amount on 31 December 2020
Current assets	60,555.54	107,997.52
Non-current assets	1,421,786.95	1,421,786.95
Current liabilities	<u>(2,139,397.36)</u>	<u>(47,194,623.98)</u>
	(657,054.87)	(45,664,839.51)
Minority interests	<u>(1,522,217.02)</u>	
	865,162.15	
Investment income	<u>(865,162.15)</u>	
Consideration of disposal	-	

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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VI. CHANGE IN SCOPE OF CONSOLIDATION (continued)**2. Disposal of subsidiaries** (continued)

The operating results included in the scope of consolidation in the year:

	From 1 January to 3 September 2021
Operating revenue	19,172.54
Operating cost	13,458.25
Net loss	47,383.27

In August 2021, Tianjin Second Intermediate People's Court accepted the bankruptcy petition filed by Tianjin Tiancai Haoye Trading Co., Ltd. (hereinafter referred to as "Tiancai Haoye"), a subsidiary of the Company, and designated Tianjin Tiantongtaihe Accounting Firm (天津天通泰合會計師事務所) as bankruptcy administrator. On 27 September 2021, the information handover was completed. The date when BBMG lost its control over Tiancai Haoye was 27 September 2021. Therefore, BBMG no longer included Tiancai Haoye in the scope of consolidation since 27 September 2021.

The financial information of Tiancai Haoye is set forth below:

	Carrying amount on 27 September 2021	Carrying amount on 31 December 2020
Current assets	6,178.54	46,856,263.67
Non-current assets	909,478.63	1,120,147.85
Current liabilities	(134,220,959.20)	(674,683,664.80)
Non-current liabilities	(100,875,859.91)	(100,875,859.91)
	(234,181,161.94)	(727,583,113.19)
Investment income	234,181,161.94	
Consideration of disposal	-	

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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VI. CHANGE IN SCOPE OF CONSOLIDATION *(continued)*

2. Disposal of subsidiaries *(continued)*

The operating results included in the scope of consolidation in the year:

	From 1 January to 27 September 2021
Operating revenue	-
Operating cost	907,845.15
Net loss	45,942,443.83

BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd., a subsidiary of the Company, transferred its 95% equity interest in Hunan Dunshi Concrete Co., Ltd. (hereinafter referred to as "Hunan Dunshi") to Hunan Changsha Hengwangda Industrial Co., Ltd. (湖南長沙市恆旺達實業有限公司). The industrial and commercial changes and amendments to articles of association were completed on 5 November 2021, correspondingly, the date when BBMG lost its control over Hunan Dunshi is 5 November 2021. Therefore, BBMG will no longer include Hunan Dunshi in the scope of consolidation since 5 November 2021.

The financial information of Hunan Dunshi is set forth below:

	Carrying amount on 5 November 2021	Carrying amount on 31 December 2020
Current assets	8,376,770.18	4,278,005.72
Non-current assets	1,606,055.09	1,613,023.80
Current liabilities	(25,032,634.68)	(21,736,997.18)
Non-current liabilities	(339.00)	(149.98)
	<u>(15,050,148.41)</u>	<u>(15,846,117.64)</u>
Investment income	<u>41,050,148.41</u>	
Consideration of disposal	<u>26,000,000.00</u>	

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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VI. CHANGE IN SCOPE OF CONSOLIDATION (continued)**2. Disposal of subsidiaries** (continued)

The operating results included in the scope of consolidation in the year:

	From 1 January to 5 November 2021
Operating revenue	-
Operating cost	-
Net loss	3,104,857.56

On 23 December 2021, BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd., a subsidiary of the Company, transferred its 90% equity interest in Beijing Zhongjian Hongfu Concrete Co., Ltd. (hereinafter referred to as "Zhongjian Hongfu") to Beijing Honglusheng Investment Co., Ltd. (北京宏鷺升投資有限公司). The industrial and commercial changes and amendments to articles of association were completed on 29 December 2021, correspondingly, the date when BBMG lost its control over Zhongjian Hongfu is 29 December 2021. Therefore, BBMG will no longer include Zhongjian Hongfu in the scope of consolidation since 29 December 2021.

The financial information of Zhongjian Hongfu is set forth below:

	Carrying amount on 29 December 2021	Carrying amount on 31 December 2020
Current assets	33,101,188.44	61,317,107.00
Non-current assets	2,202,415.87	2,979,905.40
Current liabilities	(43,506,586.83)	(69,048,205.58)
Non-current liabilities	-	(5,821.48)
	(8,202,982.52)	(4,757,014.66)
Investment income	37,302,982.52	
Consideration of disposal	29,100,000.00	

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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VI. CHANGE IN SCOPE OF CONSOLIDATION *(continued)*

2. Disposal of subsidiaries *(continued)*

The operating results included in the scope of consolidation in the year:

	From 1 January to 29 December 2021
Operating revenue	5,821.48
Operating cost	4,138,523.79
Net loss	3,524,825.12

3. Deregistration of subsidiaries

The Group deregistered 12 subsidiaries during the year. Information of these subsidiaries is as follows:

	Proportion of shareholding of parent company before deregistration	Reason for not being subsidiary
Tianjin Tiancai Chenrun Building Materials Co., Ltd.	100.00%	Absorption and merge
Tianjin Tianxia Doors and Window Co., Ltd.	100.00%	Absorption and merge
Beijing BBMG Mining Co., Ltd.	100.00%	Deregistration
Foshan BBMG Tiantan Furniture Co., Ltd.	100.00%	Deregistration
Jilin BBMG Tiantan Furniture Co., Ltd.	55.00%	Deregistration
Krono (Beijing) Woods Co., Ltd.	100.00%	Deregistration
Tangshan Jinshi Lianhe Cement Industry Development Co., Ltd.	48.96%	Deregistration
BBMG Jidong Cement (Tangshan) Co., Ltd.	100.00%	Absorption and merge
Tianjin Yongxin Real Estate Development Co., Ltd. (天津市永信房地產開發有限責任公司)	53.00%	Deregistration
Beijing BBMG Real Estate Agency Co., Ltd.	100.00%	Deregistration
Tangshan Jidong Resource Comprehensive Utilization and Development Co., Ltd. (唐山冀東資源綜合利用發展有限公司)	100.00%	Deregistration
Tangshan Jixin Cement Transition Co., Ltd.	60.00%	Deregistration

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**VI. CHANGE IN SCOPE OF CONSOLIDATION** (continued)**4. Establishment of new subsidiaries**

	Acquired method
Ningbo BBMG Jingsheng Real Estate Development Co., Ltd.	Establishment
Fuzhou Fuhua Concrete Co., Ltd.	Establishment
BBMG Zhixin (Hebei Xiong'an) Supply Chain Co., Ltd.	Establishment
Qianan BBMG Shougang Environmental Technology Co., Ltd.	Establishment
Tangshan Jinyu Dunshi Dacheng Real Estate Development Co., Ltd.	Establishment
Shanxi Jinyu Aerated Assembly Parts Co., Ltd. (陝西金隅加氣裝配式部品有限公司)	Establishment
Shaanxi Jinyu Energy-Saving Materials & Technology Co., Ltd. (陝西金隅節能保溫科技有限公司)	Establishment
Zhuxin (Hebei Xiong'an) Inspection and Testing Co., Ltd. (築信(河北雄安)檢驗檢測有限公司)	Establishment
BBMG (Changzhou) Real Estate Development Co., Ltd. (金隅(常州)房地產開發有限公司)	Establishment
BBMG Yuechao (Hangzhou) Real Estate Development Co., Ltd. (金隅悅潮(杭州)房地產開發有限公司)	Establishment
Beijing Yutai Real Estate Development Co., Ltd. (北京隅泰房地產開發有限公司)	Establishment
BBMG Technology Innovation Co., Ltd. (北京金隅科技創新有限公司)	Establishment
Ningbo Yinzhou BBMG Property Management Co., Ltd. (寧波鄞州金隅物業管理有限責任公司)	Establishment
Beijing BBMG Finance Lease Co., Ltd. (北京金隅融資租賃有限公司)	Establishment
BBMG Taini (Daixian) Environmental Protection Technology Co., Ltd. (金隅台泥(代縣)環保科技有限公司)	Establishment
BBMG Tianjian Intelligent Logistics (Tianjin) Co., Ltd. (金隅天津智慧物流(天津)有限公司)	Establishment
Hefei Jinzhongjingu Real Estate Development Co., Ltd. (合肥金中京湖房地產開發有限公司)	Establishment
Beijing Jincheng Property Investment Co., Ltd. (北京金垚置業有限公司)	Establishment
Hebei Jince Testing and Certification Co., Ltd. (河北金測檢測認證有限公司)	Establishment
Nanjing Jinjarui Real Estate Development Co., Ltd. (南京金嘉瑞房地產開發有限公司)	Establishment

Notes to Financial Statements (continued)

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VII. INTERESTS IN OTHER ENTITIES

1. Interests in the subsidiaries

Information of the Company's major subsidiaries is as follows:

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment					
Beijing BBMG Concrete Co., Ltd.	Beijing	Processing of commodity concrete etc.	46,541.04	-	100.00
Handan BBMG Taihang Shangtong Technology Co., Ltd.	Hebei	Manufacture and sale of concrete	6,600.00	-	100.00
Wei County BBMG Concrete Co., Ltd.	Hebei	Manufacture and sale of concrete	1,000.00	-	92.00
Handan Hanshan BBMG Concrete Co. Ltd.	Hebei	Manufacture and sale of commercial concrete and crushed stone	3,000.00	-	92.00
Handan Jinyu Chenxiang Concrete Co., Ltd.	Hebei	Manufacture and sale of concrete	3,000.00	-	92.00
Beijing BBMG Coating Co., Ltd.	Beijing	Manufacture of coating; professional contracting	8,900.00	-	100.00
BBMG New Building Materials Industrialization Group Co., Ltd.	Beijing	Manufacture and sale of building materials	200,000.00	100.00	-
Beijing Sanchong Mirror Co., Ltd.	Beijing	Manufacture and sale of glass made spectacle lenses	5,766.00	-	100.00
Beijing Jinyu Energy-Saving Materials & Technology (Dachang) Co., Ltd.	Hebei	Manufacture and sale of building materials	1,700.00	-	100.00
Beijing Jiandu Design and Research Institute Co., Ltd.	Beijing	Design of modern building materials etc.	6,000.00	-	100.00
Beijing Jinyu Aerated Concrete Co., Ltd.	Beijing	Manufacture and sale of aerated concrete products etc.	10,000.00	-	100.00
Beijing BBMG Business and Trading Co., Ltd.	Beijing	Wholesale of building materials and metal materials etc.	66,000.00	-	100.00
BBMG Mortar Co., Ltd.	Beijing	Manufacture and sale of dry and mixed mortar	28,535.52	-	100.00
BBMG (Dachang) Modern Industrial Park Management Co., Ltd.	Hebei	Manufacture of various modern building materials etc.	90,000.00	-	100.00
Beijing BBMG Tiantan Furniture Co., Ltd. (Note 1)	Beijing	Manufacture, processing, and sale of furniture etc.	26,080.48	-	97.81

Notes to Financial Statements *(continued)*

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VII. INTERESTS IN OTHER ENTITIES *(continued)***1. Interests in the subsidiaries** *(continued)*

Information of the Company's major subsidiaries is as follows: *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment					
<i>(continued)</i>					
BBMG Residential Industrialization (Tangshan) Co., Ltd.	Hebei	Manufacture and sale of building materials	35,000.00	–	100.00
Beijing Building Materials Academy Co., Ltd.	Beijing	Development, manufacture and sale of building materials etc.	19,170.00	100.00	–
Beijing Building Materials Testing Academy Co., Ltd.	Beijing	Testing for building material quality etc.	8,136.61	60.00	40.00
Beijing BBMG Cement Environmental Protection Technology Co., Ltd.	Beijing	Construction general contracting and ecofriendly technology development etc.	1,000.00	–	100.00
Beijing Concrete World Magazine Co., Ltd.	Beijing	Releasing and publishing of Concrete World Magazine; advertising design and production	30.00	–	100.00
Beijing Dacheng Changrun Properties Limited	Beijing	Property development and operation	1,000.00	–	91.00
Beijing BBMG Konggang Development Co., Ltd.	Beijing	Property development	10,000.00	–	95.00
BBMG Xingda Real Estate Development Co., Ltd.	Beijing	Property development and operation	5,000.00	–	100.00
Chongqing BBMG Dacheng Property Development Co., Ltd.	Chongqing	Property development and consultation etc.	20,000.00	–	100.00
Chongqing BBMG Dacheng Shanshui Real Estate Co., Ltd.	Chongqing	Property development and sale of housing, etc.	49,250.00	–	100.00
Chongqing BBMG Dacheng New Metropolis Co., Ltd.	Chongqing	Property development; sale of commodity housing etc.	150,000.00	–	100.00
Chengdu BBMG Dacheng Property Development Co., Ltd.	Chengdu	Property development etc.	5,000.00	–	100.00
Chengdu BBMG Yuehuang Real Estate Co., Ltd.	Chengdu	Property development	5,000.00	–	100.00
Shanghai BBMG Dacheng Property Development Co., Ltd.	Shanghai	Property development and operation, etc.	100,000.00	–	100.00

Notes to Financial Statements *(continued)*

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's major subsidiaries is as follows: *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment <i>(continued)</i>					
BBMG Jinghua Property Development Hefei Co., Ltd.	Anhui	Property development	50,000.00	-	100.00
Ningbo BBMG Dacheng Property Development Co., Ltd.	Ningbo	Property development and operation, etc.	5,000.00	-	100.00
BBMG Jinyuan (Ningbo) Real Estate Development Co., Ltd.	Ningbo	Property development	20,000.00	-	100.00
Beijing Longyuan Real Estate Development Co., Ltd.	Beijing	Property development and operation	5,000.00	-	100.00
Qingdao Jinyu Chuang Real Estate Development Co., Ltd.	Qingdao	Property development and operation	1,000.00	-	100.00
Tianjin Jinyu Jinli Real Estate Development Co., Ltd.	Tianjin	Property development and operation	5,000.00	-	100.00
BBMG (Tianjin) Property Development Co., Ltd.	Tianjin	Property development and sale etc.	80,000.00	-	100.00
Jinyu Ligang (Tianjin) Property Development Co., Ltd.	Tianjin	Property development and operation, etc.	39,000.00	-	100.00
BBMG Jindian (Tianjin) Property Development Co., Ltd.	Tianjin	Property development and operation	80,000.00	-	100.00
Chengdu BBMG Jingfeng Real Estate Development Co., Ltd.	Chengdu	Property development	5,000.00	-	100.00
Chengdu BBMG Wancheng Real Estate Development Co., Ltd.	Chengdu	Property development	5,000.00	-	100.00
BBMG Nanjing Real Estate Development Co., Ltd.	Nanjing	Property development and operation, etc.	122,000.00	-	100.00
BBMG Jiahua Nanjing Real Estate Co., Ltd.	Nanjing	Property development	50,000.00	-	100.00
Jinyu Mengcheng (Ma'anshan) Property Development Co., Ltd.	Anhui	Property development and commodity housing sales etc.	5,000.00	-	100.00
BBMG Real Estate Development (Hefei) Co., Ltd.	Anhui	Property development and operation	150,000.00	-	100.00
BBMG Properties (Anhui) Co., Ltd.	Anhui	Property development and property management, etc.	50,000.00	-	100.00
Hefei BBMG Jinyun Real Estate Development Co., Ltd.	Anhui	Property development and operation	5,000.00	-	100.00

Notes to Financial Statements *(continued)*

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VII. INTERESTS IN OTHER ENTITIES *(continued)***1. Interests in the subsidiaries** *(continued)*

Information of the Company's major subsidiaries is as follows: *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment <i>(continued)</i>					
BBMG (Hangzhou) Property Development Co., Ltd.	Hangzhou	Property development and operation	75,000.00	–	100.00
Hangzhou BBMG Mountain Villa Property Development Co., Ltd.	Hangzhou	Property development and others	25,000.00	–	100.00
Hangzhou BBMG Guanchao Real Estate Development Co., Ltd.	Hangzhou	Property development and operation, etc.	58,600.00	–	100.00
BBMG Jiaxing Nanjing Real Estate Development Co., Ltd.	Nanjing	Property development	10,000.00	–	70.00
Beijing BBMG Dongcheng Real Estate Co., Ltd.	Beijing	Property development	30,000.00	–	91.00
BBMG (Qingdao) Property Development Co., Ltd.	Qingdao	Property development and operation, etc.	5,000.00	–	100.00
Qingdao BBMG Yangguang Property Development Co., Ltd.	Qingdao	Property development	60,000.00	–	100.00
BBMG China Railway Noble (Hangzhou) Property Development Co., Ltd.	Hangzhou	Property development and operation, etc.	50,000.00	–	51.00
Shanghai BBMG Jingcheng Property Development Co., Ltd.	Shanghai	Property development	5,000.00	–	100.00
BBMG GEM Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	650,000.00	100.00	–
Beijing BBMG Property Development Co., Ltd.	Beijing	Property development and sale etc.	5,000.00	–	100.00
BBMG Vanke Property Development Co., Ltd.	Beijing	Property development and sale of housing, etc.	19,000.00	–	51.00
Beijing Jinyu Chaoxin Tiandi Property Investment Co., Ltd.	Beijing	Property development and property management, etc.	1,000.00	–	100.00
Beijing BBMG Changyang GEM Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	237,254.90	–	100.00
Beijing BBMG Property Investment Co., Ltd.	Beijing	Sale of self-developed commercial housing	5,000.00	–	70.00
Inner Mongolia BBMG Property Investment Co., Ltd.	Inner Mongolia	Property development and operation etc.	20,000.00	–	100.00
Tangshan BBMG Julong Property Development Co., Ltd.	Hebei	Property development and operation etc.	5,000.00	–	80.00

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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's major subsidiaries is as follows: *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment <i>(continued)</i>					
Beijing BBMG Chengyuan Property Development Co., Ltd.	Beijing	Property development and sale of commodity housing etc.	45,944.06	–	100.00
Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd.	Beijing	Property rental and development etc.	6,129.76	–	100.00
Beijing BBMG Innovation and Technology Incubator Co., Ltd.	Beijing	Incubating property management and technology enterprise	170,000.00	100.00	–
BBMG Property Management Co., Ltd.	Beijing	Hotel management	9,900.00	100.00	–
Beijing BBMG Culture Technology Development Co., Ltd.	Beijing	Technology development, transfer, consulting, service	3,000.00	–	68.00
BBMG Commercial Management Co., Ltd.	Beijing	Business management	1,000.00	–	100.00
BBMG Property Management Co., Ltd.	Beijing	Property management	2,000.00	–	100.00
Beijing Jinhaiyan Property Management Co., Ltd.	Beijing	Property management	1,370.00	–	100.00
Beijing Keshi Hardware Co., Ltd.	Beijing	Manufacture of new products such as construction hardware	6,595.92	–	100.00
BBMG Fengshan Hot Spring Resort Co., Ltd.	Beijing	Accommodation and catering services, etc.	36,818.91	–	100.00
Beijing Jianji Assets Management Co., Ltd.	Beijing	Self-owned property rental, property management etc.	78,732.79	–	100.00
Beijing BBMG Xinggang Technology Development Co., Ltd.	Beijing	Manufacture and sales of aerated concrete panel	27,480.00	55.68	–
Beijing Woodworking Factory Co., Ltd.	Beijing	Manufacture and sale of woodbased panels, etc.	5,455.63	100.00	–
BBMG Finance Co., Ltd.	Beijing	Operation of finance business and financing advisory business etc.	300,000.00	100.00	–
BBMG Finance Lease Co., Ltd.	Tianjin	Finance lease business	65,594.00	60.00	40.00

Notes to Financial Statements (continued)

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VII. INTERESTS IN OTHER ENTITIES (continued)**1. Interests in the subsidiaries** (continued)

Information of the Company's major subsidiaries is as follows: (continued)

	Place of registration/ principal business	Business nature	Registered capital RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment (continued)					
Beijing Tongda Refractory Engineering Technology Co., Ltd.	Beijing	Development and manufacture of various new refractory materials etc.	1,000.00	–	100.00
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	Henan	Manufacture and distribution of refractory materials	1,050.00	–	100.00
Yangquan BBMG Tongda Fire-resistant Materials Co., Ltd.	Yangquan	Manufacture and sale of refractory ceramic etc.	6,000.00	–	100.00
Cheng'an BBMG Taihang Concrete Co., Ltd.	Hebei	Manufacture and sale of commodity concrete	1,000.00	–	100.00
Daming BBMG Taihang Concrete Co., Ltd.	Hebei	Sales of concrete and mortar	1,000.00	–	90.00
Guantao BBMG Yuzhen Concrete Co., Ltd.	Hebei	Sales of prefabricated part	1,000.00	–	100.00
Jinyu Han Chao (Hangzhou) Real Estate Development Co., Ltd.	Hangzhou	Property development and operation, etc.	5,000.00	–	100.00
Beijing Yucheng Real Estate Co., Ltd.	Beijing	Property development and operation, etc.	1,000.00	–	100.00
Beijing Jianyuan Hotel Co., Ltd.	Beijing	Accommodation and catering services	1,000.53	–	100.00
BBMG Badaling Hot Spring Resort Co., Ltd.	Beijing	Room rental	65,420.00	–	100.00
Beijing Chengyuan Real Estate Co., Ltd.	Beijing	Property development	10,000.00	–	100.00
Tangshan Jinyu Tiancai Pipe Technology Co., Ltd.	Tianjin	Manufacturing and sales of steel and iron pipes	50,000.00	–	100.00
Huanbohai (Tianjin) International Economic and Trade Co., Ltd.	Tianjin	Import or export of goods or technologies	5,000.00	–	100.00
Tianjin Jinyu Jinchun Real Estate Development Co., Ltd.	Tianjin	Property development and operation, etc.	50,000.00	–	100.00
Beijing BBMG Wangjing Real Estate Co., Ltd.	Beijing	Property management	5,000.00	–	100.00
Beijing BBMG Hotel Management Co., Ltd.	Beijing	Hotel management	1,000.00	–	100.00
BBMG (Tianjin) Investment Partnership (Limited Partnership) (Note 1)	Beijing	Investment	800,000.00	–	20.00
Chengde BBMG Real Estate Development Co., Ltd.	Chengde	Property development and operation	5,000.00	–	100.00

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

Information of the Company's major subsidiaries is as follows: (continued)

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment or investment (continued)					
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan (Note 1)	Beijing	Investment	2,500,000.00	20.00	–
Ningbo BBMG Jingsheng Real Estate Development Co., Ltd.	Zhejiang	Property development and operation, etc.	5,000.00	–	100.00
Fuzhou Fuhua Concrete Co., Ltd.	Fujian	Manufacture of Cement products, etc.	3,000.00	–	56.00
Shaanxi Jinyu Aerated Assembly Parts Co., Ltd. (陝西金隅加氣裝配式部品有限公司)	Shaanxi	Manufacture and sale of aerated concrete products etc.	20,000.00	–	100.00
Beijing Yutai Real Estate Development Co., Ltd. (北京隅泰房地產開發有限公司)	Beijing	Property development and operation, etc.	5,000.00	–	60.00
Nanjing Jinjarui Real Estate Development Co., Ltd. (南京金嘉瑞房地產開發有限公司)	Jiangsu	Property development and operation, etc.	2,000.00	–	25.00
Zanhuang BBMG Cement Co., Ltd.	Hebei	Manufacture and sales of cement and clinker	70,000.00	–	100.00
BBMG Cement Trading Co., Ltd.	Beijing	Wholesale cement and cement products, etc.	50,000.00	–	100.00
Subsidiaries acquired in business combination not under common control					
Beijing BBMG Qianjing Environmental Protection Technology Co., Ltd.	Beijing	Manufacture and sale of cement and cement products, etc.	10,000.00	67.00	–
Tianjin BBMG Concrete Co., Ltd.	Tianjin	Concrete project construction and manufacturing, etc.	39,590.51	–	100.00
Beijing BBMG Xingfa Science and Technology Co., Ltd.	Beijing	Manufacture of cement and clinker, etc.	31,500.00	95.70	–
BBMG Sports Culture Co., Ltd.	Beijing	Project operation of sports	300.00	67.00	–
Beijing Doors and Windows Co., Ltd.	Beijing	Manufacture and process of plastics-steel doors and windows	100.00	100.00	–

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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VII. INTERESTS IN OTHER ENTITIES (continued)**1. Interests in the subsidiaries** (continued)

Information of the Company's major subsidiaries is as follows: (continued)

	Place of registration/ principal business	Business nature	Registered capital RMB'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control (continued)					
Guantao BBMG Taihang Concrete Co., Ltd.	Hebei	Manufacture and sale of commodity concrete	4,000.00	–	100.00
Jidong Development Group Co., Ltd.	Hebei	Building materials industry	247,950.41	55.00	–
Tangshan Jidong Cement Co., Ltd. (Note 1)	Hebei	Manufacture and sales of cement, clinker, relevant building materials and cement equipment	2,658,212.76	44.34	17.22
Jidong Sand Gravel Aggregate Co., Ltd.	Hebei	Aggregate	25,000.00	–	100.00
Hebei Jidong Development Group Mining Engineering Co., Ltd.	Hebei	Other construction and installation industry	2,000.00	–	100.00
Tangshan High Voltage Porcelain Insulator Works Co., Ltd.	Hebei	Manufacture and sales of high voltage porcelain insulator	5,000.00	–	100.00
Hebei Building Material Industry Design & Research Institution	Hebei	Building materials industry engineering design	11,550.60	–	100.00
Tangshan Qixin Cement Industry Museum	Hebei	Cultural relic collection and exhibition to promote national culture, etc.	6,724.00	–	100.00
Tangshan Qixin Jiye Property Services Co., Ltd.	Hebei	Property service, retail of daily necessities, etc	100.00	–	100.00
Tangshan Jidong Equipment & Engineering Co., Ltd. (Note 1)	Hebei	Machinery equipment and spare parts and civil installation	22,700.00	–	30.00
Tangshan Jidong Development Machinery and Equipment Manufacturing Co., Ltd.	Hebei	Manufacture and sales of machinery equipment and accessories	60,000.00	–	100.00
Jidong Rizhang Energy-Conserving Fan Manufacture Co., Ltd.	Hebei	State-owned enterprise (machinery manufacturing industry)	8,400.00	–	100.00
Tangshan Jidong Development Yan Dong Construction Co., Ltd.	Hebei	Construction industry	20,000.00	–	59.00

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's major subsidiaries is as follows: *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control <i>(continued)</i>					
Jidong Development International Trading Co., Ltd.	Beijing	Import and export and bulk commodity trade	23,000.00	-	100.00
Jidong Development (HK) International Co., Ltd.	Hong Kong	Commodities trading	6,294.36	-	100.00
Tangshan Dunshi Real Estate Development Co., Ltd.	Hebei	Real estate	30,000.00	-	100.00
Tangshan Jidong Cement Nanhu Property Development Co., Ltd.	Hebei	Real estate	75,000.00	-	100.00
Jidong Development Logistics Co., Ltd.	Hebei	Storage and operation of general goods as well as coal trade	10,000.00	-	100.00
Tangshan Jidong Property Services Co., Ltd.	Hebei	Property service	300.00	-	100.00
Huahai Wind Power Development Co., Ltd.	Hebei	Wind power equipment manufacturing	15,000.00	-	100.00
Tangshan Qixin Building Materials Co., Ltd.	Hebei	Manufacture of cement and cement products	16,747.00	-	100.00
Tangshan Qixin Cement Co., Ltd.	Hebei	Manufacture of limestone, cement and cement clinker, etc.	23,544.00	-	100.00
Jidong Development Group Tangshan Xinxing Knitting Factory	Hebei	Knitting processing	915.98	-	100.00
BBMG Jidong Caofeidian Supply Chain Management Co., Ltd.	Hebei	Supply chain management services	2,000.00	-	90.00
Tangshan Jinyu Dunshi Real Estate Development Co., Ltd.	Hebei	Real estate development and operation and property management services, etc.	35,000.00	-	100.00
China-Africa Jidong Building Materials Investment Co., Ltd.	Hebei	Investment in building materials industry	34,830.00	-	60.00
Tianjin Building Materials (Holding) Co., Ltd.	Tianjin	Manufacture and sales of building and decorative materials	508,222.35	55.00	-
Tianjin Jianyu Energy Development Co., Ltd.	Tianjin	Building materials and commerce and logistics	18,000.00	-	51.00

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**VII. INTERESTS IN OTHER ENTITIES** *(continued)***1. Interests in the subsidiaries** *(continued)*Information of the Company's major subsidiaries is as follows: *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control <i>(continued)</i>					
Tianjin Tiancai Hengye Building Materials Co., Ltd.	Tianjin	Building materials and commerce and logistics	37,242.39	–	100.00
Huanbohai Jinan (Tianjin) Group Holding Co., Ltd. (Note 1)	Tianjin	Property investment management	19,634.40	–	51.66
Tianjin Xincai Property Development Co., Ltd.	Tianjin	Real estate	27,649.81	–	100.00
Tianjin Building Materials Scientific Study Co., Ltd.	Tianjin	Property investment management	16,129.64	–	100.00
Tianjin Tiancaiweiye Building Materials Co., Ltd.	Tianjin	Cement and ready-mixed concrete	26,275.03	–	100.00
Tianjin Tiancai Construction Investment Co., Ltd.	Tianjin	Property investment management	34,528.08	–	100.00
Tiancai Hongye (Tianjin) Building Materials Co., Ltd.	Tianjin	Property investment management	54,596.03	–	100.00
Tianjin Tiancai New Industry Assets Management Co., Ltd.	Tianjin	Property investment management	31,973.79	–	100.00
Tianjin Huanbohai International Home Living Co., Ltd.	Tianjin	Property investment management	8,258.73	–	100.00
Tianjin Cement Stone Mine Co., Ltd.	Tianjin	Cement and ready-mixed concrete	119,937.67	–	100.00
Tianjin Tiancai Xingchen Building Material Co., Ltd.	Tianjin	Property investment management	42,798.30	–	100.00
Tianjin Stone Mine Co., Ltd.	Tianjin	Property investment management	44,081.24	–	100.00
Beijing Bengpu Construction Machinery Operation Co., Ltd.	Beijing	Professional contracting; construction general contracting	6,450.00	–	100.00
Tianjin Binhai New Area Haoyu Investment Co., Ltd.	Tianjin	Real estate development and operation and property management	10,000.00	–	100.00
Beijing Mingzhu Glass Products Co., Ltd.	Beijing	Manufacturing, design and installment of glass products	50.00	–	100.00

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's major subsidiaries is as follows: *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control <i>(continued)</i>					
Shanghai BBMG Jingpu Real Estate Development Co., Ltd.	Shanghai	Real estate	5,000.00	–	100.00
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd.	Tangshan	Manufacturing and sale of concrete and concrete-based products, etc.	400,000.00	55.00	45.00
Beijing Jidong Haiqiang Concrete Co., Ltd.	Beijing	Ready-mix commodity concrete etc.	2,980.00	–	70.00
Beijing Chengwu Concrete Co., Ltd.	Beijing	Manufacturing of concrete and concrete-based products, etc.	2,000.00	–	66.00
Beijing Hanxin Concrete Co., Ltd.	Beijing	Production of concrete, etc.	4,510.00	–	70.00
Beijing Hengkun Concrete Co., Ltd.	Beijing	Special goods transportation (in tank), etc.	5,000.00	–	100.00
Tianjin Jidong Haifeng Concrete Co., Ltd.	Tianjin	Wholesale and retail of commodity concrete, etc.	2,500.00	–	100.00
Tianjin Jidong Jinpujiye Concrete Co., Ltd.	Tianjin	Processing, sales and pouring of ready-mixed concrete	2,900.00	–	100.00
Jidong Concrete (Tianjin) Co., Ltd.	Tianjin	Production, processing and sale of ready-mixed concrete	3,000.00	–	100.00
Tangshan Jidong Cement Xujian Concrete Co., Ltd.	Tangshan	Production of ready-mixed concrete, etc.	3,500.00	–	70.00
Tangshan Qianxi Jidong Concrete Co., Ltd.	Tangshan	Production of commodity concrete etc.	1,200.00	–	100.00
Tangshan Jidong Xingang Concrete Co., Ltd.	Tangshan	Manufacture and sales of commercial concrete, etc.	3,360.00	–	100.00
Chengde Jidong Hengsheng Concrete Co., Ltd.	Chengde	Construction equipment templates lease, etc.	2,000.00	–	100.00
Hohhot Jidong Cement Concrete Co., Ltd.	Hohhot	Special goods transportation (in tanks)	3,000.00	–	100.00

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**VII. INTERESTS IN OTHER ENTITIES** *(continued)***1. Interests in the subsidiaries** *(continued)*Information of the Company's major subsidiaries is as follows: *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control <i>(continued)</i>					
Liaoning Ruifeng Concrete Co., Ltd.	Shenyang	Production of commodity concrete and additive for concrete, etc.	2,500.00	–	100.00
Shenyang Aohuaxing Concrete Co., Ltd.	Shenyang	Special goods transportation (tank, pump), etc.	3,100.00	–	100.00
Shenyang Landing Concrete Co., Ltd.	Shenyang	Special goods transportation (tank, pump), etc.	2,008.00	–	100.00
Jilin Jidong Concrete Co., Ltd.	Jilin	Production of concrete components and products, etc.	2,000.00	–	100.00
Chongqing Jushi New Building Materials Co., Ltd.	Chongqing	Class III Qualification for ready-mixed commodity concrete professional contracting	2,100.00	–	100.00
Xinxingzhan (Chongqing) Building Materials Co., Ltd.	Chongqing	Manufacture and sale of commodity concrete	7,563.00	–	100.00
Jidong Cement (Chongqing) Concrete Co., Ltd.	Chongqing	Special goods transportation (in tank), etc.	3,000.00	–	100.00
Baoji Jidong Dunshi Concrete Co., Ltd.	Baoji	Ready-mixed concrete and pouring projects	4,000.00	–	100.00
Shenzhou Jidong Concrete Co., Ltd.	Shenzhou	Manufacture and sales of ready-mixed commercial concrete, etc.	3,000.00	–	100.00
Datong Dunshi Concrete Co., Ltd.	Datong	Sales and transportation of ready-mixed concrete, etc.	2,000.00	–	100.00
Datong Jinlong Commodity Concrete Co., Ltd.	Datong	Sales and transportation of ready-mixed concrete, etc.	3,000.00	–	100.00
Changchun Jidong Cement & Concrete Co., Ltd.	Changchun	Production of concrete, etc.	1,000.00	–	100.00
Huanghua BBMG Jidong Concrete Co., Ltd.	Huanghua	Sales and transportation of ready-mixed concrete, etc.	2,500.00	–	100.00

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's major subsidiaries is as follows: *(continued)*

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination not under common control <i>(continued)</i>					
Cangzhou Lingang BBMG Jidong Concrete Co., Ltd.	Cangzhou	Sales and transportation of ready-mixed concrete, etc	2,500.00	–	100.00
Shijiazhuang BBMG Concrete Co., Ltd.	Shijiazhuang	Sales and transportation of ready-mixed concrete, etc	20,000.00	–	100.00
Tianjin Binhai BBMG Concrete Co., Ltd.	Tianjin	Manufacturing and sale of cement-based products, etc.	12,000.00	–	100.00
Jiayu Shangpin Property Management (Tianjin) Co., Ltd.	Tianjin	Property management, etc.	1,000.00	–	100.00
Hebei BBMG Dingxin Cement Co., Ltd.	Hebei	Manufacture and sales of cement and clinker, etc.	131,700.00	–	100.00
Handan BBMG Taihang Cement Co., Ltd.	Hebei	Manufacture and sales of cement and clinker, etc.	66,434.29	–	92.63
Jidong Cement Tongchuan Co., Ltd.	Shaanxi	Manufacture and sales of cement and clinker, etc.	130,000.00	–	100.00
Subsidiaries acquired in business combination under common control					
Beijing Building Decoration and Design Engineering Co., Ltd.	Beijing	Design of projects' decoration and furniture decoration, etc.	8,500.00	–	100.00
Beijing BBMG Doudian Technology Corporate Management Co., Ltd.	Beijing	Manufacture of insulation and energy-saving building materials, etc.	15,037.66	–	100.00
Beijing BBMG Property Development Group Co., Ltd.	Beijing	Property development and operation	600,000.00	100.00	–
Haikou Dacheng Property Investment Co., Ltd.	Haikou	Property development etc.	1,600.00	–	100.00
BBMG Dacheng Property Management Co., Ltd.	Beijing	Property management	500.00	–	100.00

Notes to Financial Statements (continued)

For the year ended 31 December 2021
RMB

VII. INTERESTS IN OTHER ENTITIES (continued)**1. Interests in the subsidiaries** (continued)

Information of the Company's major subsidiaries is as follows: (continued)

	Place of registration/ principal business	Business nature	Registered capital RMB0'000	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired in business combination under common control (continued)					
BBMG Hongye Ecological Science and Technology Co., Ltd.	Beijing	Rental and property management, etc.	200.00	-	100.00
BBMG Hong Kong Limited	Hong Kong	Rental of properties held	(HK\$) 100.00	100.00	-
Beijing Yanshui Asset Management Co., Ltd.	Beijing	Production of concrete	6,266.85	100.00	-
Beijing BBMG Tongda Fire-resistant Technology Co., Ltd.	Beijing	R&D and manufacture of various new refractory materials etc.	28,517.14	100.00	-

Note 1: Among the subsidiaries of the Group, Beijing BBMG Tiantan Furniture Co., Ltd., Tangshan Jidong Cement Co., Ltd., Tangshan Jidong Equipment & Engineering Co., Ltd. and Huanbohai Jinan (Tianjin) Group Holding Co., Ltd. are joint stock companies (股份有限公司), BBMG (Tianjin) Investment Partnership (Limited Partnership) is a limited partnership (有限合伙企业). Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan is a trust plan, and other subsidiaries are limited liability companies (有限责任公司).

Note 2: Due to the large number of subsidiaries of the Group, the above tables only list the subsidiaries that have a significant impact on the Group's consolidated financial statements, and do not list all subsidiaries one by one.

Subsidiaries with significant minority interests are as follows:

2021

	Percentage of minority shareholding	Profit or loss attributable to minority shareholders	Dividend payment to minority shareholders	Accumulated equity attributable to minority shareholders at the end of the year
Tangshan Jidong Cement Co., Ltd.	46%	1,882,617,209.64	657,514,129.31	17,681,825,284.30
Jidong Development Group Co., Ltd.	45%	(47,781,062.99)	8,196,942.83	530,956,119.75
Tianjin Building Materials (Holding) Co., Ltd.	45%	(29,109,689.30)	12,477,946.17	4,718,971,209.34
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan	80%	89,070,788.93	89,068,349.53	2,000,003,948.87
BBMG (Tianjin) Investment Partnership (Limited Partnership)	80%	271,077,460.40	271,077,460.40	6,400,000,000.00

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

2020

	Percentage of minority shareholding	Profit or loss attributable to minority shareholders	Dividend payment to minority shareholders	Accumulated equity attributable to minority shareholders at the end of the year
Jidong Development Group Co., Ltd.	45%	2,287,762,600.17	689,044,577.91	17,857,720,340.97
Tianjin Building Materials (Holding) Co., Ltd.	45%	(7,551,729.62)	9,351,634.48	4,760,558,844.81
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan	80%	46,921,924.43	46,920,414.96	2,000,001,509.47
BBMG (Tianjin) Investment Partnership (Limited Partnership)	80%	141,165,126.59	141,165,126.59	6,400,000,000.00

The following table sets forth the major financial information of the above-mentioned subsidiaries. Relevant figures represent amounts before intragroup offsetting:

31 December 2021

	Tangshan Jidong Cement Co., Ltd.	Jidong Development Group Co., Ltd.	Tianjin Building Materials (Holding) Co., Ltd.	Jiangsu Trust- Longyuan No.2 Assemble Fund Trust Plan	BBMG (Tianjin) Investment Partnership (Limited Partnership)
Current assets	15,934,726,765.25	13,306,824,342.73	8,855,451,608.16	2,500,004,936.09	14,533,342.57
Non-current assets	47,767,348,891.74	7,314,128,957.58	11,756,882,154.19	-	7,985,466,657.43
Total assets	63,702,075,656.99	20,620,953,300.31	20,612,333,762.35	2,500,004,936.09	8,000,000,000.00
Current liabilities	13,718,720,676.43	19,269,706,363.64	7,114,410,760.31	-	-
Non-current liabilities	13,798,610,699.76	552,461,172.98	4,094,113,335.66	-	-
Total liabilities	27,517,331,376.19	19,822,167,536.62	11,208,524,095.97	-	-
Operating revenue	36,369,371,510.07	29,994,706,501.26	7,735,416,456.42	116,508,087.10	344,404,201.46
Net profit/(loss)	3,915,709,180.08	(162,329,947.22)	(144,479,814.35)	111,338,486.16	338,846,825.50
Total comprehensive income	3,928,165,445.00	(185,288,558.65)	(143,670,814.35)	111,338,486.16	338,846,825.50
Net cash flows from operating activities	6,211,451,232.26	(1,141,433,708.85)	(1,684,560,180.12)	111,338,486.16	319,321,858.87

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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VII. INTERESTS IN OTHER ENTITIES (continued)**1. Interests in the subsidiaries** (continued)

31 December 2020

	Jidong Development Group Co., Ltd.	Tianjin Building Materials (Holding) Co., Ltd.	Jiangsu Trust- Longyuan No.2 Assemble Fund Trust Plan	BBMG (Tianjin) Investment Partnership (Limited Partnership)
Current assets	27,371,904,743.43	6,378,139,658.90	2,500,001,886.84	7,990,004,375.00
Non-current assets	52,133,779,285.77	12,275,622,976.37	-	9,995,625.00
Total assets	79,505,684,029.20	18,653,762,635.27	2,500,001,886.84	8,000,000,000.00
Current liabilities	31,405,462,835.80	7,707,313,060.01	-	-
Non-current liabilities	13,701,942,150.96	1,386,844,324.21	-	-
Total liabilities	45,107,404,986.76	9,094,157,384.22	-	-
Operating revenue	59,224,452,944.68	6,865,690,580.20	61,605,823.54	179,815,939.48
Net profit/(loss)	4,704,047,284.97	(32,483,399.99)	58,652,405.54	176,456,408.24
Total comprehensive income	4,699,966,930.02	(32,483,399.99)	58,652,405.54	176,456,408.24
Net cash flows from operating activities	8,218,108,407.38	(3,151,294,848.14)	58,652,405.54	206,518,677.14

2. Transactions resulting in changes in equity attributable to shareholders in subsidiaries with no effect on right of control

- a. On 11 May 2021, the Company and Jidong Development Group Co., Ltd. (hereinafter referred to as "Jidong Development"), converted their respective convertible bonds of Tangshan Jidong Cement Co., Ltd. (hereinafter referred to as "Jidong Cement"). Upon completion of the conversion, the direct shareholding of BBMG in Jidong Cement increased from the original 7% to 7.56%, and the direct shareholding of Jidong Development in Jidong Cement increased from the original 30% to 32.39%. Such transaction did not affect BBMG's the control over Jidong Cement. Such transaction resulted in an increase in the Group's minority interest by RMB95,722,893.84 and a decrease in capital reserve by RMB95,722,893.84.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

VII. INTERESTS IN OTHER ENTITIES *(continued)*

2. Transactions resulting in changes in equity attributable to shareholders in subsidiaries with no effect on right of control *(continued)*

- b. On 22 December 2020, BBMG Jidong Cement (Tangshan) Co., Ltd. (hereinafter referred to as "BBMG Jidong Cement") acquired 48% of equities in Siping BBMG Cement Co., Ltd. (hereinafter referred to as "Siping Cement") by way of bidding at a consideration of RMB80,000,000.00. Upon completion of such transaction, Siping Cement became a wholly-owned subsidiary of BBMG Jidong Cement. Such transaction resulted in a decrease in the Group's minority interest by RMB74,615,839.56 and a decrease in capital reserve by RMB5,384,160.44.
- c. On 30 January 2021, BBMG Jidong Cement (Tangshan) Co., Ltd. (hereinafter referred to as "BBMG Jidong Cement") acquired 5% of equities in Bo'ai BBMG Cement Co., Ltd. (hereinafter referred to as "Bo'ai Cement") by way of bidding at a consideration of RMB14,504,706.00. Upon completion of such transaction, Bo'ai Cement became a wholly-owned subsidiary of BBMG Jidong Cement. Such transaction resulted in a decrease in the Group's minority interest by RMB16,626,176.99 and an increase in capital reserve by RMB2,121,470.99.
- d. On 15 October 2021, BBMG Mortar Co., Ltd. (hereinafter referred to as "BBMG Mortar") acquired 30% of equities in Tianjin Jinyu Treasure Bright Mortar Co., Ltd. (hereinafter referred to as "Treasure Bright Mortar") at an agreed consideration of RMB15,489,698.45. Upon completion of such transaction, Treasure Bright Mortar became a wholly-owned subsidiary of BBMG Mortar. Such transaction resulted in a decrease in the Group's minority interest by RMB15,616,204.24 and an increase in capital reserve by RMB126,505.79.
- e. On 31 August 2021, Tangshan Jidong Equipment & Engineering Co., Ltd. (hereinafter referred to as "Jidong Equipment") acquired 15% of equities in Hebei Jidong Development Group Mining Engineering Co., Ltd. (hereinafter referred to as "Mining Engineering") at an agreed consideration of RMB10,647,855.00. Upon completion of such transaction, Mining Engineering became a wholly-owned subsidiary of Jidong Equipment. Such transaction resulted in a decrease in the Group's minority equities by RMB10,735,983.86 and an increase in capital reserve by RMB88,128.86.
- f. On 15 November 2021, Tangshan Jidong Cement Co., Ltd. (hereinafter referred to as "Jidong Cement") purchased 47.09% equity interests in BBMG Jidong Cement held by BBMG through private placement of 1,065,988,043 shares at a price of RMB12.78 per share to BBMG and merged with BBMG Jidong Cement ("Cement Reorganization"), while BBMG acquired 5,821,192 shares held by shareholders who voted against the Cement Reorganization and were entitled to a cash alternative at a price of RMB12.78 per share. Upon completion of the transaction, Jidong Cement as the subsisting entity shall assume and take over all assets, liabilities, employees, business, contracts and other rights and obligation, and the enterprise legal status of BBMG Jidong Cement shall be de-registered. As a result of such transaction, the minority interest of the Group increased by RMB529,969,316.37 with a decrease in capital reserve of RMB604,364,150.13.

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**VII. INTERESTS IN OTHER ENTITIES** *(continued)***3. Interests in joint ventures and associates**

	Place of registration/ principal business	Business nature	Registered capital	Percentage of shareholding (%)	
				Direct	Indirect
Joint ventures					
STAR-USG Building Materials Co., Ltd.	Dachang County	Production of mineral wool acoustic board, etc.	USD54,520	50.00	–
BBMG TUS Technology Incubator Co., Ltd.	Beijing	Incubating technology business, enterprise management, etc.	8,000.00	–	50.00
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Baoji	Manufacture and sales of cement and clinker, etc.	489,875.00	–	48.11
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Xianyang	Manufacture and sales of cement and clinker, etc.	458,960.00	–	50.00
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Tangshan	Manufacture and sales of slag fine powder and by-product	200,000.00	–	50.00
Anshan Jidong Cement Co., Ltd.	Anshan	Manufacture and sales of cement and clinker, etc.	300,000.00	–	50.00
Cross Point Trading 274 (Pty) Ltd (RF)	South Africa	Investment in building materials industry	ZAR300,000.00	–	56.10
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	Beijing	Property development and sale of self-developed commercial housing	100,000.00	–	60.00
Hebei Xiongan Zhitong Technology Co., Ltd.	Baoding	New material technology promotion service and concrete technology development, etc	20,000.00	–	51.00

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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VII. INTERESTS IN OTHER ENTITIES *(continued)*

3. Interests in joint ventures and associates *(continued)*

	Place of registration/ principal business	Business nature	Registered capital	Percentage of shareholding (%)	
				Direct	Indirect
Associates					
Zehnder (China) Indoor Climate Co., Ltd.	Beijing	Production of radiators, etc.	USD27,500	26.70	–
OCV Reinforcements (Beijing) Co., Ltd.	Beijing	Complete non-standard control of concrete and pumping	276,000.00	20.00	–
Beijing Sinobaide Technology Co., Ltd.	Beijing	Design and production of equipment	10,000.00	–	23.00
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	Chengde	Technology research and testing for comprehensive utilization of solid waste, etc.	46,000.00	–	34.78
Tangshan Conch Profiles Co., Ltd.	Tangshan	Manufacture and sales of architectural profiles	160,000.00	40.00	–
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	Beijing	Education technology promotion services, etc	10,000.00	–	30.00
Beijing Chenyu Real Estate Development Co., Ltd.	Beijing	Property development and operation, etc.	200,000.00	–	49.00
Toto Machinery (Beijing) Company Limited	Beijing	Production of sanitary ceramics	USD24,000	20.00	–
Beijing Toto Co., Ltd.	Beijing	Production of sanitary ceramics	USD15,000	30.00	–
SINJI TRADING PTE LTD	Singapore	Wholesale and sales of metal and metallic mineral, etc.	SGD800,000	–	40.00
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	Tangshan	Property development and operation, etc.	10,000.00	–	40.00
Changchun Light Rail Jidong Concrete Co., Ltd.	Changchun	Manufacture and sales of commercial concrete, etc.	10,000.00	–	49.00
Jidong Cement Fufeng Transportation Co., Ltd.	Baoji	Automobile transportation, etc.	16,000.00	–	23.75
Jilin Changjitu Investment Co., Ltd.	Jilin city	Service industry, etc.	500,000.00	–	30.00
Jilin Cement (Group) Co., Ltd.	Jilin province	Manufacture and sales of clinker, cement, etc.	50,000.00	–	28.60
Tianjin Gangbei Concrete Industry Co., Ltd.	Tianjin	Manufacture of cement, ready-mixed concrete and concrete products, etc	20,000.00	–	30.00

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**VII. INTERESTS IN OTHER ENTITIES** (continued)**3. Interests in joint ventures and associates** (continued)

	Place of registration/ principal business	Business nature	Registered capital	Percentage of shareholding (%)	
				Direct	Indirect
Associates (continued)					
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Tianjin	Undertaking the construction of various types of projects, etc.	100,000.00	-	30.00
Tianjin Yaopi Glass Co., Ltd.	Tianjin	Manufacture and sale of various types of plate glass, etc.	736,166.00	-	22.75
Tianjin Binhai Jiantai Investment Co., Ltd.	Tianjin	Investments in high-tech industry, etc.	156,250.00	-	48.00
Beijing Innovation Industry Investment Co., Ltd. Note 1	Beijing	Investment management, asset management, etc.	2,000,000.00	10.00	-
Liaoning Yunding Cement Group Co., Ltd. Note 2	Shenyang	Production and sales of cement clinker	32,990.00	-	3.47
Nanjing Huayu Real Estate Development Co., Ltd. (南京緯隅房地產開發有限公司)	Nanjing	Property development and sale of self-developed commercial housing	900,000.00	-	51.00
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	Beijing	Property development and sale of self-developed commercial housing	1,311,049.00	-	33.00
Beijing Jinhaicheng Management Consulting Partnership LLP. (北京金海誠管理諮詢合夥企業(有限合夥))	Beijing	Business management	2,000.00	-	30.00
Beijing Jinhaicheng Technology Innovation Investment Partnership LLP. (北京金海誠科創投資合夥企業(有限合夥))	Beijing	Asset management, investment consultation	198,000.00	-	70.42
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. (北京京西生態文旅投資有限公司)	Beijing	Cultural industry investment, project development and operation	1,000,000.00	-	10.00
Shanxi China Resources Fulong Cement Limited (山西華潤福龍水泥有限公司)	Luliang	Manufacture and sale of cement, cement clinker and cement products	90,000.00	-	28.00

The Group adopts the equity method for interests in joint ventures and associates.

Note 1: The Group holds 10% equity interests in Beijing Innovation Industry Investment Co., Ltd., therefore, the Group has a significant influence on it. According to the Articles of Association, the Board of Directors of Beijing Innovation Industry Investment Co., Ltd. consists of 9 directors, of which 2 directors are nominated by State-owned Assets Management Center and the director appointed by State-owned Assets Management Center serves as the Chairman, so it is concluded that the Group has a significant influence.

Notes to Financial Statements (continued)

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VII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures and associates (continued)

The following table sets forth the consolidated financial information on joint ventures and associates which are not individually significant to the Group:

	2021	2020
Joint ventures		
Total carrying amount of investments	1,844,340,891.05	1,797,155,830.90
Total amount calculated based on shareholding		
Net profit	436,629,119.85	431,214,556.49
Total comprehensive income	<u>425,274,909.28</u>	<u>431,214,556.49</u>
Associates		
Total carrying amount of investments	4,579,808,028.50	2,171,003,176.09
Total amount calculated based on shareholding		
Net loss	(36,259,755.71)	(30,793,937.36)
Total comprehensive income	<u>(36,259,755.71)</u>	<u>(30,793,937.36)</u>

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2021

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised costs	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	-	21,921,968,519.94	-	21,921,968,519.94
Financial assets held for trading	1,152,240,648.45	-	-	1,152,240,648.45
Bills receivable	-	705,691,610.82	-	705,691,610.82
Accounts receivable	-	7,523,927,513.40	-	7,523,927,513.40
Financing receivables	-	-	2,514,575,159.07	2,514,575,159.07
Other receivables	-	7,913,946,527.77	-	7,913,946,527.77
Long-term receivables due within one year	-	127,377,276.90	-	127,377,276.90
Debt investments	-	490,902,028.26	-	490,902,028.26
Long-term receivables	-	1,004,712,317.80	-	1,004,712,317.80
Investment in other equity instruments	-	-	596,774,849.44	596,774,849.44
	<u>1,152,240,648.45</u>	<u>39,688,525,794.89</u>	<u>3,111,350,008.51</u>	<u>43,952,116,451.85</u>

Notes to Financial Statements (continued)

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)**1. Financial instruments by category** (continued)

2021 (continued)

Financial liabilities

	Financial liabilities at amortised costs
Short-term loans	25,140,608,000.00
Bills payable	3,217,498,008.45
Accounts payable	19,796,622,282.33
Other payables	9,309,630,643.31
Non-current liabilities due within one year	15,125,801,960.37
Short-term financing bonds payable	7,500,000,000.00
Long-term borrowings	29,001,712,449.80
Bonds payable	33,499,674,504.50
Lease liabilities	395,211,550.60
Long-term payables	345,169,768.56
	143,331,929,167.92

2020

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised costs	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	–	28,643,885,532.33	–	28,643,885,532.33
Financial assets held for trading	1,117,646,125.53	–	–	1,117,646,125.53
Bills receivable	–	909,259,922.98	–	909,259,922.98
Accounts receivable	–	7,658,458,756.67	–	7,658,458,756.67
Financing receivables	–	–	5,588,223,348.91	5,588,223,348.91
Other receivables	–	6,080,602,255.25	–	6,080,602,255.25
Debt investments	–	782,487,853.43	–	782,487,853.43
Long-term receivables	–	1,078,930,249.19	–	1,078,930,249.19
Investment in other equity instruments	–	–	580,376,487.41	580,376,487.41
	1,117,646,125.53	45,153,624,569.85	6,168,599,836.32	52,439,870,531.70

Notes to Financial Statements *(continued)*

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

1. Financial instruments by category *(continued)*

2020 *(continued)*

Financial liabilities

	Financial liabilities at amortised costs
Short-term loans	30,823,388,385.20
Bills payable	1,779,326,807.47
Accounts payable	18,082,453,566.59
Other payables	7,141,060,053.62
Non-current liabilities due within one year	14,967,779,666.16
Short-term financing bonds payable	1,599,273,452.96
Long-term borrowings	37,777,329,363.48
Bonds payable	31,571,846,083.37
Lease liabilities	458,329,649.60
Long-term payables	19,162,220.69
	<u>144,219,949,249.14</u>

2. Transfers of financial assets

Financial assets transferred but not yet fully derecognised

As at 31 December 2021, the Group endorsed undue bank acceptance bills and commercial acceptance bills with a carrying amount of RMB86,561,875.68 and RMB193,990,605.34 respectively (31 December 2020: RMB1,870,804,890.44 and RMB418,961,031.57) to its suppliers for settlement of accounts payable, and discounted bank acceptance bills with a carrying amount of RMB3,100,000.00 (31 December 2020: bank acceptance bills of RMB19,250,000.00) to the banks. The Group is of the opinion that the Group has retained substantially all their risks and rewards, including the default risk associated, the Group continues to recognise them in full and the settled accounts payable or short-term loans associated therewith. After the endorsement or discount, the Group no longer reserves the rights to use these financial assets, including the rights to sell, transfer or pledge to any other third parties. As at 31 December 2021, the carrying amount of accounts payable settled or short-term loans secured by the Group through these financial assets amounted to RMB280,552,481.02 and RMB3,100,000.00 respectively (31 December 2020: RMB2,289,765,922.01 and RMB19,250,000.00).

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

2. Transfers of financial assets *(continued)*

Transferred financial assets fully derecognised but with continuing involvement

As at 31 December 2021, the carrying amount of undue bank acceptance bills endorsed to its suppliers for settlement of accounts payable or discounted to the banks by the Group was RMB6,645,552,460.43 (31 December 2020: RMB7,515,622,642.8, including the portion included in bills receivable and Financing receivables). As at 31 December 2021, the maturities ranged from 1 to 12 months. Pursuant to relevant provisions of the "Law of Negotiable Instruments", the holders of commercial instruments shall have the right of recourse against the Group ("Continuing Involvement") if the relevant acceptance bank defaults. As the Group is of the opinion that the Group has transferred substantially all their risks and rewards, the Group has derecognised them and the settled accounts payable associated therewith (carrying amounts). The maximum exposure to loss from the Continuing Involvement and repurchase and the undiscounted cash flows equal to their carrying amounts. The Group is of the opinion that the fair value of the Continuing Involvement is insignificant.

As at 31 December 2021, no gains or losses were recognised on their dates of transfer by the Group. No income or expenses were recognised for the current year or on an accumulative basis as a result of the Group's Continuing Involvement in derecognised financial assets. Endorsements were incurred basically evenly during the year.

3. Financial Instruments Risks

The Group is exposed to various types of risks from financial instruments during its ordinary course of business, mainly including credit risk, liquidity risk and market risk with foreign exchange risk and interest rate risk inclusive. Financial instruments of the Group is mainly comprised of cash and bank balances, borrowings and bonds payables, bills receivable and accounts receivable and bills payable and accounts payable, etc. Risks related to these financial instruments and the Group's risk management policies adopted to reduce such risks are described as follows.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who request to trade on credit terms are subject to credit verification procedures. In addition, balances of accounts receivable are monitored on an ongoing basis to ensure that the Group's exposure to bad debt is not significant. For transactions that are not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control of the Group.

As the counterparties of cash and bank balances and bank acceptance bills receivable are banks with good reputations and higher credit ratings, these financial instruments have lower credit risk.

The credit risk of the Group's other financial assets, which comprise other receivables, long-term receivables and other non-current financial assets, etc. arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note XI. Contingencies.

Notes to Financial Statements *(continued)*

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Credit risk (continued)

The maximum credit risk exposure of the Group on each balance sheet date is the total amount charged to customers less the amount after deducing impairment provision.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's accounts receivable are widely dispersed in different sectors and industries. The Group does not hold any collateral or other credit enhancements over the balances of accounts receivable.

Criteria for judging significant increase in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

- (1) Quantitative criteria mainly comprises of the circumstance that at the reporting date, the increase in remaining lifetime probability of default is considered significant comparing with the one at initial recognition;
- (2) Qualitative criteria mainly comprises of the circumstances that significant adverse change in debtor's operation or financial status and being listed on the watch-list, etc.

Definition of credit-impaired asset

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- (1) Significant financial difficulty of the issuer or the debtor;
- (2) Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- (3) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;

Notes to Financial Statements *(continued)*

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)***3. Financial Instruments Risks** *(continued)***Credit risk** *(continued)**Definition of credit-impaired asset (continued)*

- (4) It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;
- (6) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types.

Liquidity risk

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and the projected cash flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of various financing means, such as bank borrowings, perpetual bonds, bonds payable and short-term financing bonds payable.

The liquidity of the Group is primarily dependent on adequate cash inflows from operations to meet its debt obligations as they fall due and external financing to meet its committed future capital expenditure.

The table below summarises the maturity analysis of financial liabilities based on the undiscounted contractual cash flows:

31 December 2021

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term loans	25,753,881,661.17	-	-	-	25,753,881,661.17
Bills payable	3,217,498,008.45	-	-	-	3,217,498,008.45
Accounts payable	19,796,622,282.33	-	-	-	19,796,622,282.33
Other payables	9,309,630,643.31	-	-	-	9,309,630,643.31
Short-term financing bonds	7,626,687,671.23	-	-	-	7,626,687,671.23
Long-term borrowings	16,056,217,165.82	15,184,751,403.18	15,996,854,423.29	13,121,026,029.18	60,358,849,021.47
Bonds payable	5,991,636,782.00	9,199,626,782.00	25,608,880,000.00	4,679,550,000.00	45,479,693,564.00
Lease liabilities	153,239,068.57	93,131,715.59	148,461,058.91	272,656,297.32	667,488,140.39
Long-term payables	40,040,615.47	68,318,215.69	167,025,711.18	109,825,841.69	385,210,384.03
	87,945,453,898.35	24,545,828,116.46	41,921,221,193.38	18,183,058,168.19	172,595,561,376.38

Notes to Financial Statements (continued)

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

3. Financial Instruments Risks (continued)

Liquidity risk (continued)

31 December 2020

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term loans	31,386,755,506.19	-	-	-	31,386,755,506.19
Bills payable	1,779,326,807.47	-	-	-	1,779,326,807.47
Accounts payable	18,082,453,566.59	-	-	-	18,082,453,566.59
Other payables	7,141,060,053.62	-	-	-	7,141,060,053.62
Short-term financing bonds	1,630,334,426.23	-	-	-	1,630,334,426.23
Long-term borrowings	7,739,339,339.72	12,605,990,040.87	16,146,399,916.46	15,748,508,591.23	52,240,237,888.28
Bonds payable	7,386,198,465.00	5,855,840,000.00	25,648,380,000.00	9,296,550,000.00	48,186,968,465.00
Lease liabilities	128,636,546.31	156,218,989.99	174,769,308.06	277,772,746.82	737,397,591.18
Long-term payables	39,567,383.08	-	-	19,162,220.69	58,729,603.77
	<u>75,313,672,094.21</u>	<u>18,618,049,030.86</u>	<u>41,969,549,224.52</u>	<u>25,341,993,558.74</u>	<u>161,243,263,908.33</u>

Market risk

Interest rate risk

The Group's exposure to the changes in market interest rates is mainly related to the floating-rate long-term liabilities of the Group. The Group manages its interest cost by maintaining an appropriate mix of fixed- and floating-rate debts.

The table below demonstrates the sensitivity analysis of interest rate risk that reflects the impact on net profit or loss (through the impact on floating-rate borrowings) and net other comprehensive income after tax when a reasonably possible change in interest rates occurs, with all other variables held constant.

31 December 2021

	Increase/(decrease) in basis points	Increase/(decrease) in net profit or loss	Increase/(decrease) in other net comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
RMB	<u>100.00</u>	<u>(20,567,775.35)</u>	<u>-</u>	<u>(20,567,775.35)</u>

31 December 2020

	Increase/(decrease) in basis points	Increase/(decrease) in net profit or loss	Increase/(decrease) in other net comprehensive income after tax	Increase/(decrease) in total shareholders' equity
RMB	<u>100.00</u>	<u>(23,664,729.27)</u>	<u>-</u>	<u>(23,664,729.27)</u>

Notes to Financial Statements (continued)

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)**3. Financial Instruments Risks** (continued)**Market risk** (continued)*Foreign exchange risk*

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to foreign currency risk mainly arises from certain financial assets and financial liabilities held by the Group that are principally denominated in USD, HKD and ZAR.

The table below demonstrates the sensitivity analysis of foreign exchange risk to a possible change in exchange rates of USD against RMB, with all other variables held constant, with respect to the impact on net profit or loss and net other comprehensive income after tax.

2021

	Increase/(decrease) in exchange rate %	Increase/(decrease) in net profit or loss	Increase/(decrease) in other net comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
USD appreciation against RMB	1.00	(4,553,594.88)	–	(4,553,594.88)
HKD appreciation against RMB	1.00	57,260.13	4,278,983.27	4,336,243.40

2020

	Increase/(decrease) in exchange rate %	Increase/(decrease) in net profit or loss	Increase/(decrease) in other net comprehensive income after tax	Increase/(decrease) in total shareholders' equity
USD appreciation against RMB	1.00	3,449,536.96	–	3,449,536.96
HKD appreciation against RMB	1.00	9,087.87	2,211,904.91	2,220,992.78

4. Capital management

The main objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximise shareholder value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. As at 31 December 2021 and 31 December 2020, there was no change in the capital management objectives, policies or procedures.

Notes to Financial Statements *(continued)*

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VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

4. Capital management *(continued)*

The Group controls its capital using debt ratio, which is calculated by dividing total liabilities by total assets. As at the balance sheet date, the debt ratio of the Group was as follows:

	31 December 2021	31 December 2020
Total liabilities	190,823,004,007.16	196,896,196,534.25
Total assets	286,356,810,441.58	291,352,383,389.90
Debt ratio	<u>66.64%</u>	<u>67.58%</u>

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

Hierarchies of fair value

31 December 2021

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets held for trading	11,663,300.00	1,140,577,348.45	-	1,152,240,648.45
Financing receivables	-	2,514,575,159.07	-	2,514,575,159.07
Investment in other equity instruments	352,567,696.00	-	244,207,153.44	596,774,849.44
Investment properties	-	1,086,888,156.55	31,899,582,686.71	32,986,470,843.26
	<u>364,230,996.00</u>	<u>4,742,040,664.07</u>	<u>32,143,789,840.15</u>	<u>37,250,061,500.22</u>

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**IX. DISCLOSURE OF FAIR VALUE** (continued)**1. Assets and liabilities measured at fair value** (continued)**Hierarchies of fair value** (continued)

31 December 2020

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets held for trading	11,334,400.00	1,106,311,725.53	–	1,117,646,125.53
Financing receivables	–	5,588,223,348.91	–	5,588,223,348.91
Investment in other equity instruments	336,295,340.80	–	244,081,146.61	580,376,487.41
Investment properties	–	943,927,250.00	28,381,891,596.64	29,325,818,846.64
	<u>347,629,740.80</u>	<u>7,638,462,324.44</u>	<u>28,625,972,743.25</u>	<u>36,612,064,808.49</u>

2. Assets and liabilities disclosed at fair value

31 December 2021

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Debt investments	–	–	490,902,028.26	490,902,028.26
Long-term receivables (including amounts due within one year)	–	–	1,132,089,594.70	1,132,089,594.70
Long-term borrowings	–	–	29,001,712,449.80	29,001,712,449.80
Bonds payable	–	–	33,499,674,504.50	33,499,674,504.50
Lease liabilities	–	–	395,211,550.60	395,211,550.60
Long-term payables	–	–	345,169,768.56	345,169,768.56
	<u>–</u>	<u>–</u>	<u>64,864,759,896.42</u>	<u>64,864,759,896.42</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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IX. DISCLOSURE OF FAIR VALUE *(continued)*

2. Assets and liabilities disclosed at fair value *(continued)*

31 December 2020

	Input used for the measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	Debt investments	-	-	
Long-term receivables	-	-	1,078,930,249.19	1,078,930,249.19
Long-term borrowings	-	-	37,777,329,363.48	37,777,329,363.48
Bonds payable	-	-	31,571,846,083.37	31,571,846,083.37
Lease liabilities	-	-	458,329,649.60	458,329,649.60
Long-term payables	-	-	19,162,220.69	19,162,220.69
	-	-	71,688,085,419.76	71,688,085,419.76

3. Valuation of fair value

Management has assessed that the fair values of the short-term financial assets and financial liabilities, such as cash and bank balances, bills receivable, accounts receivable, financing receivables, other receivables, short-term loans, short-term financing bonds payable, bills payable, accounts payable, other payables and non-current liabilities due within one year, approximate their carrying amounts due to the short residual term of these instruments.

The Group's finance team is led by the manager of the finance and capital department, and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial officer and the Audit Committee. As at each balance sheet date, the finance team analyses changes in the values of financial instruments and determines the main inputs applicable to the valuation, and the valuation must be reviewed and approved by the chief accountant. For the purpose of preparing interim and annual financial statements, the finance team meets the Audit Committee twice a year to discuss the valuation process and results.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, instead of the amount under forced sale or under liquidation. The following methods and assumptions are used to estimate the fair value:

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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IX. DISCLOSURE OF FAIR VALUE *(continued)***3. Valuation of fair value** *(continued)*

The fair values of long-term receivables, long-term borrowings, bonds payable, lease liabilities and long-term payables are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 31 December 2021, the Group's exposure to non-performance risk associated with the long-term receivables, long-term borrowings, bonds payable, lease liabilities and long-term payables is assessed as insignificant.

The fair values of listed equity instruments are determined on the basis of market prices. The fair values of investments in unlisted available-for-sale equity instruments have been estimated using a market multiple approach.

The fair value of investment properties measured through fair value model

The following table sets forth the changes in Level 2 and Level 3 fair value of the investment properties of the Group as at 31 December 2021:

	Commercial properties Level 2	Commercial properties Level 3
Value as at 31 December 2020	943,927,250.00	28,381,891,596.64
Acquisition for the year	-	627,744,989.52
Transfer from intangible assets	-	1,471,740.00
Transfer from fixed-assets	-	58,100,000.00
Transfer from inventories	99,000,000.00	2,441,700,000.00
Disposal for the year	-	(219,483,324.18)
Changes in fair value	<u>43,960,906.55</u>	<u>608,157,684.73</u>
Value as at 31 December 2021	<u>1,086,888,156.55</u>	<u>31,899,582,686.71</u>

Details of removed from investment properties are set out in Note V. 16.

In 2021, there was no change between different fair value levels of investment properties of the Group.

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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IX. DISCLOSURE OF FAIR VALUE (continued)

3. Valuation of fair value (continued)

The following sets forth the valuation method and key inputs used for the valuation of fair value of the investment properties for 2021:

Valuation method	Significant unobservable inputs	Range of variation
Income approach	Unit rental (RMB/sq.m./day)	0.34-17.96
	Return on investment within the lease term	2%-7.5%
	Return on investment outside the lease term	2.5%-8%

For Level 3 fair value measurement under income approach, term and reversion approach in particular, the rental income derived from the existing tenancies with due allowance for the reversionary potential of the property is capitalised at the capitalisation rate. The estimated net leased income is capitalized over the remaining term of lease of the investment property at an appropriate market yield expected by investors for the type of properties to calculate the fair value of investment properties.

4. Adjustment on fair values measurement

Information on adjustment of persistent measurement of level-3 fair value is as follows:

31 December 2021

	Opening balance	Transfer into level 3	Transfer out of level 3	Total profit or loss for the current period			Purchase	Sale	Closing balance
				Included in profit or loss	Included in other comprehensive income				
Equity instrument investment	244,081,146.61	-	-	-	196,006.83	-	(70,000.00)	244,207,153.44	
Investment properties	28,381,891,596.64	2,501,271,740.00	-	608,157,684.73	-	627,744,989.52	(219,483,324.18)	31,899,582,686.71	
	<u>28,625,972,743.25</u>	<u>2,501,271,740.00</u>	<u>-</u>	<u>608,157,684.73</u>	<u>196,006.83</u>	<u>627,744,989.52</u>	<u>(219,553,324.18)</u>	<u>32,143,789,840.15</u>	

31 December 2020

	Opening balance	Transfer into level 3	Transfer out of level 3	Total profit or loss for the current period			Purchase	Sale	Closing balance
				Included in profit or loss	Included in other comprehensive income				
Equity instrument investment	35,988,928.15	-	-	-	442,074.87	215,283,117.42	(7,632,973.83)	244,081,146.61	
Investment properties	26,596,109,404.53	16,447,976.23	(7,000,000.00)	801,773,295.55	-	991,321,039.92	(16,760,119.59)	28,381,891,596.64	
	<u>26,632,098,332.68</u>	<u>16,447,976.23</u>	<u>(7,000,000.00)</u>	<u>801,773,295.55</u>	<u>442,074.87</u>	<u>1,206,604,157.34</u>	<u>(24,393,093.42)</u>	<u>28,625,972,743.25</u>	

Notes to Financial Statements *(continued)*

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**1. Parent company**

Parent company name	Place of registration	Business nature	Registered capital RMB'000	Over the Company	
				Proportion of shareholding (%)	Proportion of votes (%)
Beijing State-owned Capital Operation and Management Company Limited* (北京國有資本運營管理有限公司)	Beijing	Investment and investment management, assets management, as well as the organization of the restructuring or merger of assets of enterprises	50,000,000.00	44.93	44.93

* As at 30 July 2021, Beijing State-owned Capital Operation and Management Center (北京國有資本經營管理中心) was renamed Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司), hereinafter referred to as "BSCOMC".

2. Subsidiaries

For details on the subsidiaries, please refer to Note VII. 1. Interests in the subsidiaries.

3. Joint ventures and associates

For details on the joint ventures and associates, please refer to Note VII. 3.

4. Other related parties

	Relationship with related parties
Tangshan Hangdao Marine Heavy Industry Co., Ltd.	Associates
Beijing XinYuan Concrete Co., Ltd.	Associates
Fuxin Jidong Xianghe Concrete Co., Ltd.	Associates
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	Associates
Xianyang Jidong High-New Concrete Co., Ltd.	Associates
Zhangjiakou Xingpai Youshiji Building Materials Co., Ltd.	Associates
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Joint venture
Mamba Cement Company (Pty) Ltd (RF)	Subsidiary of a joint venture
Tianjin Binhai New Area Daxin Investment Co., Ltd.	Subsidiary of an associate

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties

(1) Transactions concerning goods and services with related parties

Purchase of goods and receipt of services from related parties

	Type of goods or services	2021	2020
Transactions with joint ventures and associates			
Anshan Jidong Cement Co., Ltd.	Purchase of goods/ receipt of services	44,668,336.18	4,672,031.44
Tangshan Conch Profiles Co., Ltd.	Purchase of goods/ receipt of services	7,926,396.51	12,613,150.41
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Purchase of goods/ receipt of services	6,000,000.00	5,606,940.00
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Purchase of goods/ receipt of services	8,293,469.92	3,103,064.81
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Purchase of goods/ receipt of services	2,213,308.15	18,928,255.19
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	Purchase of goods	4,218,290.24	4,325,281.57
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Purchase of goods/ receipt of services	3,239,171.08	2,833,405.32
Jidong Cement Fufeng Transportation Co., Ltd.	Receipt of services	2,156,360.71	1,214,334.71
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Receipt of services	2,292,614.17	2,477,397.01
Zehnder (China) Indoor Climate Co., Ltd.	Purchase of goods/ receipt of services	8,331,076.59	–
Liaoning BBMG Jidong Cement Trading Co., Ltd. (遼寧金隅冀東水泥貿易有限公司)	Purchase of goods/ receipt of services	281,011.20	–
Zhangjiakou Xingpai Youshiji Building Materials Co., Ltd.	Purchase of goods/ receipt of services	35,840.71	–
		89,655,875.46	55,773,860.46

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** *(continued)***5. Major transactions between the Group and related parties** *(continued)***(1) Transactions concerning goods and services with related parties** *(continued)**Sale of goods and rendering of services to related parties*

	Type of goods or services	2021	2020
Transactions with joint ventures and associates			
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	Sale of goods/rendering of services	387,367,152.11	267,030,872.67
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Sale of goods/rendering of services	383,662,143.49	244,065,479.99
Changchun Light Rail Jidong Concrete Co., Ltd.	Sale of goods/rendering of services	–	476,953.86
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	Sale of goods/rendering of services	7,034,014.42	1,990,241.49
Mamba Cement Company (Pty) Ltd (RF)	Sale of goods	13,240,124.13	9,090,433.85
OCV Reinforcements (Beijing) Co., Ltd.	Sale of goods	53,110.62	5,000.00
STAR-USG Building Materials Co., Ltd.	Sale of goods	24,274.34	2,654.87
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Sale of goods/rendering of services	436,182.56	10,596,866.63
Beijing Gaoqiang Concrete Co., Ltd.	Sale of goods	2,092,754.04	4,885,883.17
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Rendering of services	74,402.67	138,301.74
Anshan Jidong Cement Co., Ltd.	Sale of goods/rendering of services	133,204,205.23	76,086,018.85
Jidong Cement Fufeng Transportation Co., Ltd.	Rendering of services	1,414,319.25	4,100,744.06
Tianjin Yaopi Glass Co., Ltd	Sale of goods	345,830.00	–
		928,948,512.86	618,469,451.18

Purchase/sale of goods and receipt/rendering of services from/to related parties by the Group are negotiated and determined based on market price, and carried out according to the agreed terms entered into between the Group and related parties.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(2) Leases with related parties

As lessor

Name of the lessee	Category of leased assets	2021 Rental income	2020 Rental income
STAR-USG Building Materials Co., Ltd.	Building	9,068,286.41	9,054,129.84
Zhangjiakou Xingpai Youshiji Building Materials Co., Ltd.	Building	-	783,163.83
		9,068,286.41	9,837,293.67

As lessee

Name of the lessor	Category of leased assets	2021 Leasing expenses	2020 Leasing expenses
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	Building	501,947.22	506,895.57
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	Building	556,531.81	400,000.00
Jidong Cement Fufeng Transportation Co., Ltd.	Building	15,929.24	75,663.66
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	Building	15,044.26	29,734.50
		1,089,452.53	1,012,293.73

The rentals from the assets leased out to or leased from related parties by the Group are negotiated and determined by making reference to market price, and carried out according to the agreed terms entered into between the Group and related parties.

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** *(continued)***5. Major transactions between the Group and related parties** *(continued)***(3) Guarantees received from/provided to related parties***Guarantees provided to related parties*

2021

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
Jidong Cement	Anshan Jidong Cement	32,000,000.00	29 July 2021	28 July 2022	No
Jidong Cement	Anshan Jidong Cement	20,000,000.00	28 December 2021	21 December 2022	No
		<u>52,000,000.00</u>			

2020

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
Jidong Cement	Anshan Jidong Cement	20,000,000.00	25 November 2020	25 November 2021	No
Jidong Cement	Anshan Jidong Cement	32,000,000.00	31 December 2020	30 July 2021	No
		<u>52,000,000.00</u>			

(4) Lending to/borrowing from related parties*Borrowings*

2021

	Amount of lending/ borrowing	Commencement date	Maturity date
BSCOMC	20,550,000.00	20 October 2021	20 October 2022
BSCOMC	110,000,000.00	30 June 2021	28 June 2022
BSCOMC	40,000,000.00	29 July 2021	29 July 2022
BSCOMC	158,260,000.00	17 December 2021	17 December 2022
BSCOMC	142,500,000.00	29 December 2021	28 December 2022
	<u>471,310,000.00</u>		

Notes to Financial Statements *(continued)*

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(4) Lending to/borrowing from related parties *(continued)*

Borrowings (continued)

2020

	Amount of lending/ borrowing	Commencement date	Maturity date
BSCOMC	40,000,000.00	29 July 2020	29 July 2021
BSCOMC	130,500,000.00	29 December 2020	29 December 2021
BSCOMC	12,000,000.00	28 December 2020	28 December 2021
BSCOMC	20,550,000.00	20 October 2020	20 October 2021
BSCOMC	110,000,000.00	28 June 2020	27 June 2021
BSCOMC	99,600,000.00	23 November 2020	23 November 2021
	<u>412,650,000.00</u>		

Lending:

In 2021, there was no new lending to Cross Point Trading 274 (Pty) Ltd (RF). As at 31 December 2021, the outstanding lending amounted to RMB213,922,154.55, and the interest rate was 9%-10.5% per annum (2020: RMB222,613,029.16 at an annual interest rate of 9%-10.5%).

In 2021, there was no new lending to Mamba Cement Company (Pty) Ltd (RF). As at 31 December 2021, the outstanding lending amounted to RMB63,299,867.55 at an interest rate of 9%-10.5% per annum (2020: RMB99,541,884.87 at an annual interest rate of 9%-10.5%).

Interest income from lending

	2021	2020
Beijing Chenyu Real Estate Development Co., Ltd.	-	132,869,094.24
Cross Point Trading 274 (Pty) Ltd (RF)	14,470,712.19	15,008,672.94
Mamba Cement Company (Pty) Ltd (RF)	4,284,023.03	6,661,931.53
STAR-USG Building Materials Co., Ltd.	1,966,821.77	3,086,145.43
	<u>20,721,556.99</u>	<u>157,625,844.14</u>

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** *(continued)***5. Major transactions between the Group and related parties** *(continued)***(4) Lending to/borrowing from related parties** *(continued)**Interest expenses from borrowing*

	2021	2020
BSCOMC	8,962,768.03	9,089,967.83

6. Balances of receivables from related parties**(1) Financing receivables**

	31 December 2021	31 December 2020
Due from associates		
Jidong Cement Fufeng Transportation Co., Ltd.	200,000.00	–
Due from joint ventures		
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	2,170,000.00	495,939.00
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	300,000.00	–
Anshan Jidong Cement Co., Ltd.	100,000.00	300,000.00
	2,570,000.00	795,939.00
	2,770,000.00	795,939.00

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties *(continued)*

(2) *Accounts receivable*

	31 December 2021	31 December 2020
Due from associates		
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	16,493,615.66	20,470,206.44
Tianjin Gangbei Concrete Industry Co., Ltd.	-	10,606,551.29
Beijing XinYuan Concrete Co., Ltd.	-	359,590.47
Jidong Cement Fufeng Transportation Co., Ltd.	-	435,660.94
Xianyang Jidong High-New Concrete Co., Ltd.	-	10,000.00
OCV Reinforcements (Beijing) Co., Ltd.	11,037.63	2,180.00
Beijing Gaoqiang Concrete Co., Ltd.	-	2,193,762.85
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	387,535.00	-
Beijing Youth Camp Jinyu Fengshan Education Technology Co., Ltd.	11,974.00	-
	<u>16,904,162.29</u>	<u>34,077,951.99</u>
Due from joint ventures		
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	4,305,769.66	7,775,565.20
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	5,311,195.38	6,741,436.60
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	232,583.35	1,929,746.27
Anshan Jidong Cement Co., Ltd.	1,091,433.62	423,065.56
Mamba Cement Company (Pty) Ltd (RF)	-	4,374,318.67
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	-	14,050.94
STAR-USG Building Materials Co., Ltd.	3,600.00	3,780.00
BBMG TUS Technology Incubator Co., Ltd.	210,712.03	-
	<u>11,155,294.04</u>	<u>21,261,963.24</u>
	<u>28,059,456.33</u>	<u>55,339,915.23</u>

Notes to Financial Statements *(continued)*For the year ended 31 December 2021
RMB**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** *(continued)***6. Balances of receivables from related parties** *(continued)***(3) Prepayments**

	31 December 2021	31 December 2020
Prepayments to associates		
Zehnder (China) Indoor Climate Co., Ltd.	<u>31,849.58</u>	<u>747,941.26</u>
Prepayments to joint ventures		
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	602,207.80	106,871.50
Anshan Jidong Cement Co., Ltd.	155,433.96	2,060.00
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	20,000.00	1,376,480.77
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<u>8,912,453.80</u>	<u>66,859.14</u>
	<u>9,690,095.56</u>	<u>1,552,271.41</u>
	<u>9,721,945.14</u>	<u>2,300,212.67</u>

Notes to Financial Statements *(continued)*

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties *(continued)*

(4) Other receivables

	31 December 2021	31 December 2020
Due from associates		
Beijing Chenyu Real Estate Development Co., Ltd.	1,385,625.82	2,483,873,584.16
Zhongfang Huarui (Tangshan) Real Estate Co., Ltd.	440,299,082.10	442,813,797.00
Beijing XinYuan Concrete Co., Ltd.	–	96,015.25
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	10,353,000.00	10,353,000.00
Tangshan Conch Profiles Co., Ltd.	336,551.12	–
Zehnder (China) Indoor Climate Co., Ltd.	9,500.00	9,500.00
Nanjing Huayu Real Estate Development Co., Ltd. (南京鐳隅房地產開發有限公司)	1,043,375,251.26	–
Beijing Yichang Real Estate Co., Ltd. (北京怡暢置業有限公司)	896,164,329.85	–
Tianjin Huanbohai Technology Development Co., Ltd. (天津市環渤海科技發展有限公司)	340,000.00	–
	2,392,263,340.15	2,937,145,896.41
Due from joint ventures		
STAR-USG Building Materials Co., Ltd.	25,639,307.00	49,538,070.68
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	603,034.40	–
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	3,592,324.20	3,595,324.20
Anshan Jidong Cement Co., Ltd.	78,000.00	20,000.00
BBMG Landao Commercial Operation Management Co., Ltd.	337,125.00	1,162,500.00
Tangshan Caofeidian Dunshi New Building Material Co., Ltd.	50,000.00	–
	30,299,790.60	54,315,894.88
	2,422,563,130.75	2,991,461,791.29

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** (continued)**6. Balances of receivables from related parties** (continued)**(5) Long-term receivables**

	31 December 2021	31 December 2020
Due from joint ventures		
Cross Point Trading 274 (Pty) Ltd (RF)	213,922,154.55	222,613,029.16
Mamba Cement Company (Pty) Ltd (RF)	<u>63,299,867.55</u>	<u>99,541,884.87</u>
	<u>277,222,022.10</u>	<u>322,154,914.03</u>

(6) Accounts payable

	31 December 2021	31 December 2020
Due to associates		
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	3,531,615.31	–
Beijing Sinobaide Technology Co., Ltd.	2,995,619.38	3,352,685.07
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	21,898,736.39	417,628.95
Beijing XinYuan Concrete Co., Ltd.	96,015.25	96,015.25
Zehnder (China) Indoor Climate Co., Ltd.	2,604,216.67	738,214.70
Jidong Cement Fufeng Transportation Co., Ltd.	–	201,872.61
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	185,326.14	–
Tangshan Conch Profiles Co., Ltd.	6,677,522.03	–
Beijing Chenyu Real Estate Development Co., Ltd.	<u>–</u>	<u>307,067.88</u>
	<u>37,989,051.17</u>	<u>5,113,484.46</u>
Due to joint ventures		
Anshan Jidong Cement Co., Ltd.	2,639,027.94	1,139,027.94
STAR-USG Building Materials Co., Ltd.	–	91,854.22
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	14,744.70	3,641.09
Sinoma (Henan) Environmental Protection Co., Ltd.	1,247,040.00	50,000.00
Sinoma International Engineering Co. Ltd.	70,000.00	70,000.00
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	<u>503,034.40</u>	<u>–</u>
	<u>4,473,847.04</u>	<u>1,354,523.25</u>
	<u>42,462,898.21</u>	<u>6,468,007.71</u>

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties *(continued)*

(7) Contract liabilities

	31 December 2021	31 December 2020
Associates		
Beijing Gaoqiang Concrete Co., Ltd.	103,318.33	10,306,697.56
OCV Reinforcements (Beijing) Co., Ltd.	-	5,400.00
	<u>103,318.33</u>	<u>10,312,097.56</u>
Joint ventures		
Anshan Jidong Cement Co., Ltd.	1,149,292.52	1,062,429.52
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	24,139,538.45	3,693,767.69
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	7,442,190.69	1,594,221.27
Jidong Cement Fufeng Transportation Co., Ltd.	-	3,000.00
	<u>32,731,021.66</u>	<u>6,353,418.48</u>
	<u>32,834,339.99</u>	<u>16,665,516.04</u>

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** (continued)**6. Balances of receivables from related parties** (continued)**(8) Other payables**

	31 December 2021	31 December 2020
Due to associates		
Tianjin Xingye Longxiang Construction Engineering Co., Ltd.	10,910,000.00	28,530,000.00
Tianjin Shengxiang Plastic Pipes Industry Co., Ltd.	1,386,323.95	1,286,323.95
Tianjin Gangbei Concrete Industry Co., Ltd.	2,226,329.86	–
OCV Reinforcements (Beijing) Co., Ltd.	134,200.00	164,200.00
Jidong Cement Fufeng Transportation Co., Ltd.	50,000.00	–
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd.	60,000.00	–
Zehnder (China) Indoor Climate Co., Ltd.	18,711,000.00	–
Beijing Sinobaide Technology Co., Ltd.	–	8,342.79
	33,477,853.81	29,988,866.74
Due to joint ventures		
Jidong Heidelberg (Jingyang) Cement Co., Ltd.	53,394.66	46,730.98
Jidong Heidelberg (Shaanxi) Logistics Co., Ltd.	50,000.00	–
Jidong Heidelberg (Fufeng) Cement Co., Ltd.	–	93,788.58
Dahongmen (Beijing) Construction Development Co., Ltd. (大紅門(北京)建設發展有限公司)	152,316.67	–
	255,711.33	140,519.56
	33,733,565.14	30,129,386.30

(9) Short-term loans

	31 December 2021	31 December 2020
Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司)	471,310,000.00	412,650,000.00

As at 31 December 2021, except for the balances of short-term loans and the balances of amounts due from STAR-USG Building Materials Co., Ltd. in other receivables, and the balances of amounts due from Cross Point Trading 274 (Pty) Ltd (RF) and Mamba Cement Company (Pty) Ltd (RF) in long-term receivables, other amounts due from and due to related parties are interest free, unsecured and have no fixed terms of repayment.

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Remuneration for key management personnel

	2021	2020
Remuneration for key management personnel	12,157,398.54	6,470,261.46

XI. CONTINGENCIES

		31 December 2021	31 December 2020
Provision of guarantee on housing mortgage to third parties	Note 1	9,453,598,185.99	9,895,528,540.97
Provision of guarantee on loans and others to third parties	Note 2	890,000,000.00	935,000,000.00
Provision of guarantee on loans and others to related parties	Note 2	52,000,000.00	–
		10,395,598,185.99	10,830,528,540.97

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

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

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

XII. COMMITMENTS

	31 December 2021	31 December 2020
Asset acquisition or construction contracts entered into but not completed	268,713,794.64	1,086,398,279.13
Property development contracts entered into and being executed or will be executed	9,126,628,410.92	7,261,767,509.25
	9,395,342,205.56	8,348,165,788.38

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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XIII. EVENTS AFTER BALANCE SHEET DATE

- As considered and approved by the thirty-first meeting of the fifth session of the Board of Directors held on 24 March 2022, the Company intended to distribute a cash dividend of RMB1.04 (tax inclusive) per 10 shares, amounting to RMB1,110,488,197.94 in total, to all shareholders based on total share capital of 10,677,771,134 shares as at the end of 2021.
- As considered and approved by the sixteenth meeting of the ninth session of the Board of Directors held on 15 March 2022, Tangshan Jidong Cement Co., Ltd., a subsidiary of the Company, intended to distribute a cash dividend of RMB7.50 (tax inclusive) per 10 shares based on the total share capital as at the date of record, and no bonus share to the shareholders and would capitalize no reserve.

XIV. OTHER SIGNIFICANT MATTERS**1. Lease****(1) As lessor**

Operating leases

The profit or loss relating to operating leases is as follows:

	2021	2020
Rental income	1,818,972,337.90	1,788,910,392.94

According to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable leases are as follows:

	31 December 2021	31 December 2020
Within 1 year (inclusive of 1 year)	342,320,496.49	159,326,261.64
1 to 2 years (inclusive of 2 years)	347,324,158.70	388,278,819.78
2 to 3 years (inclusive of 3 years)	350,153,864.02	307,437,327.48
3 to 4 years (inclusive of 4 years)	339,221,307.50	296,331,704.37
4 to 5 years (inclusive of 5 years)	341,700,561.26	277,881,791.53
Over 5 years	1,240,142,779.10	1,084,129,944.18
	2,960,863,167.07	2,513,385,848.98

Please refer to Note V. 16 and Note V. 17 for details of investment properties and fixed assets leased under operating leases.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

1. Lease *(continued)*

(1) As lessor *(continued)*

Finance leases

The profit or loss relating to finance leases is as follows:

	2021	2020
Finance income on the net investment in the lease	9,214,357.93	–

As at 31 December 2021, the balance of unearned finance income was RMB31,214,253.24 (31 December 2020: Nil), which was allocated to each period during the lease term using the effective interest rate method. According to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable leases are as follows:

	2021	2020
Within 1 year (inclusive of 1 year)	158,591,530.11	–
1 to 2 years (inclusive of 2 years)	136,862,083.12	–
2 to 3 years (inclusive of 3 years)	86,100,091.02	–
	381,553,704.25	–
Less: Unearned finance income	31,214,253.24	–
Net investment in the lease	350,339,451.01	–

(2) As lessee

	2021	2020
Interest expense of leasing liabilities	14,136,595.05	33,321,044.75
Expenses relating to short-term leases accounted for current profit or loss under the simplified approach	308,943,860.77	287,452,655.06
Lease expenses relating to low value asset accounted for current profit or loss under the simplified approach (other than short-term leases)	6,162,637.80	36,385,414.72
Income from sub-leasing right-of-use assets		6,325,720.56
Total cash outflow for leases	469,269,758.37	479,663,196.64

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

1. Lease *(continued)*

(2) As lessee *(continued)*

Renewal option and termination option

In 2021, the Group recognized decrease in lease liabilities of RMB21,220,451.30 (2020: decrease of RMB25,588,882.82), which was due to changes in lease term resulting from changes in the evaluation results or actual exercise of the renewal option or termination option.

2. Segment reporting

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

- (1) the cement segment engages in the manufacture and sale of cement and concrete;
- (2) the building materials and commerce and logistics segment engages in the manufacture and sale of building materials and furniture and commerce and logistics;
- (3) the property development segment engages in property development and sales;
- (4) the property investment and management segment invests in properties for their potential rental income and/or for capital appreciation, and provides management and security services to residential and commercial properties.

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

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

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

Notes to Financial Statements (continued)

For the year ended 31 December 2021
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XIV. OTHER SIGNIFICANT MATTERS (continued)

2. Segment reporting (continued)

2021

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

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**XIV. OTHER SIGNIFICANT MATTERS** (continued)**2. Segment reporting** (continued)

2020

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

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

2. Segment reporting *(continued)*

Other information

Information on products and labour services

Operating revenue by product/service is set out in Note V. 51.

Geographic information

	2021	2020
Asia	123,052,637,175.55	107,668,850,610.03
Europe	561,279,352.16	135,950,487.22
Africa	20,531,584.19	23,915,414.86
Others	-	176,167,839.24
	123,634,448,111.90	108,004,884,351.35

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

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

Information about major customers

In 2021 and 2020, none of the sales income arising from any single customer of the Group exceeds 10% of the Group's revenues.

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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XIV. OTHER SIGNIFICANT MATTERS *(continued)***3. Remuneration for key management personnel**

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, was as follows:

	2021	2020
Fees	675,000.00	600,000.00
Salaries, allowances and benefits in kind	2,499,376.00	1,696,464.00
Performance related bonuses	8,404,735.82	3,962,029.62
Pension scheme contributions	578,286.72	211,767.84
	12,157,398.54	6,470,261.46

(1) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2021	2020
Mr. Yu Fei*	75,000.00	–
Mr. Liu Taigang*	75,000.00	–
Ms. Li Xiaohui*	75,000.00	–
Mr. Hong Yongmiao*	75,000.00	–
Mr. Tam Kin Fong*	75,000.00	–
Mr. Wang Guangjin*	75,000.00	150,000.00
Mr. Tian Lihui*	75,000.00	150,000.00
Mr. Tang Jun*	75,000.00	150,000.00
Mr. Ngai Wai Fung*	75,000.00	150,000.00
	675,000.00	600,000.00

* Four independent non-executive directors, Wang Guangjin, Tian Lihui, Tang Jun and Ngai Wai Fung, retired upon the expiration of their tenure of office on 12 May 2021. At the shareholders' general meeting on 12 May 2021, it is resolved that Yu Fei, Liu Taigang, Li Xiaohui, Hong Yongmiao and Tam Kin Fong be appointed as independent non-executive directors of the Group.

No other remuneration was payable to independent non-executive directors for the year (2020: Nil).

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
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XIV. OTHER SIGNIFICANT MATTERS *(continued)*

3. Remuneration for key management personnel *(continued)*

(2) *Executive directors, non-executive directors and supervisors* 2021

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
Executive directors					
Mr. Zeng Jin*	-	244,392.00	683,791.23	52,571.52	980,754.75
Mr. Jiang Yingwu*	-	276,160.00	1,191,015.83	52,571.52	1,519,747.35
Mr. Wu Dong	-	243,716.00	1,146,806.81	52,571.52	1,443,094.33
Mr. Zheng Baojin	-	243,716.00	1,124,373.89	52,571.52	1,420,661.41
	-	<u>1,007,984.00</u>	<u>4,145,987.76</u>	<u>210,286.08</u>	<u>5,364,257.84</u>
Non-executive director					
Mr. Wang Zhaojia	-	243,716.00	1,098,489.49	52,571.52	1,394,777.01
Mr. Gu Tiemin	-	-	-	-	-
	-	<u>243,716.00</u>	<u>1,098,489.49</u>	<u>52,571.52</u>	<u>1,394,777.01</u>
Supervisors					
Mr. Guo Yanming	-	243,716.00	1,104,061.57	52,571.52	1,400,349.09
Mr. Zhang Qicheng	-	209,080.00	435,640.00	52,571.52	697,291.52
Mr. Gao Jinliang	-	197,040.00	550,087.00	52,571.52	799,698.52
Mr. Qiu Peng	-	196,940.00	379,770.00	52,571.52	629,281.52
Mr. Wang Guijiang	-	203,960.00	367,480.00	52,571.52	624,011.52
Mr. Yu Kaijun	-	-	-	-	-
Mr. Gao Junhua	-	196,940.00	323,220.00	52,571.52	572,731.52
	-	<u>1,247,676.00</u>	<u>3,160,258.57</u>	<u>315,429.12</u>	<u>4,723,363.69</u>
	-	<u>2,499,376.00</u>	<u>8,404,735.82</u>	<u>578,286.72</u>	<u>11,482,398.54</u>

* Mr. Zeng Jin is the chairman of the Company and Mr. Jiang Yingwu is the general manager of the Company.

Notes to Financial Statements *(continued)*

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XIV. OTHER SIGNIFICANT MATTERS *(continued)***3. Remuneration for key management personnel** *(continued)***(3) Five highest paid employees**

The remuneration details of the five highest paid employees for the year are as follows:

	2021	2020
Salaries, allowances and benefits in kind	1,809,876.00	1,620,000.00
Performance related bonuses	6,296,264.89	6,842,472.32
Pension scheme contributions	189,806.04	112,282.56
	8,295,946.93	8,574,754.88

The remuneration distribution of the non-director highest paid employees was as follows:

Remuneration amount of employees	2021	2020
Hong Kong dollar 1,000,001 – 1,500,000	–	–
Hong Kong dollar 1,500,001 – 2,000,000	3	3
Hong Kong dollar 2,000,001 – 2,500,000	–	1
Hong Kong dollar 2,500,001 – 3,000,000	–	1
	3	5

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS**1. Other receivables**

	31 December 2021	31 December 2020
Interests receivable	702,117,150.94	2,687,490,689.78
Dividends receivable	88,656,882.41	1,248,253,769.39
Amounts due from subsidiaries	74,564,937,553.11	73,337,554,703.65
Due from associates and joint ventures	34,753,292.00	2,793,747,796.61
Other current account	224,957,788.81	269,764,660.61
	75,615,422,667.27	80,336,811,620.04
Less: Provision for bad debts of other receivables	23,606,351.62	23,606,351.62
	75,591,816,315.65	80,313,205,268.42

Notes to Financial Statements *(continued)*

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XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

1. Other receivables *(continued)*

An aging analysis of other receivables is as follows:

	31 December 2021	31 December 2020
Within 1 year	31,345,657,022.94	46,325,631,819.47
1 to 2 years	26,501,758,586.30	16,762,143,905.02
2 to 3 years	8,471,600,286.00	6,834,121,246.02
3 to 4 years	2,556,980,000.00	10,281,906,065.97
4 to 5 years	6,676,906,065.97	8,176,295.36
Over 5 years	62,520,706.06	124,832,288.20
	75,615,422,667.27	80,336,811,620.04
Less: Provision for bad debts of other receivables	23,606,351.62	23,606,351.62
	75,591,816,315.65	80,313,205,268.42

The movements in provision for bad debts of other receivables measured based on the lifetime expected credit loss are as follows:

2021:

	Stage one expected credit loss for the next 12 months	Stage two lifetime expected credit loss	Stage three credit-impaired financial assets (lifetime expected credit loss)	Total
Opening and closing balance	-	-	23,606,351.62	23,606,351.62

Notes to Financial Statements (continued)

For the year ended 31 December 2021
RMB

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS
(continued)**1. Other receivables** (continued)

2020:

	Stage one expected credit loss for the next 12 months	Stage two lifetime expected credit loss	Stage three credit-impaired financial assets (lifetime expected credit loss)	Total
Opening and closing balance	—	—	23,606,351.62	23,606,351.62

As at 31 December 2021, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons for provision
First	34,753,292.00	9,113,985.00	26.22	Partly uncollectible

As at 31 December 2020, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Balance of carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons for provision
First	49,461,972.00	9,113,985.00	20.05	Partly uncollectible

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

1. Other receivables *(continued)*

As at 31 December 2021, the top five of other receivables were as follows:

	Closing balance	Proportion (%)	Nature	Aging
First	14,188,768,271.81	18.76	Amounts due from subsidiaries	Within 1 year
Second	6,717,734,269.85	8.88	Amounts due from subsidiaries	Within 1 year, 1-2 years
Third	5,652,518,792.00	7.48	Amounts due from subsidiaries	Within 1 year, 2-3 years
Fourth	5,087,494,804.41	6.73	Amounts due from subsidiaries	Within 1 year, 1-2 years, 2-3 years
Fifth	4,375,000,000.00	5.79	Amounts due from subsidiaries	4-5 years
	36,021,516,138.07	47.64		

As at 31 December 2020, the top five of other receivables were as follows:

	Closing balance	Proportion (%)	Nature	Aging
First	6,920,000,000.00	8.61	Amounts due from subsidiaries	Within 1 year
Second	6,574,190,800.00	8.18	Amounts due from subsidiaries	Within 1 year, 1-2 years
Third	5,342,364,186.00	6.65	Amounts due from subsidiaries	1-2 years
Fourth	4,375,000,000.00	5.45	Amounts due from subsidiaries	3-4 years
Fifth	3,858,000,000.00	4.80	Amounts due from subsidiaries	Within 1 year, 1-2 years
	27,069,554,986.00	33.69		

2. Other current assets

	31 December 2021	31 December 2020
Entrusted loans	591,650,000.00	1,282,550,000.00
Others	—	2,321,214.75
	591,650,000.00	1,284,871,214.75

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS** (continued)**3. Long-term equity investments****Cost method:**

	Investment cost	Opening balance	Increase/decrease for the year	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the year
Beijing BBMG Qianjing Environmental Protection Technology Co., Ltd.	67,600,000.00	67,600,000.00	-	67,600,000.00	0.67	0.67	-
Beijing BBMG Mining Co., Ltd.	5,000,000.00	5,000,000.00	(5,000,000.00)	-	1.00	1.00	-
Beijing BBMG Xingfa Science and Technology Co., Ltd.	464,740,918.29	464,740,918.29	957,000,000.00	1,421,740,918.29	0.96	0.96	-
Beijing Woodworking Factory Co., Ltd.	54,556,261.17	54,556,261.16	287,445,693.34	342,001,954.50	1.00	1.00	-
Tongda Refractory Technology Co., Ltd.	537,421,261.73	537,421,261.73	-	537,421,261.73	0.93	0.93	21,000,000.05
BBMG New Building Materials Industrialization Group Co., Ltd.	3,428,029,200.49	3,603,387,992.18	1,464,471,200.61	5,067,859,192.79	1.00	1.00	-
Beijing BBMG Xinggang Technology Development Co., Ltd.	166,166,021.38	166,166,021.38	-	166,166,021.38	0.68	0.68	1,866,600.00
Beijing BBMG Coating Co., Ltd.	95,421,200.61	95,421,200.61	(95,421,200.61)	-	1.00	1.00	-
Beijing Building Materials Academy Co., Ltd.	194,167,784.68	194,167,784.68	-	194,167,784.68	1.00	1.00	-
BBMG GEM Real Estate Development Co., Ltd.	6,165,138,411.45	6,165,138,411.45	-	6,165,138,411.45	1.00	1.00	285,000,000.00
Krono (Beijing) Woods Co., Ltd.	287,445,693.34	287,445,693.34	(287,445,693.34)	-	-	-	-
BBMG Investment Property Management Co., Ltd.	2,746,329,327.93	2,746,329,327.93	-	2,746,329,327.93	1.00	1.00	-
Beijing BBMG Real Estate Development Group Co., Ltd.	6,608,721,838.38	6,608,721,838.38	1,715,000,000.00	8,323,721,838.38	1.00	1.00	69,000,000.00
Beijing Yanshui Asset Management Co., Ltd.	32,707,342.45	32,707,342.45	-	32,707,342.45	1.00	1.00	34,000,000.00
BBMG Hong Kong Limited	288,057,387.91	288,057,387.91	-	288,057,387.91	1.00	1.00	24,000,000.00
Beijing BBMG Innovation and Technology Incubator Co., Ltd.	1,000,000,048.47	1,700,000,048.47	-	1,700,000,048.47	1.00	1.00	-

Notes to Financial Statements (continued)

For the year ended 31 December 2021
RMB

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments (continued)

Cost method: (continued)

	Investment cost	Opening balance	Increase/decrease for the year	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the year
BBMG Finance Co., Ltd.	3,000,000,000.00	3,000,000,000.00	-	3,000,000,000.00	1.00	1.00	245,000,000.00
BBMG Finance Lease Co., Ltd.	393,876,000.00	393,876,000.00	-	393,876,000.00	0.30	0.30	40,200,000.00
Jidong Development Group Co., Ltd.	5,225,000,000.00	5,225,000,000.00	-	5,225,000,000.00	0.55	0.55	-
Beijing Doors and Windows Co., Ltd.	430,370,700.00	430,370,700.00	-	430,370,700.00	1.00	1.00	-
BBMG Sports Culture Co., Ltd.	25,359,900.00	25,359,900.00	-	25,359,900.00	0.67	0.67	-
Tangshan Jidong Cement Co., Ltd.	1,091,264,397.20	1,091,264,397.21	8,444,691,373.06	9,535,955,770.27	0.24	0.24	1,105,678.01
Tianjin Building Materials Group (Holding) Co., Ltd.	5,118,176,371.21	5,118,176,371.21	-	5,118,176,371.21	0.55	0.55	-
BBMG Jidong Cement (Tangshan) Co., Ltd.	8,171,903,569.59	8,198,168,269.59	(8,198,168,269.59)	-	-	-	1,365,610,000.00
BBMG Jidong (Tangshan) Concrete Environmental Protection Technology Group Co., Ltd.	1,419,515,156.27	1,419,515,156.27	-	1,419,515,156.27	0.45	0.45	-
Jiangsu Trust-Longyuan No.2 Assemble Fund Trust Plan	500,000,000.00	500,000,000.00	-	500,000,000.00	0.20	0.20	22,267,087.36
Beijing Jingcai Talent Development Center Co., Ltd. (北京京才人才開發中心有限公司)	141,480,261.00	-	141,480,261.00	141,480,261.00	1.00	1.00	-
Beijing Building Materials Testing Academy Co., Ltd.	68,139,760.78	-	68,139,760.78	68,139,760.78	0.60	0.60	-
Beijing BBMG Finance Lease Co., Ltd. (北京金隅融資租賃有限公司)	800,000,000.00	-	800,000,000.00	800,000,000.00	1.00	1.00	-
Total under cost method	48,526,588,814.33	48,418,592,284.24	5,292,193,125.25	53,710,785,409.49			2,109,049,365.42

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS** (continued)**3. Long-term equity investments** (continued)**Equity method:**

	Movements during the year								Closing balance
	Opening balance	Increase investment	Decrease investment	Investment profit or loss under equity method	Other comprehensive income	Other changes in equity	Cash dividend declared	Provisions for impairment	
Joint ventures									
STAR-USG Building Materials Co., Ltd.	48,656,234.95	-	-	6,554,765.31	-	-	-	-	55,211,000.26
Associates									
Zehnder (China) Indoor Climate Co., Ltd.	106,890,558.41	-	-	(758,062.17)	-	-	-	-	106,132,496.24
OCV Reinforcements (Beijing) Co., Ltd.	72,124,607.97	-	-	14,253,244.05	-	-	4,020,000.00	-	82,357,852.02
Tangshan Conch Profiles Co., Ltd.	184,318,193.28	-	-	(9,602,977.18)	-	-	-	-	174,715,216.10
Toto Machinery (Beijing) Company Limited	149,915,671.53	-	-	1,800,886.40	-	-	-	-	151,716,557.93
Beijing Toto Co., Ltd.	84,989,762.92	-	-	1,408,862.71	-	-	-	-	86,398,625.63
Beijing Innovation Industry Investment Co., Ltd.	201,217,151.75	-	-	6,981,189.39	-	-	-	-	208,198,341.14
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd.	-	10,000,000.00	-	503.03	-	-	-	-	10,000,503.03
Subtotal for associates	799,455,945.86	10,000,000.00	-	14,083,646.23	-	-	4,020,000.00	-	819,519,592.09
Total under equity method	848,112,180.81	10,000,000.00	-	20,638,411.54	-	-	4,020,000.00	-	874,730,592.35

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

4. Investment properties

Measured subsequently through fair value model:

31 December 2021

	Buildings
Opening balance	12,453,723,312.06
Changes in fair value	<u>614,322,113.33</u>
Closing balance	<u>13,068,045,425.39</u>

31 December 2020

	Buildings
Opening balance	11,839,906,198.63
Changes in fair value	293,000,000.00
Absorption and merge of subsidiaries	<u>320,817,113.43</u>
Closing balance	<u>12,453,723,312.06</u>

All the above investment properties are located in the PRC, and leased out in form of operating leases.

As at 31 December 2021 and 31 December 2020, there was no investment property for which the procedures for obtaining title certificates were incomplete.

Notes to Financial Statements (continued)For the year ended 31 December 2021
RMB**XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS**
(continued)**5. Operating revenue and cost**

	2021		2020	
	Revenue	Cost	Revenue	Cost
Rental income	985,813,628.94	94,431,591.84	910,361,730.24	99,596,423.80
Others	4,132,018.76	1,291,464.90	4,883,946.77	1,282,611.51
	989,945,647.70	95,723,056.74	915,245,677.01	100,879,035.31

6. Investment gains

	2021	2020
Gains from long-term equity investments under cost method	2,106,518,465.01	3,769,781,862.56
Gains from long-term equity investments under equity method	20,638,411.54	34,850,604.07
	2,127,156,876.55	3,804,632,466.63

7. Notes to items of statement of cash flows

	2021	2020
Cash received from other operating activities		
Cash received from superior units	62,610,847,221.79	46,407,871,372.32
Cash received from internal borrowings among subsidiaries	4,351,187,473.83	35,326,584,216.87
Interest income	125,313,162.57	175,433,996.11
	67,087,347,858.19	81,909,889,585.30
Cash paid for other operating activities		
Cash paid to subordinate units	52,874,539,106.00	37,029,134,835.38
Current accounts of subsidiaries	7,432,505,622.89	46,559,862,139.02
Expenses of the headquarters	202,234,266.22	1,113,257,538.67
	60,509,278,995.11	84,702,254,513.07

Notes to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

8. Supplemental information to statement of cash flows

(1) Reconciliation of net profit to cash flows from operating activities:

	2021	2020
Net profit	2,077,270,374.27	3,390,370,227.28
Add: Asset impairment losses	–	60,000,000.00
Add: Depreciation of fixed assets	67,917,877.53	68,633,554.90
Amortisation of intangible assets	14,263,901.83	14,723,374.51
Amortisation of long-term deferred expenses	3,500,862.60	2,449,398.24
Gains from disposal of fixed assets, intangible assets and other long-term assets	–	(1,244,545.22)
Losses on retirement of fixed assets	84,069.05	48,424.00
Gains from changes in fair value	(614,322,113.33)	(347,860,516.13)
Finance costs	3,765,399,547.09	4,452,288,461.82
Investment gains	(2,127,156,876.55)	(3,804,632,466.63)
Increase in deferred income tax assets	–	(97,206,080.35)
Increase in deferred income tax liabilities	153,580,528.33	80,204,278.36
Decrease/(increase) in operating receivables	1,378,639,758.30	(6,784,456,278.97)
Increase in operating payables	2,723,090,143.78	821,344,670.02
Net cash flows from operating activities	7,442,268,072.90	(2,145,337,498.17)

(2) Cash and cash equivalents

	31 December 2021	31 December 2020
Cash	7,179,017,853.85	12,663,529,448.63
Including: Bank deposits on demand	7,179,017,853.85	12,663,529,448.63

Supplementary Information to Financial Statements

For the year ended 31 December 2021
RMB

I. SUPPLEMENTARY INFORMATION

1. Breakdown of Non-recurring Profit and Loss Item

	2021
Net income from disposal of non-current assets	277,310,372.70
Investment gains from disposal of subsidiaries, associates and joint ventures	329,541,352.47
Government grants recognised through profit or loss for the current period (excluding those closely related to the Company's ordinary business operations, in line with national policies and entitled continuously in accordance with certain standard based on a fixed amount or quantity)	428,795,060.89
Capital occupancy fee from non-financial enterprises recognized through profit or loss for the current period	18,754,735.22
Profit or loss from debt restructuring	
Profit or loss from change in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment gains from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than effective hedging business relating to the ordinary business operations of the Company	1,130,910.00
Reversal of provisions for impairment of receivables that are individually tested for impairment	121,227,946.17
Profit and loss from fair value change of investment properties measured subsequently through fair value model	652,118,591.28
Other non-operating income and expenses other than the above items	<u>342,154,747.52</u>
Total non-recurring profit and loss	2,171,033,716.25
Less: Impact of income tax	351,773,320.28
Less: Impact of minority interests	<u>566,616,075.71</u>
	<u>1,252,644,320.26</u>

Supplementary Information to Financial Statements *(continued)*

For the year ended 31 December 2021
RMB

I. SUPPLEMENTARY INFORMATION *(continued)*

2. Return on Net Assets and Earnings per Share

2021

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Before deducting other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	4.70	0.27	0.27
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	2.69	0.16	0.16
Excluding other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	4.51	0.20	0.20
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	1.90	0.09	0.09

2020

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Before deducting other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	4.48	0.27	0.27
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	3.05	0.18	0.18
Excluding other equity instrument indicators:			
Net profit attributable to ordinary shareholders of the Company	4.43	0.19	0.19
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	2.41	0.10	0.10

In calculating the weighted average return on net assets and earnings per share excluding other equity instruments, the Company has excluded declared and undeclared dividends of perpetual bonds.

Five Years Financial Summary

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years is set out below:

RESULTS

	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
OPERATING REVENUE	123,634,448	108,004,884	91,829,311	83,116,733	63,678,331
NET PROFIT	5,212,718	5,155,906	5,178,148	4,281,425	2,950,349
NET PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	2,933,015	2,843,773	3,693,583	3,260,449	2,836,665
DIVIDEND	1,110,488	640,666	1,281,333	587,277	512,533
DIVIDEND PER SHARE	RMB0.104	RMB0.060	RMB0.120	RMB0.055	RMB0.048
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY (BEFORE DEDUCTING OTHER EQUITY INSTRUMENT INDICATORS)	RMB0.27	RMB0.27	RMB0.35	RMB0.31	RMB0.27

ASSETS, LIABILITIES AND MINORITY INTERESTS

	31 December	31 December	31 December	31 December	31 December
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS	116,398,079	108,682,751	107,627,898	99,118,153	88,618,220
CURRENT ASSETS	169,958,731	182,669,632	174,495,858	169,157,938	143,589,262
TOTAL ASSETS	286,356,810	291,352,383	282,123,756	268,276,092	232,207,482
CURRENT LIABILITIES	119,733,796	118,810,244	127,706,358	129,202,330	110,434,361
NON-CURRENT LIABILITIES	71,089,208	78,085,953	71,886,047	59,859,259	51,855,311
TOTAL LIABILITIES	190,823,004	196,896,197	199,592,405	189,061,589	162,289,672
MINORITY INTERESTS	31,816,314	31,080,251	21,400,151	21,549,031	18,754,962
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	63,717,492	63,375,936	61,131,200	57,665,471	51,162,848

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