北 京 金 隅 集 團 股 份 有 限 公 司

BBMG Corporation*

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

(Stock Code: 2009)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

- Operating revenue of RMB44,611.1 million, increased by 26.1% from the interim period of 2018
- Gross profit margin from principal business of 27.6%, increased by 0.2 percentage point from the interim period of 2018
- Net profit of RMB3,965.0 million, increased by 35.4% from the interim period of 2018
- Net profit attributable to shareholders of the parent company of RMB3,045.6 million, increased by 26.4% from the interim period of 2018
- Core net profit attributable to the shareholders of the parent company (excluding the after tax net gains on the fair value of investment properties) of RMB2,716.5 million, increased by RMB265.3 million or 10.8% from the interim period of 2018
- Basic earnings per share attributable to the shareholders of the parent company was RMB0.29

The board of directors (the "**Board**") of BBMG Corporation (the "**Company**" or "**BBMG**") is pleased to announce the unaudited interim financial results and financial position of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019 (the "**Reporting Period**"), prepared in accordance with the China Accounting Standards for Business Enterprises, together with the comparative figures for the corresponding period of 2018. These interim financial results have been reviewed by the audit committee of the Company (the "**Audit Committee**") and Ernst & Young Hua Ming LLP, the auditor of the Company.

* *For identification purposes only*

RESULTS OF OPERATIONS

During the Reporting Period, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB3,045.6 million, representing an increase of approximately 26.4% over the corresponding period last year; basic earnings per share was approximately RMB0.29 (for the six months ended 30 June 2018: RMB0.23), representing an increase of approximately RMB0.06 per share over the corresponding period last year; total equity attributable to the shareholders of the parent company was approximately RMB60,109.4 million at the end of the Reporting Period, representing an increase of approximately RMB2,443.9 million from the beginning of the Reporting Period.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend in respect of the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

UNAUDITED CONSOLIDATED INCOME STATEMENT
Unit: RMB

	Notes	**For the six months ended 30 June 2019 (Unaudited)**	For the six months ended 30 June 2018 (Unaudited)
Operating revenue	*3*	**44,611,088,630.66**	35,365,393,255.98
Less: Operating costs	*4*	**32,233,081,668.80**	25,534,771,580.22
Tax and surcharges		**1,876,770,916.69**	1,053,708,401.15
Selling expenses	*5*	**1,390,471,643.71**	1,163,665,343.18
Administrative expenses	*6*	**3,193,509,354.13**	3,093,590,089.13
Research and development expenses	*7*	**120,614,864.67**	63,250,262.45
Finance costs	*8*	**1,414,421,704.70**	1,363,946,668.03
Including: Interest expense		***1,709,474,654.52***	*1,317,037,927.50*
Interest income		***445,148,683.74***	*119,554,528.16*
Add: Other gains	*9*	**339,144,246.14**	297,746,941.54
Investment gains	*10*	**254,789,279.12**	232,457,732.29
Including: Gains from investment in associates and joint ventures		***201,772,767.47***	*139,008,136.74*
Gains from changes of fair value	*11*	**500,972,469.63**	273,123,778.84
Credit impairment (losses)/ reversal of provision	*12*	**(148,435,766.41)**	43,476,415.85
Asset impairment losses	*13*	**(66,991,361.63)**	(14,133,583.21)
Gains on disposal of assets		**2,579,915.26**	18,831,201.79
Operating profit		**5,264,277,260.07**	3,943,963,398.92
Add: Non-operating revenue	*3*	**120,848,872.17**	88,381,624.69
Less: Non-operating expenses	*4*	**120,488,103.75**	108,945,005.24
Total profit		**5,264,638,028.49**	3,923,400,018.37
Less: Income tax expenses	*14*	**1,299,665,306.11**	995,656,787.76
Net profit		**3,964,972,722.38**	2,927,743,230.61
Classified by continuing operations			
Net profit from continuing operations		**3,964,972,722.38**	2,927,743,230.61
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		**3,045,574,008.22**	2,410,206,116.06
Minority interests		**919,398,714.16**	517,537,114.55

	Note	**For the six months ended 30 June 2019 (Unaudited)**	For the six months ended 30 June 2018 (Unaudited)
Net other comprehensive income after tax			
Net other comprehensive income after tax attributable to shareholders of the parent company		**(1,083,524.13)**	(44,387,934.00)
Other comprehensive income not allowed to be reclassified into profit or loss			
Changes arising from re-measurement of defined benefit plans		**(5,000.00)**	(18,855,736.00)
Changes in fair value of investment in other equity instruments		**(1,248,349.60)**	(21,675,850.45)
Other comprehensive income to be reclassified into profit or loss			
Other comprehensive income that may be reclassified into profit or loss under the equity method		**399,789.66**	(685,072.50)
Exchange differences on foreign currency translation		**(229,964.19)**	(3,171,275.05)
Net other comprehensive income after deducting impact of income tax		**(1,083,524.13)**	(44,387,934.00)
Net other comprehensive income after tax attributable to minority interests		**(3,193,721.79)**	(105,857,435.12)
Total comprehensive income		**3,960,695,476.45**	2,777,497,861.49
Including:			
Total comprehensive income attributable to the shareholders of the parent company		**3,044,490,484.09**	2,365,818,182.06
Total comprehensive income attributable to minority interests		**916,204,992.36**	411,679,679.43
Earnings per share	*15*		
Basic earnings per share (RMB/share)		**0.29**	0.23
Diluted earnings per share (RMB/share)		**0.29**	0.23

UNAUDITED CONSOLIDATED BALANCE SHEET

Unit: RMB

	Notes	**As at 30 June 2019 (Unaudited)**	As at 31 December 2018 (Audited)
Current Assets			
Cash and bank balances		**21,873,574,501.38**	18,774,468,260.66
Financial assets held for trading		**2,041,527,977.90**	1,034,558,112.73
Bills receivable	*17*	**7,067,100,466.93**	11,225,781,814.50
Accounts receivable	*18*	**8,903,100,319.39**	7,440,085,450.85
Prepayments		**1,866,985,012.18**	2,008,371,750.64
Other receivables		**9,987,160,886.62**	9,941,619,578.19
Inventories		**120,734,072,876.28**	114,912,793,681.36
Contract assets		**177,268,510.06**	–
Assets held for sale		**–**	109,534,153.31
Other current assets		**4,361,827,777.99**	3,710,725,422.82
Total current assets		**177,012,618,328.73**	169,157,938,225.06
Non-current assets			
Debt investments		**203,127,789.06**	–
Long-term receivables		**949,686,240.34**	802,351,921.55
Long-term equity investments		**2,913,992,117.64**	3,036,757,009.85
Investment in other equity instruments		**388,994,267.16**	396,187,115.71
Other non-current financial assets		**4,000,000.00**	214,980,000.00
Investment properties		**22,797,870,550.78**	21,327,245,245.17
Fixed assets		**43,869,925,856.78**	44,692,772,001.56
Construction in progress		**2,540,056,416.72**	2,929,675,428.99
Right-of-use assets		**989,202,777.20**	–
Intangible assets		**16,455,419,921.19**	16,691,754,296.12
Goodwill		**2,741,468,983.05**	2,740,287,649.80
Long-term deferred expenditures		**1,336,473,118.85**	1,242,705,854.17
Deferred income tax assets		**3,884,357,576.23**	3,454,590,218.09
Other non-current assets		**1,235,690,180.04**	1,588,846,733.06
Total non-current assets		**100,310,265,795.04**	99,118,153,474.07
Total assets		**277,322,884,123.77**	268,276,091,699.13

	Note	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	*19*	**35,565,486,367.32**	39,880,392,209.57
Bills payable	*20*	**1,922,493,491.12**	2,080,749,336.98
Accounts payable	*21*	**17,181,599,679.67**	18,357,615,866.65
Receipt in advance		**267,429,538.24**	317,903,204.75
Contract liabilities		**22,244,621,372.92**	23,715,168,353.77
Wages payable		**262,881,327.46**	393,840,303.30
Tax payable		**2,148,262,095.92**	2,527,195,602.24
Other payables		**9,989,327,219.80**	8,352,595,483.33
Liabilities held for sale		**–**	40,291,356.83
Non-current liabilities due within one year		**22,792,306,656.15**	18,543,864,543.14
Short-term financing bonds	*22*	**2,800,520,000.00**	6,500,000,000.00
Other current liabilities		**10,371,442,255.92**	8,492,714,136.95
Total current liabilities		**125,546,370,004.52**	129,202,330,397.51
Non-current liabilities			
Long-term loans	*23*	**37,553,207,567.33**	30,506,054,265.70
Bonds payable	*22*	**23,706,751,716.14**	20,231,089,289.70
Lease liabilities		**886,840,860.81**	–
Long-term payables		**10,262,205.00**	315,856,652.08
Long-term wages payable		**666,248,897.35**	674,179,502.11
Accrued liabilities		**426,917,810.12**	606,650,918.54
Deferred income		**869,874,168.77**	888,404,866.72
Deferred income tax liabilities		**6,022,143,753.52**	5,960,849,194.26
Other non-current liabilities		**15,000,000.00**	676,174,065.29
Total non-current liabilities		**70,157,246,979.04**	59,859,258,754.40
Total liabilities		**195,703,616,983.56**	189,061,589,151.91

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Equity attributable to shareholders		
Share capital	**10,677,771,134.00**	10,677,771,134.00
Other equity instruments	**14,962,000,000.00**	14,962,000,000.00
Including: Perpetual bonds	***14,962,000,000.00***	*14,962,000,000.00*
Capital reserve	**5,680,970,400.75**	5,273,970,842.54
Other comprehensive income	**205,867,796.90**	206,951,321.03
Specific reserve	**40,830,982.96**	20,124,124.94
Surplus reserve	**1,537,434,040.24**	1,537,434,040.24
General risk reserve	**340,792,201.29**	340,792,201.29
Retained earnings	**26,663,748,486.29**	24,646,427,835.84
Total equity attributable to the shareholders of the parent company	**60,109,415,042.43**	57,665,471,499.88
Minority interests	**21,509,852,097.78**	21,549,031,047.34
Total equity attributable to shareholders	**81,619,267,140.21**	79,214,502,547.22
Total liabilities and equity attributable to shareholders	**277,322,884,123.77**	268,276,091,699.13

Notes:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS, MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

The financial statements are presented on a going concern basis.

Except for certain financial instruments and investment properties, the financial statements have been prepared under the historical cost convention. The prices of disposal groups held for sale shall be the lower of the book value and the net amount of fair value less disposal expenses. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant provisions.

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

The interim financial statements are in compliance with the requirements of Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting, and truly and completely reflect the financial position of the Company and the Group as at 30 June 2019 and the results of operations and cash flow for the six months ended 30 June 2019. Save where newly issued or amended accounting standards were implemented, the accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted in the financial statements for the previous year which were prepared in accordance with Accounting Standards for Business Enterprises.

Change in Accounting Policy

New Lease Standard

In 2018, the Ministry of Finance issued the amended "Accounting Standards for Business Enterprises No. 21-Leasing" (the "**New Lease Standard**") which adopted the single model similar to that used for the current accounting treatment for finance lease and required the lessee to recognize right-of-use assets and lease liabilities for all leases other than short-term and low-value assets leases and recognize depreciation and interest expenses separately. Since 1 January 2019, the Group has conducted accounting treatment in accordance with the newly amended lease standard, did not adjust information for the comparable period, and retrospectively adjusted retained earnings at the beginning of 2019 based on the difference between the New Lease Standard and the current lease standard on the date of initial implementation in accordance with the transitional requirements:

(1) For the finance leases prior to the date of initial implementation, the Group measures the right-of-use assets and lease liabilities separately based on the original book value of the finance lease assets and the finance lease payments payable;

(2) For operating leases prior to the date of initial implementation, the Group measures lease liabilities based on the present value of the remaining lease payments discounted at the incremental borrowing rate on the date of initial implementation, and measures the right-of-use assets on a lease-by-lease basis according to the amount equal to the lease liabilities with necessary adjustments based on the prepaid rent. Assuming that the New Lease Standard is adopted from the starting date of the lease term, right-of-use assets are measured using the book value at the date of initial implementation discounted at the incremental borrowing rate of the Group as the lessee.

(3) The Group conducts impairment test on the right-of-use assets and carries out corresponding accounting treatment.

For operating leases prior to the date of initial implementation of which the lease assets are low-value assets, or operating leases that will be completed within 12 months, the Group adopts simplified treatment and does not recognize the right-of-use assets and lease liabilities.

For the minimum lease payments not made for the significant operating leases as disclosed in the 2018 financial statements, the adjustment of the difference between the present value discounted at the incremental borrowing rate as at 1 January 2019 of the Group as the lessee and the lease liabilities included in the consolidated balance sheet as at 1 January 2019 is as follows:

Unit: RMB

Minimum lease payments for significant operating leases as at 31 December 2018	1,074,063,817.13
Less: minimum lease payments subject to simplified treatment	36,163,097.43
Including: Lease with remaining lease term of less than 12 months	*34,623,246.03*
Low-value asset lease with remaining lease term of more than 12 months	*1,539,851.40*
Add: Reasonably determined increase in the minimum lease payments due to the exercise of the option to renew the lease	211,590,407.22
Add: Minimum lease payments for finance leases as at 31 December 2018	15,907,315.09
Minimum lease payments under the New Lease Standard as at 1 January 2019	1,265,398,442.01
Weighted average incremental borrowing rate as at 1 January 2019	5.14%
Lease liabilities as at 1 January 2019	1,130,069,375.76

The impact of the implementation of the New Lease Standard on the consolidated balance sheet items as at 1 January 2019 is as follows:

Consolidated balance sheet

Unit: RMB

	Carrying amount	**Assuming under the original standard**	**Impact**
Right-of-use assets	1,029,156,969.47	–	1,029,156,969.47
Fixed assets	44,667,521,680.59	44,692,772,001.56	(25,250,320.97)
Long-term payables	299,949,336.99	315,856,652.08	(15,907,315.09)
Lease liabilities due within one year	172,134,210.97	–	172,134,210.97
Lease liabilities	957,935,164.79	–	957,935,164.79
Retained earnings	24,067,271,890.46	24,646,427,835.84	(39,155,945.38)
Minority interests	21,477,931,580.55	21,549,031,047.34	(71,099,466.79)

The impact of the implementation of the New Lease Standard on the consolidated financial statements for January-June 2019 is as follows:

Consolidated balance sheet

Unit: RMB

	Carrying amount	**Assuming under the original standard**	**Impact**
Right-of-use assets	989,202,777.20	–	989,202,777.20
Prepayments	1,866,985,012.18	1,884,091,893.80	(17,106,881.62)
Other receivables	9,987,160,886.62	9,986,089,842.06	1,071,044.56
Inventories	120,734,072,876.28	120,735,009,800.59	(936,924.31)
Other current assets	4,361,827,777.99	4,364,568,412.59	(2,740,634.60)
Long-term deferred expenditures	1,336,473,118.85	1,344,400,141.46	(7,927,022.61)
Fixed assets	43,869,925,856.78	43,895,513,170.24	(25,587,313.46)
Accounts payable	17,181,599,679.67	17,184,255,784.21	(2,656,104.54)
Other payables	9,989,327,219.80	9,992,083,719.80	(2,756,500.00)
Long-term payables	10,262,205.00	24,871,081.97	(14,608,876.97)
Non-current liabilities due within one year	22,792,306,656.15	22,627,440,872.41	164,865,783.74
Lease liabilities	886,840,860.81	–	886,840,860.81
Retained earnings	26,663,748,486.29	26,708,885,430.39	(45,136,944.10)
Minority interests	21,509,852,097.78	21,560,425,271.57	(50,573,173.79)

Consolidated Income Statement

Unit: RMB

	Carrying amount	Assuming under the original standard	Impact
Operating costs	32,233,081,668.80	32,249,924,557.05	(16,842,888.25)
Finance costs	1,414,421,704.70	1,386,126,760.47	28,294,944.23
Selling expenses	1,390,471,643.71	1,391,070,386.85	(598,743.14)
Administrative expenses	3,193,509,354.13	3,218,907,961.26	(25,398,607.13)

The Company

On the date of initial implementation and during January-June 2019, the New Lease Standard has no significant impact on the Company's financial statements.

In addition, starting from the date of initial implementation, the Group will include the cash paid for the repayment of principal and interest of lease liabilities under the cash outflow from the financing activities in the cash flow statement. The short-term lease payments and lease payments for low-value asset for which simplified treatment is adopted and the variable lease payments that are not included in the measurement of lease liabilities are still included under cash outflow from operating activities.

Format of financial statements

To meet the requirements of the Notice on Revising and Issuing Format of 2019 Annual Financial Statements for General Business Enterprises (Cai Kuai [2019] No. 6) (《關於修訂印發2019年度一般企業財務報表格式的通知》(財會[2019]6號)), in the balance sheet, the "bills receivable and accounts receivable" shall be split into "bills receivable" and "accounts receivable", the "bills payable and accounts payable" shall be split into "bills payable" and "accounts payable"; in the income statement, in addition to the expensed expenditures incurred during the research and development process, the "research and development expenses" shall also include the amortization of intangible assets developed by the Group as previously presented in the "administrative expenses". The Group has retrospectively adjusted the comparative amounts correspondingly. The changes in accounting policies have had no impact on the consolidation, the net profit of the Company and the interests of the shareholders.

2. OPERATING SEGMENT INFORMATION

Operating segments

For management purposes, the Group is organized into business units based on their products and services and has four reportable operating segments as follows:

(a) the cement and ready-mixed concrete segment engages in the manufacture and sale of cement and concrete;

(b) the modern building materials and commerce and logistics segment engages in the manufacture and sale of building materials and furniture and commerce and logistics;

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

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

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

Segment assets and liabilities exclude unallocated assets and liabilities attributable to headquarters as these assets and liabilities are under integrated management by the Group.

The prices for transfers between operating segments are determined with reference to the fair prices adopted for transactions with third parties and by negotiation between the parties.

For the six months ended 30 June 2019 (Unaudited)

Unit: RMB

	Cement and Ready-mixed Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Assets/ Liabilities/ Expenses of Headquarters	Elimination on Consolidation	Total
Revenues from external transactions	18,997,858,835.69	12,442,920,304.16	11,152,958,419.74	2,017,351,071.07	–	–	44,611,088,630.66
Revenues from inter-segment transactions	887,913,475.01	436,849,335.70	2,458,962.27	658,539,239.27	–	(1,985,761,012.25)	–
	19,885,772,310.70	12,879,769,639.86	11,155,417,382.01	2,675,890,310.34	–	(1,985,761,012.25)	44,611,088,630.66
Gains/(losses) on investments in joint ventures and associates	184,518,471.19	13,124,835.24	(1,847,327.52)	5,976,788.56	–	–	201,772,767.47
Asset impairment losses	44,510,797.92	150,575.80	–	22,329,987.91	–	–	66,991,361.63
Credit impairment losses	121,610,078.32	74,097,103.77	1,256,082.31	(35,393,983.36)	–	(13,133,514.63)	148,435,766.41
Depreciation and amortization	1,910,038,804.61	133,866,049.86	23,987,469.19	226,346,165.18	42,578,496.18	–	2,336,816,985.02
Total profit/(loss)	2,747,214,507.28	(56,412,817.40)	1,986,156,437.36	1,039,914,636.36	(447,128,449.54)	(5,106,285.57)	5,264,638,028.49
Income tax expenses	533,887,118.85	60,689,289.73	520,425,533.85	297,722,047.46	(111,782,112.39)	(1,276,571.39)	1,299,665,306.11
Total assets	80,370,763,301.29	15,711,955,903.94	130,153,417,814.60	86,867,998,011.22	568,778,943.77	(36,350,029,851.05)	277,322,884,123.77
Total liabilities	47,434,922,506.16	10,595,288,621.44	108,119,496,339.09	40,274,212,095.16	27,613,707,213.72	(38,334,009,792.01)	195,703,616,983.56
Other disclosure							
Long-term equity investment in joint ventures and associates	1,421,543,202.53	34,054,755.09	26,027,097.33	1,432,367,062.69	–	–	2,913,992,117.64
Increase in other non-current assets (excluding long-term equity investments)	1,646,262,544.03	628,394,590.62	19,556,546.58	119,414,498.62	–	–	2,413,628,179.85

For the six months ended 30 June 2018 (Unaudited)

Unit: RMB

	Cement and Ready-mixed Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Assets/ Liabilities/ Expenses of Headquarters	Elimination on Consolidation	Total
Revenues from external transactions	14,578,159,711.49	8,896,428,439.01	9,974,060,860.17	1,916,744,245.31	–	–	35,365,393,255.98
Revenues from inter-segment transactions	1,300,566,673.17	185,810,428.94	3,402,021.89	132,703,635.32	–	(1,622,482,759.32)	–
	15,878,726,384.66	9,082,238,867.95	9,977,462,882.06	2,049,447,880.63	–	(1,622,482,759.32)	35,365,393,255.98
Gains/(losses) on investments in joint ventures and associates	121,078,335.58	19,534,118.87	1,292.10	(1,605,609.81)	–	–	139,008,136.74
Asset impairment losses	(55,219,996.86)	(5,801,610.83)	864,114.05	(24,465,204.92)	–	98,756,281.77	14,133,583.21
Credit impairment losses	48,160,858.31	12,756,662.75	5,018,016.80	(10,655,671.94)	–	(98,756,281.77)	(43,476,415.85)
Depreciation and amortization	1,853,886,670.19	99,403,303.76	15,195,701.13	118,228,511.12	13,119,734.00	–	2,099,833,920.20
Total profit/(loss)	1,446,778,327.58	35,105,458.82	1,981,748,903.27	104,632,014.61	(483,694,863.83)	838,830,177.92	3,923,400,018.37
Income tax expenses	369,278,953.02	21,326,812.91	469,668,241.66	46,598,951.65	(120,923,715.96)	209,707,544.48	995,656,787.76
Total assets	85,333,130,737.39	16,545,709,517.00	120,110,967,639.35	75,706,215,046.93	2,395,295,478.55	(45,937,454,975.72)	254,153,863,443.50
Total liabilities	54,749,841,576.78	13,363,415,017.28	104,233,790,491.75	30,697,322,327.93	24,595,681,181.26	(49,825,560,025.28)	177,814,490,569.72
Other disclosure							
Long-term equity investment in joint ventures and associates	1,694,376,222.13	415,900,952.58	4,992,899.49	386,511,858.68	–	–	2,501,781,932.88
Increase in other non-current assets (excluding long-term equity investments)	2,596,158,690.12	987,733,794.73	30,192,519.62	6,108,918,157.65	–	–	9,723,003,162.12

Geographical information

Operating revenue	**For the six months ended 30 June 2019** ***RMB*** **(Unaudited)**	For the six months ended 30 June 2018 *RMB* (Unaudited)
Asia	**44,430,840,416.36**	35,203,023,380.87
Europe	**165,101,030.79**	25,257,792.99
Africa	**13,777,248.41**	24,342,180.85
North America	**–**	111,805,033.99
Others	**1,369,935.10**	964,867.28
	44,611,088,630.66	35,365,393,255.98

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

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

Information about major customers

For the six months ended 30 June 2019 and the six months ended 30 June 2018, none of sales income arising from any single customer of the Group exceeds 10% of the Group's total revenues.

3. OPERATING REVENUE AND NON-OPERATING REVENUE

Unit: RMB

Operating revenue is presented as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Operating revenue from principal business	**44,210,815,455.45**	34,998,521,382.42
Operating revenue from other business	**400,273,175.21**	366,871,873.56
	44,611,088,630.66	35,365,393,255.98

Operating revenue by product is presented as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Sale of products	**20,315,963,107.78**	16,691,762,445.41
Bulk commodity trade	**9,730,978,383.33**	5,798,692,112.10
Sale of properties	**11,135,581,975.84**	9,955,463,235.75
Lease income	**898,879,811.57**	759,136,003.43
Including: Rental income from investment properties	***791,362,190.23***	*646,537,184.55*
Other lease income	***107,517,621.34***	*112,598,818.88*
Property management	**464,644,807.29**	435,264,429.59
Hotel management	**200,156,036.14**	212,893,202.89
Income from decoration	**295,085,232.07**	322,286,697.74
Disposal of solid waste	**698,806,155.94**	453,942,695.63
Others	**870,993,120.70**	735,952,433.44
	44,611,088,630.66	35,365,393,255.98

Non-operating revenue is presented as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Net income from fines	**15,854,606.09**	22,928,047.87
Relocation compensation/government grants	**18,688,087.47**	1,634,830.25
Unpayable amounts	**15,554,063.64**	11,292,107.94
Others	**70,752,114.97**	52,526,638.63
	120,848,872.17	88,381,624.69

4. OPERATING COSTS AND NON-OPERATING EXPENSES

Unit: RMB

Operating cost is presented as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Operating costs for principal business	**31,999,887,116.95**	25,391,549,752.00
Operating costs for other business	**233,194,551.85**	143,221,828.22
	32,233,081,668.80	25,534,771,580.22

Non-operating expenses are presented as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Losses on disposal of non-current assets	**14,268,510.53**	41,333,767.02
Including: Losses on disposal of fixed assets	***13,756,403.29***	*41,321,148.53*
Other losses on non-current assets	***512,107.24***	*12,618.49*
Expenses on charity donation	**422,000.00**	100,000.03
Expenses on compensation, penalties and fines	**85,139,940.59**	46,815,569.79
Others	**20,657,652.63**	20,695,668.40
	120,488,103.75	108,945,005.24

5. SELLING EXPENSES

Unit: RMB

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Employee remuneration	**440,542,199.07**	405,786,840.86
Office and service expenses	**129,574,263.49**	93,484,337.78
Lease fee	**57,649,447.17**	66,337,198.61
Agency intermediary fee	**170,265,487.73**	96,049,910.14
Advertisement fee	**151,250,961.52**	157,054,858.75
Transportation expenses	**421,616,522.05**	319,736,820.32
Others	**19,572,762.68**	25,215,376.72
	1,390,471,643.71	1,163,665,343.18

6. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Employee remuneration	**1,215,893,776.93**	1,218,358,079.49
Office and service expenses	**533,192,330.15**	526,422,811.56
Intermediary service fees	**129,124,893.22**	101,991,748.68
Lease and utilities fees	**122,127,846.12**	130,202,084.84
Sewage and afforestation fees	**18,297,643.63**	27,487,527.07
Losses on suspension of operations	**449,377,346.60**	436,027,925.63
Maintenance expenses	**668,210,889.57**	575,036,441.39
Others	**57,284,627.91**	78,063,470.47
	3,193,509,354.13	3,093,590,089.13

7. RESEARCH AND DEVELOPMENT EXPENSES

Unit: RMB

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Employee remunerations	**76,555,362.94**	47,665,212.66
Material and equipment cost	**29,015,195.03**	6,324,171.03
Travel expenses	**2,162,726.89**	1,734,238.71
Others	**12,881,579.81**	7,526,640.05
	120,614,864.67	63,250,262.45

8. FINANCE COSTS

Unit: RMB

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Interest expenses	**3,510,684,819.86**	2,797,517,231.59
Including: Interests on bank loans and other loans fully repayable within five years	**3,001,595,628.88**	2,416,824,321.32
Interests on bank loans and other loans fully repayable over five years	**47,217,330.64**	4,718,653.63
Interest expenses on lease liabilities	**28,294,944.23**	–
Interest expenses on significant financing component	**433,576,916.11**	375,974,256.64
Less: Interest income	**445,148,683.74**	119,554,528.16
Less: Amount of interest capitalized	**1,801,210,165.34**	1,480,479,304.09
Exchange losses	**12,997,514.67**	17,511,515.78
Handling charges	**95,340,526.23**	61,148,038.90
Others	**41,757,693.02**	87,803,714.01
	1,414,421,704.70	1,363,946,668.03

Note: From January to June in 2019, the amount of capitalised borrowing costs has been included in construction in progress of RMB11,736,541.04 (from January to June in 2018: RMB11,706,877.68) and costs for properties under development of RMB1,789,473,624.30 (from January to June in 2018: RMB1,468,772,426.41).

The breakdown of interest income was as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Cash and bank balances	**76,073,756.46**	90,466,473.93
Interest income from financing component	**40,814,931.82**	3,873,486.18
Other debt investments	**328,259,986.46**	25,214,568.05
Total	**445,148,683.74**	119,554,528.16

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

9. OTHER GAINS

Unit: RMB

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)	Related to assets/gains
Refunds of VAT	**270,426,897.64**	241,425,207.62	Related to gains
Income from relocation compensation	**2,469,182.12**	3,425,126.02	Related to assets/gains
Income from other subsidies	**65,068,856.34**	51,284,765.20	Related to assets/assets
Grants of sale of heat	**1,179,310.04**	1,611,842.70	Related to gains
	339,144,246.14	297,746,941.54	

The refunds of VAT, and government subsidies related to relocation and reconstruction as well as operation were included in "Other gains"; and the relocation compensation unrelated to the reconstruction was included in "Non-operating income" by the Group.

10. INVESTMENT GAINS

Unit: RMB

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Gains from long-term equity investments under equity method	**201,772,767.47**	139,008,136.74
Investment gains from disposal of subsidiaries	**9,142,289.61**	–
Investment losses from disposal of associates and joint ventures	**(617,210.75)**	–
Investment gains from trading financial assets during the period of holding	**–**	61,546,654.49
Investment gains from other debt investments during the period of holding	**3,127,797.28**	–
Investment gains from financial assets measured at amortized cost during the period of holding	**–**	24,407,626.67
Investment gains from equity instruments at fair value through other comprehensive income during the period of holding	**–**	531,473.76
Investment gains from disposal of financial assets held for trading	**30,240,332.66**	1,539,602.17
Gains on re-measurement of equity interests in the acquiree held before the date of acquisition at fair value	**9,248,144.36**	–
Others	**1,875,158.49**	5,424,238.46
	254,789,279.12	232,457,732.29

There were no significant restrictions on the repatriation of investment income of the Group as of 30 June 2019. For the six months ended 30 June 2019, there were no gains from listed share investment among the Group's investment income (for the six months ended 30 June 2018: nil).

11. GAINS FROM CHANGES OF FAIR VALUE

Unit: RMB

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Financial assets held for trading	**62,272,088.26**	2,927,895.47
Investment properties measured at fair value	**438,700,381.37**	270,195,883.37
	500,972,469.63	273,123,778.84

12. CREDIT IMPAIRMENT (LOSSES)/ REVERSAL OF PROVISION

Unit: RMB

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Bad debt loss of bills receivable	**(3,580,770.89)**	–
Bad debt loss of accounts receivable	**(198,799,772.99)**	11,844,294.27
Reversal of provision for bad debt of other accounts receivable	**63,433,699.30**	31,632,121.58
Bad debt loss of long-term accounts receivable	**(9,488,921.83)**	–
	(148,435,766.41)	43,476,415.85

13. ASSET IMPAIRMENT LOSSES

Unit: RMB

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Losses on decline in value of inventory	**(13,979,440.57)**	(3,090,903.24)
Losses on impairment of fixed assets	**(52,039,795.80)**	(8,973,295.92)
Losses on impairment of construction in progress	**(1,211,151.26)**	(1,836,360.22)
Losses on impairment of intangible assets	**–**	(3,050,593.49)
Reversal of provision for impairment of prepayments	**239,026.00**	2,027,467.49
Others	**–**	790,102.17
	(66,991,361.63)	(14,133,583.21)

14. INCOME TAX EXPENSES

Unit: RMB

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Current income tax expenses	**1,664,967,448.51**	1,082,588,352.32
Deferred income tax expenses	**(365,302,142.40)**	(86,931,564.56)
	1,299,665,306.11	995,656,787.76

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

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Total profit	**5,264,638,028.49**	3,923,400,018.37
Income tax expenses at the statutory (or applicable) tax rate	**1,316,159,507.09**	980,850,004.59
Effect of different tax rates applicable to some subsidiaries	**(64,483,276.73)**	(38,157,503.73)
Adjustments on the current income tax of previous periods	**(21,056,545.98)**	(41,163,567.33)
Share of profits and losses of joint ventures and associates	**(54,990,910.66)**	(39,108,268.33)
Expenses not deductible	**8,246,553.39**	8,167,589.32
Use of deductible losses in prior years	**(55,706,976.12)**	(96,020,961.35)
Impact of deductible temporary difference and deductible tax losses not recognized	**171,496,955.12**	221,089,494.59
Income tax expenses at the effective tax rate of the Group	**1,299,665,306.11**	995,656,787.76

15. BASIC EARNINGS PER SHARE

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

The calculation of basic earnings per share is as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Earnings		
Net profit of the current period attributable to ordinary shareholders of the Company (RMB)	**3,045,574,008.22**	2,410,206,116.06
Shares		
Weighted average number of issued ordinary shares of the Company	**10,677,771,134.00**	10,677,771,134.00
Basic earnings per share	**0.29**	0.23

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

16. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend (for the six months ended 30 June 2018: Nil).

17. BILLS RECEIVABLE

Unit: RMB

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Bank acceptance bills	**6,059,479,176.03**	10,019,577,739.84
Commercial acceptance bills	**1,077,057,119.79**	1,272,059,132.66
	7,136,536,295.82	11,291,636,872.50
Less: Provision for bad debts of bills receivable	**69,435,828.89**	65,855,058.00
	7,067,100,466.93	11,225,781,814.50

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

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Balance at the beginning of the period/year	**65,855,058.00**	–
Provision for the period/year	**3,580,770.89**	65,855,058.00
Balance at the end of the period/year	**69,435,828.89**	65,855,058.00

18. ACCOUNTS RECEIVABLE

The credit periods of accounts receivable from external third parties are generally 1 to 6 months and amounts due from related parties have no fixed terms of repayment. Accounts receivable are non-interest bearing.

An aging analysis of accounts receivable is as follows:

Unit: RMB

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Within 1 year	**7,484,043,267.77**	5,875,572,619.57
1 to 2 years	**1,399,105,404.40**	1,399,257,206.82
2 to 3 years	**823,330,113.31**	831,428,398.76
3 to 4 years	**513,393,896.13**	560,230,050.44
4 to 5 years	**458,209,964.04**	376,422,298.49
Over 5 years	**851,188,642.61**	820,700,395.22
	11,529,271,288.26	9,863,610,969.30
Less: Provision for bad debts of accounts receivable	**2,626,170,968.87**	2,423,525,518.45
	8,903,100,319.39	7,440,085,450.85

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

Unit: RMB

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Balance of the previous period/year	**2,423,525,518.45**	2,420,720,346.67
Effect of change in accounting policy	**–**	(188,846,335.74)
Balance at the beginning of the period/year	**2,423,525,518.45**	2,231,874,010.93
Provision for the period/year	**222,824,454.02**	68,999,649.21
Transferred in upon acquisition of subsidiaries	**15,437,643.47**	168,686,325.27
Reversal for the period/year	**(24,024,681.03)**	(2,679,120.48)
Write-off for the period/year	**(368,342.94)**	(10,080,941.31)
Removed from upon disposal of subsidiaries	**(11,223,623.10)**	(33,171,288.40)
Transferred to held for sale	**–**	(103,116.77)
Balance at the end of the period/year	**2,626,170,968.87**	2,423,525,518.45

	30 June 2019			
	Balance of carrying amount		**Provision for bad debts**	
	Amount	**Proportion (%)**	**Amount**	**Proportion (%)**
Subject to separate provision for bad debts	**1,469,491,806.85**	**12.75**	**467,656,376.21**	**31.82**
Provision for bad debts by credit risk characteristics group	**10,059,779,481.41**	**87.25**	**2,158,514,592.66**	**21.46**
	11,529,271,288.26	**100.00**	**2,626,170,968.87**	**22.78**

	31 December 2018			
	Balance of carrying amount		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Subject to separate provision for bad debts	1,015,810,002.46	10.30	407,164,476.35	40.08
Provision for bad debts by credit risk characteristics group	8,847,800,966.84	89.70	2,016,361,042.10	22.79
	9,863,610,969.30	100.00	2,423,525,518.45	24.57

19. SHORT-TERM LOANS

Unit: RMB

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Guaranteed loans *(Note)*	**1,973,000,000.00**	1,900,000,000.00
Credit loans	**32,881,650,000.00**	36,942,270,000.00
Mortgaged loans	**–**	675,000,000.00
Pledged loans	**710,836,367.32**	363,122,209.57
	35,565,486,367.32	39,880,392,209.57

Note: As at 30 June 2019, the guaranteed loans were guaranteed by the Group subsidiaries.

As at 30 June 2019, the interest rates of the above short-term loans were 3.48%-7.00% per annum (as at 31 December 2018: 3.48%-7.00%).

All short-term loans would be due within one year. As at 30 June 2019, the Group had no outstanding loans that were due.

20. BILLS PAYABLE

Unit: RMB

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Bank acceptance bills	**1,823,115,493.80**	1,974,216,957.31
Commercial acceptance bills	**99,377,997.32**	106,532,379.67
	1,922,493,491.12	2,080,749,336.98

At 30 June 2019, there were no outstanding bills payable (31 December 2018: nil).

21. ACCOUNTS PAYABLE

Accounts payable are non-interest bearing and shall generally be paid within 30-360 days.

An aging analysis of accounts payable is as follows:

Unit: RMB

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Within 1 year (including 1 year)	**13,050,071,370.26**	14,843,680,448.83
1 to 2 years (including 2 year)	**2,992,992,593.70**	2,342,046,547.01
2 to 3 years (including 3 year)	**390,340,205.79**	426,530,426.20
Over 3 years	**748,195,509.92**	745,358,444.61
	17,181,599,679.67	18,357,615,866.65

22. SHORT-TERM FINANCING BONDS PAYABLE AND BONDS PAYABLE

Unit: RMB

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Short-term financing bonds	**2,800,520,000.00**	6,500,000,000.00
Bonds payable		
Corporate bonds	**23,168,431,406.50**	20,159,323,960.77
Medium-term notes	**10,500,000,000.00**	8,000,000,000.00
Debt financing plan	**500,000,000.00**	500,000,000.00
Balance at the end of the period/year	**34,168,431,406.50**	28,659,323,960.77
Less: Bonds payable within one year	**10,461,679,690.36**	8,428,234,671.07
Non-current portion	**23,706,751,716.14**	20,231,089,289.70
Analysis of maturity of bonds payable:		
Current or within one year	**10,461,679,690.36**	8,428,234,671.07
Over one year but not more than two years	**5,687,893,424.94**	500,000,000.00
Over two years but not more than five years	**16,523,793,788.63**	19,731,089,289.70
Over five years	**1,495,064,502.57**	–
	34,168,431,406.50	28,659,323,960.77

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

(1) Pursuant to the document Zhong Shi Xie Zhu [2014] No. MTN316 issued by the National Association of Financial Market Institutional Investors (the "**NAFMII**"), the Company issued its first tranche of medium-term notes for 2014 on 15 October 2014, totalling RMB2,000,000,000 with a term of 5 years and a coupon rate of 5.35%; and it issued its second tranche of medium-term notes for 2014 on 17 November 2014, totalling RMB1,500,000,000 with a term of 5 years and a coupon rate of 5.3%

(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) for 2016 on 14 March 2016, totalling RMB3,200,000,000 with a term of 5 years and a coupon rate of 3.12%. In accordance with the issuer's option to raise the coupon rate stipulated in Prospectus of BBMG in Relation to the Public Issuance of 2016 Corporate Bonds (Tranche 1) (for Qualified Investors) (《北京金隅股份有限公司公開發行2016年公司債券(第一期)募集說明書(面向合格投資者)》), the Company raised the coupon rate of the bonds for the current period to 3.9% for the next two years (i.e. from 14 March 2019 to 13 March 2021). The Company issued its first tranche of corporate bonds (type two) for 2016 on 14 March 2016, totalling RMB1,800,000,000 with a term of 7 years and a coupon rate of 3.5%.

(3) Pursuant to the document (Fa Gai Cai Jin [2012] No. 2810) issued by National Development and Reform Commission, Jidong Development Group Co., Ltd. ("**Jidong Group**") issued the first tranche of corporate bonds for 2012 on 13 September 2012 (hereinafter referred to as "**12 Jidong Development Bond**"), totalling RMB800,000,000 with a term of 7 years and a coupon rate of 6.3%.

(4) Pursuant to the document (Zheng Jian Xu Ke [2011] No. 1179) issued by China Securities Regulatory Commission, Tangshan Jidong Cement Co., Ltd. ("**Jidong Cement**") issued corporate bonds of no more than RMB2,500,000,000 to the public, including "2011 Jidong 01" and "2011 Jidong 02". On 30 August 2011, it issued 2011 Jidong 01, totalling RMB1,600,000,000 with a coupon rate of 6.28% and an effective interest rate of 6.46%. The term of the bonds is 7 years (with the issuer's option to raise the coupon rate after the end of the fifth year and the investors' entitlement to sell back the bonds). The sale back amount as announced on 30 August 2016 was RMB522,000,000, with the remaining amount of RMB1,078,000,000 due on 30 August 2018. On 20 March 2012, it issued 2011 Jidong 02 in an amount of RMB900,000,000 with a coupon rate of 5.58% and an effective interest rate of 5.76%. The term of the bonds is 8 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). The total sale back amount as announced on 17 March 2017 is RMB481,305,000.00 (exclusive of interests) with the remaining amount of RMB418,315,330.01 (exclusive of interests) due on 20 March 2020.

(5) Pursuant to the document (Zheng Jian Xu Ke [2012] No. 1000) issued by China Securities Regulatory Commission, Jidong Cement issued corporate bonds of no more than RMB1,250,000,000 to the public. On 15 October 2012, it issued 2012 Jidong 02 Bonds in an amount of RMB450,000,000 with a term of 7 years, a coupon rate of 5.90% and an effective interest rate of 6.02%. The maturity date is 15 October 2019. On 15 October 2012, it issued 2012 Jidong 03 Bonds in an amount of RMB800,000,000 with a term of 10 years, a coupon rate of 6.00% and an effective interest rate of 6.09%. The maturity date is 15 October 2022.

(6) Upon consideration and approval by the 4th meeting of the 4th session of the Board held on 23 March 2016 and the 2015 annual general meeting of the Company held on 18 May 2016, the Company intended to issue corporate bonds of no more than RMB4,000,000,000. 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) for 2017 on 19 May 2017, totalling RMB3,500,000,000 with a term of 5 years and a coupon rate of 5.2%; and the Company issued its first tranche of corporate bonds (type two) for 2017 on 19 May 2017, totalling RMB500,000,000 with a term of 7 years and a coupon rate of 5.38%.

(7) 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 on the Shanghai Stock Exchange to qualified investors by way of non-public issuance from 13 July 2017, totalling RMB1,250,000,000 with a term of 2 years. The bonds bear an annual coupon rate of 5.20% and adopt simple interest for accrual of annual interest; no compound interest will be accrued.

(8) Pursuant to the relevant requirements for bonds listing on the Shanghai Stock Exchange, the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2017 on the Shanghai Stock Exchange to qualified investors by way of non-public issuance from 13 July 2017, totalling RMB1,750,000,000 with a term of 3 years. The bonds bear an annual coupon rate of 5.30% and adopt simple interest for accrual of annual interest; no compound interest will be accrued.

(9) Pursuant to the document Debt Financing Plan [2017] No. 0192 issued by Beijing Financial Assets Exchange Limited, the Company successfully issued the first tranche of debt financing plan for 2017 on 17 November 2017. The interest commencement date was 17 November 2017 and the expiry date will be in 2022. The actual listing amount totalled RMB500,000,000 with a coupon rate of 5.50%. The interests are calculated at fixed rate and allocated based on actual number of days.

(10) Pursuant to the No-Objection Letter Regarding the Compliance with Transfer Conditions of Shenzhen Stock Exchange by the Non-Public Issuance of Corporate Bonds for 2016 of Tangshan Jidong Cement Co., Ltd. (Shen Zheng Han [2016] No. 471) (《關於唐山冀東水泥股份有限公司2016非公開發行非公開債券符合深交所轉讓條件的無異議函》(深證函[2016]471號)) issued by the Shenzhen Stock Exchange, Jidong Cement issued the first tranche of corporate bonds by way of non-public issuance on 3 July 2017 with a term of 3 years, of which the issuer has an option to adjust the coupon rate and the investors have a sell back option at the end of the second year. The interest commencement date was 30 June 2017 and the actual amount issued totalled RMB500,000,000. The bonds bear an interest rate of 5.98%.

(11) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) (《接受註冊通知書》(中市協注[2017] MTN512號)) issued by the NAFMII, the Company successfully issued the first tranche of medium term notes for 2018 of BBMG Corporation on 22 January 2018. The amount issued totalled RMB2,000,000,000 with a term of 5 years and a coupon rate of 5.85%.

(12) The Company successfully issued the first tranche of debt financing plan for 2018 named"18BBMGZR001 (18京金隅ZR001)" on 27 February 2018 for a term of 2+3 years. The interest commencement date was 27 February 2018 and expiry date will be 27 February 2023. The actual listing amount totalled RMB500,000,000 with a coupon rate of 5.80%.

(13) The Company successfully issued the second tranche of debt financing plan for 2018 named"18BBMGZR0 (18京金隅ZR0)" on 25 June 2018 for a term of 3 years. The expiry date will be 25 June 2021. The actual listing amount totalled RMB2,500,000,000 and the listing price was 6.30% with a coupon rate of 6.30%.

(14) Pursuant to the document [2018] No. 884 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) for 2018 on 13 July 2018, totalling RMB1,500,000,000 with a term of 5 years and a coupon rate of 4.7%. The issuer has an option to adjust the coupon rate and the investors have a sell back option at the end of the third year; and the Company issued its first tranche of corporate bonds (type two) for 2018 on 13 July 2018, totalling RMB1,500,000,000 with a term of 7 years and a coupon rate of 5.00%. The issuer has an option to adjust the coupon rate and the investors have a sell back option at the end of the fifth year.

(15) Pursuant to the Notice of Acceptance of Registration issued by the NAFMII, the Company successfully issued the third tranche of medium term notes for 2018 on 9 August 2018. The interest commencement date was 13 August 2018 and the amount issued totalled RMB2,500,000,000 with a term of 5 years and a coupon rate of 4.70%.

(16) Pursuant to the document Zheng Jian Xu Ke [2018] No. 884 issued by the China Securities Regulatory Commission, the Company issued corporate bonds (classified to two types) with par value of no more than RMB5,000,000,000 to qualified investors by way of public issuance on 9 January 2019. Type one amounted to RMB500,000,000 in total with a term of 5 years and a coupon rate of 3.73%. The issuer has an option to adjust the coupon rate and the investors have a sale back option at the end of the third year; and type two amounted to RMB1,500,000,000 in total with a term of 7 years and a coupon rate of 4.07%. The issuer has an option to adjust the coupon rate and the investors have a sale back option at the end of the fifth year.

(17) Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2019] No. SCP16) issued by the NAFMII, Jidong Cement successfully issued the first tranche of ultrashort financing bonds for 2019 of Tangshan Jidong Cement Co., Ltd. on 22 February 2019 with a term of 270 days. The interest commencement date was 22 February 2019 and the actual amount issued totalled RMB800,000,000 with a coupon rate of 3.30%.

(18) Pursuant to the document Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. SCP300) issued by the NAFMII, the Company successfully issued the first tranche of ultrashort financing bonds for 2019 during 20 February 2019 to 21 February 2019 with a term of 216 days. The interest commencement date was 22 February 2019 and the actual amount issued totalled RMB2,000,000,000 with a coupon rate of 3.04%.

(19) Upon consideration and approval by the 16th meeting of the 4th session of the Board held on 29 March 2017 and the 2016 annual general meeting of the Company held on 17 May 2017, and pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. MTN512) issued by the NAFMII, the Company successfully issued the first tranche of medium term notes of BBMG Corporation for 2019 on 11 March 2019. The interest commencement date was 11 March 2019 and the actual amount issued totalled RMB2,500,000,000 with a coupon rate of 4.35%.

(20) Pursuant to the Letter of No Objection Regarding the Compliance of Tangshan Jidong Cement Co., Ltd. with Transfer Conditions of Shenzhen Stock Exchange in the Non-Public Issuance of Corporate Bonds for 2018 (Shen Zheng Han [2018] No. 810) (《關於唐山冀東水泥股份有限公司2018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 by way of non-public issuance on 20 March 2019 with a term of 5 years. The issuer has an option to adjust the coupon rate and the investors have a sell back option at the end of the third year. The interest commencement date was 19 March 2019 and the actual amount issued totalled RMB1,200,000,000 with a coupon rate of 4.97%.

23. LONG-TERM LOANS

Unit: RMB

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Guaranteed loans *(Note)*	**13,882,217,667.00**	10,484,580,000.00
Credit loans	**15,597,676,293.36**	14,071,789,349.97
Mortgaged loans	**14,205,006,218.89**	12,388,040,000.00
Pledged loans	**5,993,500,000.00**	3,027,493,199.13
Balance at the end of the period/year	**49,678,400,179.25**	39,971,902,549.10
Less: Long-term loans due within one year	**12,125,192,611.92**	9,465,848,283.40
Non-current portion	**37,553,207,567.33**	30,506,054,265.70

Note: As at 30 June 2019, the guaranteed loans of the Group were guaranteed by its subsidiaries.

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
An analysis on maturity of long–term loans as at the balance sheet date is as follows:		
Within 1 year	**12,125,192,611.92**	9,465,848,283.40
1 to 2 years	**11,216,174,417.36**	12,078,352,584.27
2 to 5 years	**13,633,200,000.00**	10,517,464,831.46
Over 5 years	**12,703,833,149.97**	7,910,236,849.97
	49,678,400,179.25	39,971,902,549.10

As at 30 June 2019, the above loans bore interest rates of 1.2%-10.34% (as at 31 December 2018: 1.20%-10.34%) per annum.

24. NET CURRENT ASSETS

Unit: RMB

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Current assets	**177,012,618,328.73**	169,157,938,225.06
Less: current liabilities	**125,546,370,004.52**	129,202,330,397.51
Net current assets	**51,466,248,324.21**	39,955,607,827.55

25. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Total assets	**277,322,884,123.77**	268,276,091,699.13
Less: current liabilities	**125,546,370,004.52**	129,202,330,397.51
Total assets less current liabilities	**151,776,514,119.25**	139,073,761,301.62

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I am pleased to present to you the interim results of the Company for the six months ended 30 June 2019, and report on the operating results of the Company during the said period for your review.

Review

In the first half of 2019, faced with the complex economic conditions, ever-changing operating environment and the challenging market situation, BBMG adhered to the general work principle of seeking progress while maintaining stability, implemented the new development philosophy and fulfilled the requirements regarding high-quality development. The Company's efforts in restructuring, reform and consolidation continued to bear fruits. In the meantime, the Company kept on pioneering and innovating, and maintained a sound operation.

During the Reporting Period, the Company recorded an operating revenue of RMB44,611.1 million, representing a year-on-year increase of 26.1%. Net profit attributable to the shareholders of the parent company amounted to RMB3,045.6 million, representing a year-on-year increase of 26.4%. Basic earnings per share attributable to the shareholders of the parent company amounted to RMB0.29.

Prospects

China's major macroeconomic indicators are within the reasonable ranges. The Chinese economy is operating in a stable manner, but risks and uncertainties are looming. The overcapacity in the cement industry and other building materials industries is yet to be eliminated. China's cornerstone real estate policy of "houses are for living, not for speculation" and "focusing on both property sale and rental" remained unchanged. What is more important is that China is now at a key strategic development stage and will stay at this stage for a long time. The Company has amassed solid industrial base and strong momentum through years of development. We will maintain our strategic focus and confidence, seize opportunities arising from changes and adversities, work hard to boost efficiency, continue with our transformation and upgrade initiatives, further reform and innovate and move toward the next level of success.

The **cement and ready-mixed concrete segment** will continue in consolidating its operations in the core and peripheral markets of Beijing, Tianjin and Hebei, so as to maintain good market orders, increase market concentration and enhance the Company's control over regional markets. The Company will seize the opportunities arising from this year's National Day celebration and the mega construction activities in the Xiong'an New Area. It will develop and implement sound marketing strategies and plans for the second half. **The modern building materials and commerce and logistics segment** will diligently serve its existing customers and consolidate its design, manufacturing, construction and decoration resources so as to offer industrialized product portfolio with "BBMG" characteristics. The segment will align itself with first-class quality standards and strengthen its capability to provide the auxiliary services. This segment will also capitalize on the opportunities presented by the development of Xiong'an New Area, and strive to realize sustainable development. The **property development segment** will adapt to market changes, make plans and arrangements beforehand, adjust its paces in selling, and focus on key cities and projects. The segment will make the best use of its mineral resources in Beijing, Tianjin and Hebei, and strive to make breakthroughs in conversion of qualified industrial lands. The **property investment and management segment** will "streamline and improve" the management of its properties based on Beijing's "four centers" positioning. The segment will strive to increase the occupancy ratio of its office buildings and enhance service quality and operation. Moreover, the segment will actively move to increase the foot traffic in commercial projects, and step up efforts to attract businesses to its industrial parks, thereby boosting the asset quality and income of the segment.

Last but not least, I would like to express my most sincere gratitude to shareholders on behalf of the Board for their consistent support for the Company's development. I also would like to thank the Directors, Supervisors and all employees of the Company for their diligent and hard work. The Company will do its best to give back to shareholders and the society, and join hands with shareholders to create a better future!

MANAGEMENT DISCUSSION AND ANALYSIS

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

(I) Principal business and business model of the Company

The Company's principal businesses include cement and ready-mixed concrete – modern building materials manufacturing and commerce and logistics – property development – property investment and management.

1. Cement and ready-mixed concrete business: The Company is the third largest cement enterprise in the country. The cement business continued to adopt Beijing, Tianjin and Hebei as its core strategic regions, 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 110 million tonnes; the production capacity of cement amounted to approximately 170 million tonnes; the production capacity of ready-mixed concrete and ready-mixed mortar amounted to approximately 62 million cubic meters and approximately 2.40 million tonnes, respectively; while the production capacity of aggregates and grinding aids and admixtures amounted to approximately 38.5 million tonnes and approximately 0.34 million tonnes, respectively. On this basis, the Company effectively demonstrated the internal synergetic mechanism with cement production and ready-mixed concrete development providing support to each other. The industry layout of ready-mixed concrete in key regions and markets will be consolidated on the basis of concrete group as the platform, aiming to take a leading position in the north of the country among its industrial peers and become one of the largest professional enterprises engaging in the production of concrete products in the PRC. Meanwhile, the Company will insist on promoting market expansion and strategic resources consolidation simultaneously, and has had a total of about 1.8 billion tonnes of limestone reserve in Beijing, Tianjin and Hebei.

2. Modern building materials and commerce and logistics business: The Company is one of the largest building materials manufacturers in China, the largest building materials manufacturer and one of the leaders in the building materials industry in Pan Bohai Economic Rim in Beijing. It provides major products and services, namely furniture and woods, wall body and insulation materials, decorative and fitting materials, and building materials and commerce and logistics, among which, the production and sales of BBMG's aerated products ranked second in the industry, BBMG's production capacity of fire retardant paint and comprehensive strength ranked top 3 in the country. Tiantan Furniture is the leading enterprise in the furniture industry in China. The production capacity of the single production line of mineral wool boards of STAR-USG Building Materials ranked number one in the world, which is also the largest production line in Asia and ranked number one in China in terms of sales to mid- to high-end channels. With strenuous efforts made in implementation of structural adjustment and industrial upgrade, the Company invested in the construction of BBMG Modern Industrial Park in Dachang, Hebei, and completed the planned upgrade of Doudian Circular Economic Park in Fangshan, Beijing, thereby basically forming the centralized production model in the industrial parks and gradually achieved industrial synergy. The Company took the initiative to be the major supplier for the construction materials required by the construction of projects in areas such as Beijing subtown center and the Xiong'an New Area, which made improvement to the aspects such as product quality, organisational security as well as management standard. In addition, the Company will continuously enhance the development of commerce and logistics industry and proactively explore the developed marketing modes of e-commerce.

3. Property development business sector: The Company is one of the top property development enterprises in Beijing in terms of comprehensive strength with an area under construction of 8 million sq.m. during the year. The Company obtained AAA credit rating, and several projects developed and constructed by it were awarded "Guangsha Award" (廣廈獎)、"Tien-yow Jeme Civil Engineering Prize" (中國土木工程詹天佑獎), and "Gold Award of Beijing Great Wall Cup for Building Structure (北京結構長城杯金質獎). With its rich experience in property development business in respect to planning and design, project management, marketing planning and customer service, the Company remains committed to providing its customers with products and services with high quality. The Company has more than 50 controlling subsidiaries, making its presence in 15 cities including Beijing, Shanghai, Tianjin, Chongqing, Hangzhou, Nanjing, Chengdu, Hefei and Haikou and developing more than 130 property projects with a total gross floor area of approximately 30 million sq.m. These developed a nationwide business presence "from Beijing to three major economic rims, namely Beijing, Tianjin and Hebei, Yangtze River Delta and Chengdu-Chongqing region", with a comprehensive development strength covering property projects of multiple categories.

4. Property investment and management business: The Company is one of the largest investors and managers of investment properties in Beijing, holding approximately 1.55 million sq.m. of investment properties such as office buildings, commercial buildings and parks property (including a total area of approximately 1.18 million sq.m. of investment properties held in Beijing) and managing more than 13.0 million sq.m. of properties (including residential communities and commercial units at low floors) in Beijing. The Company has been leading the industry in Beijing and even the PRC for years in areas including specialized techniques, brand awareness, occupancy rate and revenue. Meanwhile, the resort and leisure business, with Fengshan Hot Spring Resort and Badaling Hot Spring Resort as key projects, has built up its scale and gained sound reputation in the society.

(II) Description of major industries

1. Cement Industry

In the first half of 2019, China's real estate investment maintained a rapid growth, and the infrastructure investment was catching up. Total national cement output increased by 6.8% year on year to 1.045 billion tons, the fastest growth in 6 years. Cement supply was still restrained by policies such as "staggering peak production" and "environmentally restrictive production". Due to the recovering demand, cement inventory stayed at a historic low, which made cement price reach a relatively high level. Pricing and supply-demand balance in northern China, particularly in Beijing, Tianjin and Hebei as well as their peripheral regions, saw material improvement compared with the previous year.

Data from the Cement Association showed that, in the first half of 2019, the operating revenue of the cement industry amounted to approximately RMB455.4 billion, representing a year-on-year increase of 17%, the total profits amounted to RMB82.6 billion, up about 30% year on year.

2. *Property Development Industry*

In the first half of 2019, the central and local governments have unified their short to medium-term policies regarding real estate supply and demand. The overall policy stance highlights residential use of properties as well as maintaining tight property cooling measures.

According to the data of the National Bureau of Statistics, in the first half of 2019, the investment in real estate development in China stood at RMB6,160.9 billion, representing an increase of 10.9% over the previous year, among which, investment in residential properties was RMB4,516.7 billion, increasing by 15.8%, representing a decrease of 0.5 percentage point over last year. Investment in residential properties accounted for 73.3% of aggregate investment in real estate development. The construction sites for corporate use of real estate developers stood at 7,722.92 million sq.m., representing an increase of 8.8% over last year, among which, 5,382.84 million sq.m. were area of construction sites for residential properties, representing an increase of 10.3%. The area of newly started construction of real estate was 1,055.09 million sq.m., increasing by 10.1%, among which, the area of newly started construction of residential properties was 779.98 million sq.m, up 10.5%. The area of completed real estate stood at 324.26 million sq.m., decreasing by 12.7%, representing a decrease of 0.3 percentage point over last year. Of this, area of completed residential properties was 229.29 million sq.m., decreasing by 11.7%. In the first half of 2019, land area acquired by real estate developers was 80.35 million sq.m., decreasing by 27.5% over last year. Area of sold commodity housing was 757.86 million sq.m., decreasing by 1.8% over last year. Area of sold residential properties, office and properties for commercial operation decreased by 1.0%, 10.0% and 12.3%, respectively. Sales of commodity housing amounted to RMB7,069.8 billion, increasing by 5.6%, representing a decrease of 0.5 percentage point over last year. Of this, sales of residential properties, office and properties for commercial operation increased by 8.4%, decreased by 12.5% and decreased by 10.0% respectively. As at the end of June 2019, area of commodity housing for sales was 501.62 million sq.m., a decrease of 7.66 million square meters compared with the end of May.

Summary of Financial Information

Unit: RMB'000

	For the six months ended 30 June		
	2019	2018	Change
	(Unaudited)	(Unaudited)	
Operating revenue	**44,611,089**	35,365,393	26.1%
Operating revenue from principal business	**44,210,815**	34,998,521	26.3%
Gross profit from principal business	**12,210,928**	9,606,972	27.1%
Gross profit margin from principal business (%)	**27.6**	27.4	an increase of 0.2 percentage point
Total profit	**5,264,638**	3,923,400	34.2%
Net profit	**3,964,973**	2,927,743	35.4%
Net profit attributable to the shareholders of the parent company	**3,045,574**	2,410,206	26.4%
Basic earnings per share attributable to the shareholders of the parent company (RMB)	**0.29**	0.23	26.1%

	As at 30 June 2019	As at 31 December 2018	Change
	(Unaudited)	(Audited)	
Cash and bank balances	**21,873,575**	18,774,468	16.5%
Current assets	**177,012,618**	169,157,938	4.6%
Current liabilities	**125,546,370**	129,202,330	-2.8%
Net current assets	**51,466,248**	39,955,608	28.8%
Non-current assets	**100,310,266**	99,118,153	1.2%
Non-current liabilities	**70,157,247**	59,859,259	17.2%
Total assets	**277,322,884**	268,276,092	3.4%
Equity attributable to the shareholders of the parent company	**60,109,415**	57,665,471	4.2%
Debt ratio (total liabilities to total assets) (%)	**70.6**	70.5	an increase of 0.1 percentage point

Summary of Business Information

	For the six months ended 30 June		
	2019	2018	Change
Cement and Ready-mixed Concrete Segment			
Sales volume of cement (in million tonnes)	**49.97**	43.63	14.5%
Sales volume of ready-mixed concrete (in million cubic metres)	**8.15**	6.28	29.8%
Modern Building Materials and Commerce and Logistics Segment			
Stone wool boards (in thousand tonnes)	**29.2**	30.4	-3.9%
Property Development Segment			
Booked GFA (in thousand sq.m.)	**455.1**	430.8	5.6%
Contracted sales GFA (in thousand sq.m.)	**400.5**	518.2	-22.7%
Property Investment and Management Segment			
Gross GFA of investment properties (in thousand sq.m.)	**1,549.9**	1,085.1	42.8%

DISCUSSION AND ANALYSIS ON OPERATIONS

In the first half of 2019, faced with the complex economic conditions, ever-changing operating environment and the challenging market situation, BBMG adhered to the general work principle of seeking progress while maintaining stability, implemented the new development philosophy and fulfilled the requirements regarding high-quality development. The Company's efforts in restructuring, reform and consolidation continued bearing fruits. In the meanwhile, the Company kept pioneering and innovating, and maintained sound operation.

During the first half of 2019, the Company recorded operating revenue of RMB44,611.1 million, of which operating revenue from its principal business amounted to RMB44,210.8 million, representing a year-on-year increase of 26.3%; total profit amounted to RMB5,264.6 million, representing a year-on-year increase of 34.2%; net profit amounted to RMB3,965.0 million, representing a year-on-year increase of 35.4%; and net profit attributable to the shareholders of the parent company amounted to RMB3,045.6 million, representing a year-on-year increase of 26.4%.

(1) Cement and Ready-mixed Concrete Segment

Based on our strategic positioning of "becoming a world-class modern, specialized and large-sized cement group", we have insisted on high standards, extensively implemented our marketing strategy, strengthened the regional coordination, enhanced our control over markets, optimized organizational structure, improved our professionalism in management, and consistently boosted operating efficiency.

During the first half of 2019, sales volume of cement and clinker was 49.97 million tonnes, representing a year-on-year increase of 14.5%; operating revenue from principal business was approximately RMB19,740.8 million, representing a year-on-year increase of 25.8%; gross profit from principal business amounted to approximately RMB6,297.6 million, representing a year-on-year increase of 28.2%, among which cement sales volume amounted to 43.58 million tonnes and clinker sales volume amounted to 6.39 million tonnes; the aggregated gross profit margin for cement and clinker was 37.8%, representing a year-on-year increase of 1.2 percentage point. Sales volume of ready-mixed concrete was 8.15 million cubic meters, representing a year-on-year increase of 29.8%, while the gross profit margin for ready-mixed concrete was 9.2%, representing a year-on-year decrease of 0.8 percentage points.

(2) Modern Building Materials and Commerce and Logistics Segment

We strengthened our management to eliminate disorders in the Company's organization. We also expedited internal reforms and made progress in efficiency enhancement in comparison with exemplary peers. Our team became even more cohesive, which boosted our serving capability. Preliminary industrial synergy has been generated. We have further strengthened our presence in Beijing, Tianjin and Hebei markets, and ensured adequate building materials supply for key projects in Beijing, such as Xiang'an New Area, the sub-town center, venues of Winter Olympics, Beijing Daxing International Airport, among others.

During the first half of 2019, modern building materials and commerce and logistics segment recorded operating revenue from principal business of approximately RMB12,792.0 million, of which approximately RMB2,040.0 million was derived from manufacturing sector and RMB10,750.0 million was derived from commerce and logistics sector. The segment recorded gross profit from principal business of approximately RMB640.8 million, representing a year-on-year increase of 11.1%.

(3) Property Development Segment

We have proactively adapted to market changes, further enhanced our expertise and strived to recoup the investments in our projects at faster paces.

The property development segment recorded operating revenue from principal business of approximately RMB11,149.5 million during the first half of 2019, representing a year-on-year increase of 12.1%. The gross profit from its principal business was approximately RMB4,172.4 million, a year-on-year increase of 31.0%. The booked GFA was 455,100.0 sq.m. for the year, a year-on-year increase of 5.6%, among which booked GFA of commodity housing amounted to 407,738.1 sq.m., a year-on-year decrease of 5.1%, while booked GFA of affordable housing amounted to 47,395.9 sq.m., a year-on-year increase of 3,545.8%. The aggregated contracted sales area of the Company was 400,500.0 sq.m., a year-on-year decrease of 22.7%, among which contracted sales area of commodity housing amounted to 399,899.3 sq.m., a year-on-year decrease of 22.6%, and contracted sales area of affordable housing amounted to 591.3 sq.m., a year-on-year decrease of 54.5%. During the Reporting Period, the Company recorded contracted sales of approximately RMB9,380 million, representing a year-on-year increase of 2.1%, and cash collection of approximately RMB10,600 million, representing a year-on-year increase of 14.6%. As at the end of the Reporting Period, the Company had a land reserve totaling approximately 8,557,200 sq.m..

In the first half of 2019, the Company further capitalized on its mineral resources. It acquired the right to develop two industrial land projects (see table below for details), adding about 173,500 sq.m. to the Company's land reserves.

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	Plot 1820-618A and other plots in Anning Zhuang, Qinghe, Haidian District, Beijing	Haidian District, Beijing	Residential (R2) and land for auxiliary facilities	68,982	141,907	3,890.0	Tender	2019-01-24	100%
2	Plot 1814-630 and other plots in east side of middle road, Building Materials Market, Xisanqi, Haidian District, Beijing	Haidian District, Beijing	Residential (R2) and land for auxiliary facilities	21,216	31,629	760.0	Tender	2019-01-24	100%
		Total		90,198	173,536	4,650.0			

(4) Property Investment and Management Segment

The Company has consistently improved its service quality based on the functional positioning of Beijing. During the Reporting Period, the rental of the office buildings stayed at a high level. BBMG Sheraton Hotel (金隅喜來登酒店) recorded an occupancy rate of 80%. BBMG Sheraton Flats (金隅喜來登公寓) recorded an occupancy rate of 95%. Phase I of BBMG Intelligent Manufacturing Workshop (金隅智造工場一期) recorded an occupancy rate of 75%. The occupancy rate of Phase I of BBMG High-Tech Industrial Park (金隅高新產業園一期) was nearly 95%.

The property investment and management segment recorded operating revenue from principal business of approximately RMB2,225.5 million during the first half of 2019, a year-on-year increase of 17.9%. Gross profit from principal business amounted to approximately 1,469.8 million, representing a year-on-year increase of 33.2%. As at the end of the Reporting Period, the Company held investment properties totaling approximately 1,549,900 sq.m. in the core districts of Beijing and Tianjin. The consolidated average occupancy rate was 85% and the consolidated average rental unit price was RMB5.2/sq.m./day, of which the consolidated average rental unit price of high-end office building in core area in Beijing was RMB8.9/sq.m./day.

Investment properties held by the Group as at 30 June 2019

	Location	Usage	Property Gross Area *(thousand sq.m.)*	Fair Value *(RMB million)*	Average Rental Unit Price *(RMB/day)*	Average Occupancy Rate	Unit Fair Value *(RMB/ sq.m.)*
Phase 1 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	108.2	3,267.2	11.5	95%	30,200
Phase 2 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	141.0	3,420.0	8.9	98%	24,256
Phase 3 of Global Trade Centre (Commercial units at low floors)	North Third Ring Road, Beijing	Retail	57.5	1,220.8	8.5	93%	21,234
Tengda Plaza	West Second Ring Road, Beijing	Commercial	67.9	1,773.9	10.1	94%	26,143
Jin Yu Mansion	West Second Ring Road, Beijing	Commercial	41.2	1,185.6	10.8	82%	28,753
Jianda Building and Beijing Building Materials Trading Tower	East Second Ring Road, Beijing	Commercial	43.0	1,217.6	5.7	94%	28,316
Dacheng Building	West Second Ring Road, Beijing	Commercial	41.4	1,146.8	11.7	95%	27,678
Pan Bohai Jin'an Plaza	Hexi District, Tianjin	Retail	302.0	2,426.5	2.3	96%	8,035
	Sub-total		802.2	15,658.4			19,519
Other properties	Beijing and Tianjin Municipality	Commercial and retail	747.7	7,139.5			9,549
	Total		1,549.9	22,797.9	5.2	85%	14,710

The above investment properties are all located in PRC and have been leased for commercial use in medium term.

The investment properties are valued by an independent professional valuer using future earnings approach and market-based approach according to open market data and such properties' current uses.

Analysis of Income Statement and Cash Flows Items

1. *Principal business operations*

Unit: RMB million

	Revenue from principal business	Cost of sales from principal business	Gross profit margin from principal business (%)	Year-on-year increase or decrease in revenue from principal business (%)	Year-on-year increase or decrease in cost of sales from principal business (%)	Year-on-year increase or decrease in gross profit margin from principal business
Cement and Ready-mixed Concrete	19,740.8	13,443.2	31.9	25.8	24.7	Increase of 0.6 percentage point
Modern Building Materials and Commerce and Logistics	12,792.0	12,151.2	5.0	41.1	43.1	Decrease of 1.4 percentage point
Property Development	11,149.5	6,977.1	37.4	12.1	3.1	Increase of 5.4 percentage points
Property Investment and Management	2,225.5	755.8	66.0	17.9	(3.6)	Increase of 7.6 percentage points
Eliminations	(1,697.0)	(1,327.3)				
Total	44,210.8	32,000.0	27.6	26.3	26.0	Increase of 0.2 percentage point

2. *Gains from changes in fair value of investment properties*

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

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

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

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

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

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

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group increased by approximately RMB168.5 million year-on-year to RMB438.7 million, accounting for 8.3% of the profits before tax. The fair value gains on investment properties during the Reporting Period were mainly due to an upward revision to the fair value of the investment properties of the Group by the appraisal agency given the overall surge in rental of commercial properties in the open market in China during the Reporting Period.

3. Selling expenses, administrative expenses and finance costs

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

(1) Selling expenses were approximately RMB1,390.5 million in the first half of 2019, an increase of approximately RMB226.8 million year-on-year, mainly attributable to the year-on-year increase in transportation expenses, travel expenses, and agency intermediary fee during the Reporting Period.

(2) Administrative expenses were approximately RMB3,193.5 million in the first half of 2019, an increase of approximately RMB99.9 million year-on-year, mainly attributable to the year-on-year increase in repair and maintenance expenses, depreciation expenses and amortization expenses during the Reporting Period.

(3) Finance costs were approximately RMB1,414.4 million in the first half of 2019, an increase of approximately RMB50.5 million year-on-year, mainly attributable to the increase in the scale of financing during the Reporting Period.

4. Cash flows

In the first half of 2019, a net increase of RMB2,171.7 million in cash and cash equivalents was recognised in the consolidated financial statements of the Group, of which net cash inflow from operating activities was RMB948.1 million, representing a year-on-year increase of approximately RMB4,586.7 million in inflow, mainly attributable to the year-on-year decrease in land reserve acquisition expenditures; net cash outflow from investing activities was RMB952.6 million, representing a year-on-year decrease of approximately RMB5,785.8 million in outflow, mainly attributable to the payment for the acquisition of equity interest in Tianjin Building Materials Group during the same period of last year; net cash inflow generated from financing activities was RMB2,189.2 million; and the effect of changes in exchange rate on cash and cash equivalents decreased by approximately RMB13.0 million.

CORE COMPETITIVENESS ANALYSIS

The Company is a leading building material enterprise in Beijing, Tianjin and Hebei Province which is devoted to environmental protection, energy-saving and emission reduction and recycling development initiatives. It follows the orientation of the national strategies and policies in relation to synergetic development of Beijing, Tianjin and Hebei Province and the structural reform of the supply front. To achieve high-quality development, the Company has kept on advancing the internal reforms in Jidong Development Group and Tianjin Building Materials Group, and continued with other consolidation projects, with the aim to boost efficiency and unlock values. The Company has also optimized its strategic layout in Beijing, Tianjin and Hebei, and built a demonstration park for coordinated industrial development. It has solidified its strong presence in the regional market and translated the advantages arising from restructuring into competitive advantages and actual benefits. These efforts enabled the Company to maintain its industry-leading position in the building materials industry in Beijing, Tianjin and Hebei. Being one of China's largest manufacturers of building materials and the modelling enterprise among the green building materials industry in Pan Bohai Economic Rim, the Company has a cement production capacity that ranks among the top five in the world and top three in China, and the Company is also one of the leading property developers in terms of comprehensive strength and among the largest affordable housing developers in Beijing. It owns relatively low-cost land reserves for development and abundant industrial land reserves in first-tier cities. Also, the Company is one of the largest holders and managers of investment properties in Beijing. Ranking among top 500 enterprises, top 200 most cost-effective enterprises and top 100 most profitable enterprises in China, the Company has extended its business presence to 23 provinces, cities and regions in and outside of the PRC. The Company has benefited a lot from its efforts in restructuring and consolidation, internal reforms and inspection. Strong growth was observed in principal businesses, and profitability continued improving, which translates into record-breaking economic performance of the Company.

The core competitiveness of the Company is detailed as follows:

1. Competitive Edge in the Industrial Chain:

The Company has developed a unique vertically integrated core industrial chain. Through various restructuring and M&As, the Company has grown into a large state-owned industrial group that is listed on both A-share and H-share markets, and has core operating activities in manufacture, trade and services of new green building materials, real estate development and operation, and property management. Following the injection of cement assets of BBMG, Jidong Cement became the only listed cement company under the Group, and its aim is to become a world-class modern, specialized and large-sized cement group. On the back of its advantages in manufacturing of building materials, the Company expanded into the area of real estate development, and focused on business development and industrial upgrading and developed modern service industries such as trade, services and high-end-property management. By virtue of the Company's industrial advantage in equipment making, the Company not only served the equipment demand in the cement industry, but also expanded into the high-end smart equipment segment for the expansion of industrial chains. The strong demand from real estate development projects has boosted the Company's green building materials businesses and other related businesses such as architectural designing, decoration and property management services. On the other hand, our strong brand, technical advantages and expertise in new green building materials manufacturing, property operation and property management services translated into higher quality, better brand image and stronger sales of our real estate development projects. The Company has also built high-tech and incubation bases in the idle old industrial districts, which enhanced the value of land resources have become a demonstration area for industrial development, served high-tech companies and created new economic growth engines. Moreover, our green building materials business has amassed various resources and advantages in the process of "going abroad". Such resources and advantages have helped our real estate business optimize the business layout, explore and pioneer market of the target regions. Our different business segments support and promote the development of each other with significant synergistic effect and overwhelming advantages as a whole. Competitive design scale centralizing on the industrial chain, coordination among and integration of different segments have been cumulating.

2. Competitive Edge in Technology Innovation:

In the first half of 2019, the Group further improved its "1+N+X" technology innovation system, and amended systems including the Rules Governing Technology Innovation and Rules for Technology Protection. To enhance the core competitiveness of the Group's principal operations, three institutes that study green cement, concrete and new materials, as well as green building material technologies were established, and renowned experts were appointed as members of the Group's technology committee. In the first half of 2019, the Company made RMB777 million investment in technology R&D, and sales of new products reached RMB1.346 billion. The Group and its affiliates filed 103 patent applications, and played a leading role in formulating 32 national, industrial, local and group standards. The Company's project named Study on Typical Technology and Module Equipment for Recycling Industrial Solid Wastes in Building Material Industry has been initiated by the Ministry of Science and Technology. The Key Technology and Its Application in Activity Enhancement of Iron Tailings and Waste Filling Materials and Production of Green Building Materials developed by BBMG Central Academy was awarded the Second Prize for Science and Technology in Green Mines.

In the first half of 2019, centering on the Group's requirements regarding the "four green standards and one new standard", 26 key R&D projects were implemented. 7 of these projects were related to environmental protection, such as Online Assessment and Optimization and Research of Industrial Application of Ultra-Low NOx Emission (3.0) SCR Technology and SCR Catalysts. 3 of these projects were related to green building materials, such as Technological Research on Low-Shrink, High-Strength and High-Performance Concrete. 8 of these projects were related to eco-friendly manufacturing, such as the Development of Anti-Adhesion and Cleaning Technology in Filler Silo. 4 of these projects were related to green building, such as the BBMG Research on Prefabricated Building System. 5 of these projects were related to new materials R&D, such as the Research and Production of Low Thermal-Conductivity Mullite Bricks for Use in Cement Kiln. The Group's 26 key R&D projects for 2019 have all been initiated as scheduled.

3. Competitive Edge in Sustainable Development of Green Operations:

The Company has an in-depth understanding of the role it should play as a state-owned enterprise (SOE). It has fully leveraged its industrial advantages to serve Beijing's cause of building "four centers", and adhered to the development concept of "Green Hills and Clear Waters are Gold & Silver Mountains". It has transformed the cement enterprises in Beijing into an environmental technology firms, which became part of the urban infrastructure. The Company also has replicated its proprietary waste treatment technology of cement kiln in cement companies outside of Beijing, reinforcing the Company's role in helping governments cleanse the urban environment. The Company also continued promoting ecofriendly sustainable development. The Company's shift to an eco-friendlier enterprise further solidified its core competitiveness.

In the first half of 2019, the cement operation of the Company collected a total of 730,000 tons of solid wastes, up 32.85% year on year. In the first half, 717,700 tons of solid wastes were processed, representing a year-on-year increase of 34.2%. The domestic waste coordinated treatment project with Tang County Jidong Company commenced operation. Tianjin Zhenxing and Xingtai BBMG Yongning were granted the business license for hazardous waste treatment. The hazardous waste treatment projects in BBMG Dingxin and Shexian BBMG were granted approval. There are 26 solid waste treatment enterprises under the Company at present. In the first half, the south reservoir waste cleaning project in Tang River sewage reservoir at Xiong'an New Area was completed and received high recognition from the Administration Committee of Xiong'an New Area. "BBMG Environmental Protection" has become a top brand in hazardous waste treatment in Xiong'an New Area. In addition, about 10 subsidiaries of the Company, including Tangshan Subsidiary, have started green mine projects.

In the first half of 2019, the Group continued to deliver strong performance in safety and environmental protection. During the period, the Group received 469 provincial-level (including ministry-level) environmental inspections. There was no occurrence of significant environmental protection incidents. The Group has adopted a three-tier control model to enhance the safety and environmental protection management system. It also carried out risk assessment and safety audit projects such as "Safe BBMG". In the first half, the Group spotted 270,000 safety loopholes and took 19,000 corrective actions, and built a preliminary desk record for safety and environmental risks.

4. Competitive Edge in Industry-Finance Integration:

The industry-finance integration has given a boost to all principal businesses of the Group. The Company has further promoted its cooperation with key financial institutions, innovated the financing management and explored the new financing channels. BBMG Finance Co., Ltd. and BBMG Finance Lease Co., Ltd. have constructed a platform to boost the Company's efficiency in capital use, widen the Company's financing channels and prevent capital risks. The platform enables organic industry-finance integration. Moreover, the Company's listing status in A-share and H-share markets boosted its overall financing capability and laid sound financial foundation for the Company's healthy and sustainable development.

In the first half of 2019, the Company's financing channels were further widened. It received RMB20 billion line of credit from Beijing Branch of National Development Bank. The Group's headquarter completed registration of RMB40 billion worth of multi-type 2-year bond financing vehicles in interbank bond market. A 7-year M&A loan worth RMB3 billion was extended at the benchmark rate. In the first half of 2019, the external financing increased by RMB3.3 billion. Financing cost declined 56 basis points, leading to interest cost saving of RMB180 million. The Company's financing structure is further optimized, with the proportion of long-term financing growing by 8 percentage points.

5. Competitive Edge in Corporate Culture and Branding:

The Company aims to use its excellent corporate culture and brand to build a business that can last for at least one hundred years. The core value of BBMG 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”. The Company has been continuously pioneering and innovating, and uniting the minds and efforts of all employees so as to move toward the goal of “building a world-class industrial conglomerate and becoming a member of Fortune 500”. Moreover, the Company further enhanced the pragmatic “BBMG” working culture to keep it abreast with the times. The BBMG culture enabled the Company to have a highly cohesive and energetic team. Moreover, the Company strived to align its corporate culture with its employees’ career goals and aspirations, which greatly motivated the employees. The Company also attached great importance to build first-class brand and improve the branding management and operation system. A “craftsman spirit” was used to ensure good product quality and build up the “BBMG” brand. “BBMG” brand has been consecutively honored as a well-known trademark in Beijing and ranked 66th on the list of the 2019 (16th) China’s 500 Most Valuable Brands. Its brand value increased by RMB11.184 billion to RMB71.359 billion. The superior brand awareness and prestige has created a sound cultural atmosphere for BBMG to achieve high-quality development.

POSSIBLE RISKS FACED BY THE COMPANY

1. Risks in Policies

The development of cement and property sectors is directly subject to macroeconomic development and macroeconomic control policies. Domestic and overseas economic environments remained complex and challenging, and external market witnessed higher level of instabilities and uncertainties. Lots of imbalance and underdevelopment existed in China’s economy, and a growing downward pressure was observed, posing fresh risks and challenges. Overcapacity in cement and other building materials industries is yet to be eliminated. The downward pressure is weighing on the industry. The government is stepping up efforts to address the industry overcapacity and treat environmental pollution. Staggering peak production became increasingly prevalent in some regions. The major events to be launched in Beijing in the second half of 2019 will impact production activities. All these factors will disrupt the supply and demand in cement industry. Cement companies will continue to transform and upgrade its operations, and strive for sustainable development in line with China’s supply-side structural reform. In the meanwhile, China is expected to keep the long-term policy stance of “houses are for living, not for speculation” and “ensuring everyone has access to housing”. Property cooling measures that aim to curb real estate speculation and stabilize the real estate market will continue to be adopted by the Chinese government. China will also accelerate its paces in building a long-term mechanism to facilitate healthy development of the real estate industry, which will guide the market expectations. The principle of “one policy for one city”, with a particular focus on market stability, will ensure differentiated and diverse property cooling measures across different cities.

Solution: The Company will enhance the analysis of the national macroeconomic policies, and actively respond to national policies. It will analyze the market conditions based on the long-term trends, and seize opportunities arising from the key strategic development stage. The Company will also participate in the supply-side structural reform, and implement the new development philosophy, so as to promote high-quality, high-standard and sustainable development. The Company will make use of market trends, and raise the awareness in opportunity identification, crisis management, synergy among industry segments and development. It will also incrementally enhance the abilities in institutional innovation, system innovation, technology innovation and management innovation. Leveraging fully on the advantages in scale, region, brand and SOE reform, the Company will sharpen its core competence, minimize the risks brought by macroeconomic policies, and flexibly cope with various challenges.

2. Risks in Capital Operation

The capital supply has become increasingly tight as China rolls out measures to mitigate financial risks against the backdrop of strengthened financial regulation and structural deleveraging. Financial institutions are encouraged to support the real economy and facilitate the financial reform, which is expected to lower funding costs. However, real estate industry access to capital will be further limited. The rising difficulty in obtaining capital will increase the liquidity risks faced by the Company. The Company's scale is still expanding, and sufficient capital is needed to fund the Company's daily operation and future development.

Solution: The Company will enhance its management on finance and capital, and improve the efficiency in the use of capital. It will actively analyze and grasp the policies that encourage financial institutions to serve the real economy and supply-side structural reform, and promote its cooperation with financial institutions. It will also innovate financing channels and explore new financing channels with a view to ensuring the safety and stability of the capital chain of the Company. The Company will leverage the financing platform of listed companies to raise funds for business development. Leveraging the advantages of the financial arm and finance lease arm of the Company, cash flow of the Company will be secured as a whole.

3. Risks in Market Competition

The strategic restructuring in Jidong Group continues delivering benefits, reflected by the Group's stronger control over cement market and a better order in regional cement markets. However, the overcapacity in the cement industry remains a serious issue, which can further exacerbate supply-demand conflict and intensify price competition. This can undermine and affect the profitability of the Company's cement business. Some subsidiaries of the Group are not competitive enough. Some subsidiaries face great difficulties in reversing their losses. Some subsidiaries have weak ability to respond to market changes, making them barely able to compete with peers. The manufacturers of new building materials are still at the transformation and growth stage, and they have yet to launch new competitive products.

Solution: The Company will pursue high-quality development. It will focus on the principal cement business, promote consolidation in regional markets and increase shares in these markets. It will focus on strategic business development and strengthen strategic cooperation with industry peers so as to optimize the cement industry layout. The Company will accelerate the development of environmental protection segment so as to facilitate its transformation and upgrade. Efforts will be made to boost the aggregates business and solidify the advantages in industrial chain. Control over resources will be strengthened so as to lay a sound foundation for sustainable development. The Company will promote systematic development of the new building materials manufacturing business, so as to avoid commoditized competition. It will also enhance service quality, increase market share, improve customer satisfaction and set example to other industry peers. The Company will also strengthen internal management, accelerate transformation and upgrade, step up efforts in technology development and innovation, transform equipment and processes, reduce energy consumption, lower production costs and enhance its competitiveness.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group's total assets amounted to RMB277,322.9 million, an increase of approximately 3.4% from the beginning of the Reporting Period, which comprised total liabilities of RMB195,703.6 million, minority interests of RMB21,509.9 million and total equity attributable to the shareholders of the parent company of RMB60,109.4 million. As at 30 June 2019, total shareholders' equity amounted to RMB81,619.3 million, an increase of approximately 3.0% from the beginning of the Reporting Period. As at 30 June 2019, the Group's net current assets were RMB51,466.2 million, an increase of approximately RMB11,510.6 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 70.6%, an increase of 0.1 percentage point from the beginning of the Reporting Period.

As at 30 June 2019, the Group's cash and bank balances amounted to RMB21,873.6 million, an increase of RMB3,099.1 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, corporate bonds, short-term financing bonds, medium-term notes and banking facilities provided by its principal bankers in the PRC. As at 30 June 2019, the Group's interest-bearing bank borrowings amounted to

RMB84,667.6 million (as at 31 December 2018: RMB79,852.3 million) which bore fixed interest rates and were all denominated in Renminbi. Among these borrowings, approximately RMB47,397.6 million interest-bearing bank borrowings were due for repayment within one year, a decrease of approximately RMB1,948.6 million from the beginning of the Reporting Period. Approximately RMB37,270.0 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB6,763.9 million from the beginning of the Reporting Period. The Group's interest-bearing bank borrowings were all denominated in RMB.

During the Reporting Period, the Company entered into cooperation agreements with various banks to obtain credit facilities. As at the end of the Reporting Period, the Company was granted total bank credit facilities of RMB156,400.0 million and drew down borrowings of RMB80,500.0 million in Mainland China. Unutilized credit facilities was RMB75,900.0 million. As at the date of this announcement, no bonds interests of the Company for the current period had not been paid as scheduled, not been fully paid and was payable but yet to be paid. During the Reporting Period, the interests of other bonds and debt financing instrument of the Company had been fully settled as scheduled in accordance with the contract or relevant agreement and no event of default have occurred. The Company has sufficient capital for its operation. As at 30 June 2019, the Group had no future plans for material investments or capital assets.

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

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

During the Reporting Period, in order to effectively safeguard the interests of bondholders and ensure the principal and interests of the bonds for the current period are settled as agreed, the Company has established a series of work mechanisms, including measures on opening designated account for proceeds and designated account for settlement of debts, setting up work teams which will be in charge of settlement, engaging bonds trustees and enhancing information disclosure. Those measures together will form a comprehensive system that can ensure the principal and interests of the bonds for the current period are settled as agreed.

As of the date of this announcement, no bonds interests of the Company for the current period had not been paid as scheduled, not been fully paid and was payable but yet to be paid.

ENVIRONMENTAL PROTECTION

During the Reporting Period, the Company conducted production and operation in strict compliance with the requirements under the national laws and regulations in respect of environmental protection. There was no breach of laws and regulations, liability for accidents and administrative penalty in relation to environmental protection that involved the company and its subsidiaries which were the key pollutant discharging units as announced by the environmental protection departments.

SPECIAL REPORT ON THE DEPOSIT AND THE ACTUAL USE OF PROCEEDS FOR THE FIRST HALF OF 2019

On 5 September 2013, the Board approved the proposed non-public issue and placing of not more than 500,903,224 A Shares (the "**2013 Proposed Placing**") at the subscription price of RMB5.58 per share by the Company to two target subscribers, including BBMG Group Company Limited (now known as BBMG Assets Management Co., Ltd.) and Beijing Jingguofa Equity Investment Fund (Limited Partnership) (the "**Fund**"). Each of BBMG Assets Management Co., Ltd. ("**BBMG Assets**") and the Fund agreed to subscribe for 448,028,673 A Shares and 52,874,551 A Shares to be issued by the Company at a total consideration of approximately RMB2,500 million and RMB295 million respectively.

Gross proceeds raised from the 2013 Proposed Placing were approximately RMB2,795 million. Based on the estimation of all applicable costs and expenses in association with the 2013 Proposed Placing, the net proceeds from the 2013 Proposed Placing (after deducting all applicable costs and expenses in association with the proposed placing) were approximately RMB2,774.7 million, which were remitted to the designated account for proceeds opened as approved by the Board on 24 March 2014.

On 26 March 2015, the Board resolved and proposed to place A shares of the Company to raise gross proceeds of up to RMB5,000 million to not more than 10 target subscribers (including BBMG Assets) (the "**2015 Proposed Placing**") to finance the residential and commercial property development projects of the Group in Beijing, Nanjing and Tianjin and to supplement the working capital of the Group, details of which have been set out in the announcements of the Company dated 26 March 2015, 1 April 2015, 4 May 2015, 27 May 2015, 11 June 2015, 26 June 2015, 28 July 2015, 12 August 2015, 20 August 2015, 18 September 2015 and 28 October 2015 and the circular of the Company dated 30 April 2015. At the annual general meeting for 2014 held on 27 May 2015 and the first extraordinary general meeting for 2015 held on 12 August 2015, the relevant resolutions in relation to the 2015 Proposed Placing were duly passed.

Reference is also made to the announcement of the Company dated 7 December 2015. On 3 December 2015, the Company completed the 2015 Proposed Placing. Upon completion of the 2015 Proposed Placing, the total number of the Shares of the Company increased from 4,784,640,284 Shares to 5,338,885,567 Shares. The gross proceeds raised from the 2015 Proposed Placing were RMB4,699,999,999.84. After deducting the costs of the 2015 Proposed Placing and taking the interest income into consideration, the net proceeds from the 2015 Proposed Placing were RMB4,637,875,039.84, which were remitted to the designated account for proceeds opened as approved by the Board on 30 November 2015.

As at 30 June 2019, the Company had utilized the proceeds from the 2013 Proposed Placing and the 2015 Proposed Placing of RMB7,417,189,476.77 (including the actual use of RMB4,556,322,329.76 of the proceeds, the use of the proceeds of RMB600,000,000.00 as permanent replenishment of working capital, the amount of change in use of the proceeds of RMB2,256,288,600.00 for payment of intermediary fee, bank charges and other fees). The balance of the proceeds (including interest income) was RMB8,485,848.45.

To regulate the management of proceeds of the Company and secure the interest of small and medium investors, the Company established the System for Use and Management of Proceeds (hereinafter referred to as the "Management Measures of Proceeds") in August 2010, which was considered and passed by the tenth meeting of the second session of the Board of the Company. In October 2013, according to the relevant requirements of CSRC and the Shanghai Stock Exchange and as considered and passed by the sixth meeting of the third session of the Board of the Company, the Company amended the Management Measures of Proceeds. The amendments provided detailed requirements regarding the deposit, utilization, change of use, management and supervision of proceeds. It is also provided that all expenses on the proceeds-financed projects should be of the same use as disclosed and within the budget of the Company, as well as complete the procedures of approval regarding utilization of proceeds according to the financial accounting system of the Company.

According to the Management System of Proceeds, the Company and Beijing Aerated Concrete Co., Ltd., BBMG (Dachang) Modern Industrial Park Management Co., Ltd., Beijing BBMG Tiantan Furniture Co., Ltd., BBMG GEM Real Estate Development Co., Ltd., Jinyu Ligang (Tianjin) Property Development Co., Ltd. and BBMG Nanjing Real Estate Development Co., Ltd., all being wholly-owned subsidiaries of the Company, have established designated saving accounts for the proceeds raised from the 2013 Proposed Placing and the 2015 Proposed Placing respectively. The nine designated accounts for proceeds include: Bank of Communications Co., Ltd., Beijing Municipal Branch, Industrial and Commercial Bank of China Limited, Beijing Hepingli Sub-branch, Industrial and Commercial Bank of China Limited, Shijingshan Sub-branch, China Construction Bank Corporation, Dachang Sub-branch, Industrial and Commercial Bank of China Limited, Beijing Anzhen Sub-branch, China Construction Bank Corporation, Beijing Urban Construction Development Professional Sub-branch (2 accounts), Agricultural Bank of China Limited, Tianjin Yong'an Road Sub-branch and Agricultural Bank of China Limited, Nanjing Xinglong Street Sub-branch. Upon the receipt of the proceeds from the 2013 Proposed Placing and the 2015 Proposed Placing, the Company entered into a Tri-Party Supervisory Agreement for the Designated Saving Accounts of Proceeds Raised (《募集資金專戶存儲三方監管協議》) with the bank and the sponsor for the joint supervision over the use of proceeds. The principal terms of the agreement are in line with the Tri-Party Supervisory Agreement for the Designated Saving Accounts of Proceeds Raised (Template) （《募集資金專戶存儲三方監管協議(範本)》） of the Shanghai Stock Exchange with no significant discrepancy. As of 30 June 2019, the parties to the agreement had exercised their rights and performed their obligations in accordance with the requirements of the Tri-Party Supervisory Agreement for Designated Saving Accounts of Proceeds Raised.

As of 30 June 2019, the Company's deposits of the designated accounts for proceeds were as follows:

Unit: RMB

No.	Name of bank	Bank account	Account holder	Amount
1	Bank of Communications Co., Ltd., Beijing Municipal Branch	110060149018170182242	The Company	743.86
2	Industrial and Commercial Bank of China Limited, Beijing Hepingli Sub-branch	0200203319020196563	The Company	8,404,828.87
3	Industrial and Commercial Bank of China Limited, Shijingshan Sub-branch	0200013419200040504	Beijing Aerated Concrete Co., Ltd.	39,178.44
4	China Construction Bank Corporation, Dachang Sub-branch	13001707748050506500	BBMG (Dachang) Modern Industrial Park Management Co., Ltd.	0.00
5	Industrial and Commercial Bank of China, Beijing Anzhen Sub-branch	0200064819024649727	Beijing BBMG Tiantan Furniture Co., Ltd.	0.00
6	China Construction Bank, Beijing Urban Construction Development Professional Sub-branch	11050138360000000048	BBMG GEM Real Estate Development Co., Ltd.	0.00
7	China Construction Bank, Beijing Urban Construction Development Professional Sub-branch	11050138360000000047	BBMG GEM Real Estate Development Co., Ltd.	0.00
8	Agricultural Bank of China Limited, Tianjin Yong'an Road Sub-branch	02280101040015072	Jinyu Ligang (Tianjin) Property Development Co., Ltd.	0.00
9	Agricultural Bank of China Limited, Nanjing Xinglong Street Sub-branch	10109201040009981	BBMG Nanjing Real Estate Development Co., Ltd.	41,097.28
	Total			**8,485,848.45**

The Company strictly followed the Management System of Proceeds when using the proceeds from the 2013 Proposed Placing and the 2015 Proposed Placing. Details of the actual use of proceeds in proceeds-financed projects were as follows:

Breakdown of Use of Proceeds of the Company as of 30 June 2019

Unit: RMB0'000

Total proceeds	749,504.00	**Total proceeds used for investment during the period**	25,417.78
Change in use of total proceeds	225,628.86	**Total accumulated proceeds used for investment**	723,494.85
Proportion of change in use of total proceeds	30.10%		

Committed investment project	Changed project	Total committed investment from proceeds	Total investment after adjustment	Committed investment amount as of the end of the period (1)	Investment amount during the period	Accumulated investment amount as of the end of the period (2)	Difference between accumulated investment amount and committed investment amount as of the end of the period (3)=(2)-(1)	Investment progress as of the end of the period (%) (4)=(2)/(1)	Date of project ready for its intended use	Cumulative achieved results as at the end of the period *(Note 8)*	Achieve the intended results or not	Significant changes in project feasibility	Reason for failure to reach the scheduled progress
Engineering project of BBMG International Logistics Park (北京金隅國際物流園工程項目)	–	97,953.00	97,953.00	97,953.00	2,354.42	97,953.00	–	100%	Completed	5,925.18	–	No	–
Production line project with an annual production capacity of 0.8 million pieces of furniture (年產80萬標件傢俱生產線項目) *(Note 1)*	–	181,551.00	90,000.00	90,000.00	–	90,000.00	–	100%	Completed	84,468.16	–	No	–
	Replenishment of working capital	–	89,520.59	89,520.59	–	89,520.59	–	100%	–	–	–	No	–
Chaoyang District Chaoyang North Road (former Star Building Materials Product Factory) B01, B02 and B03 secondary residential, secondary and primary school and nursery project (朝陽區朝陽北路(原星牌建材製品廠)B01、B02、B03地塊二類居住、中小學合校、托幼用地項目) *(Note 2)*	–	90,000.00	46,014.42	46,014.42	–	46,014.42	–	100%	Completed	331,090.21	–	No	–
	Replenishment of working capital	–	37,773.08	37,773.08	–	37,773.08	–	100%	–	–	–	No	–
Chaoyang District, Dongba Dandian secondary residential and primary school project (朝陽區東壩單店二類居住、小學用地項目) *(Note 3)*	–	170,000.00	75,666.90	75,666.90	–	75,666.90	–	100%	Completed	640,073.83	–	No	–
	Replenishment of working capital	–	94,333.10	94,333.10	–	94,333.10	–	100%	–	–	–	No	–
BBMG Zhongbei Town residential project (金隅中北鎮住宅項目) *(Note 4)*	–	50,000.00	45,997.91	45,997.91	–	45,997.91	–	100%	Completed	214,619.82	–	No	–
	Replenishment of working capital	–	4,002.09	4,002.09	–	4,002.09	–	100%	–	–	–	No	–
Nanjing City Jianye District Xinglong Street North A2 project (南京市建鄴區興隆大街北側A2項目)	–	100,000.00	100,000.00	100,000.00	1,655.30	100,000.00	–	100%	Completed	644,386.13	–	No	–
Sub-total		689,504.00	681,261.09	681,261.09	4,014.72	681,261.09	–	100%		1,921,222.13			
Replenishment of working capital *(Note 5)*		60,000.00	60,000.00	60,000.00	–	60,000.00	–	100%		–			
Total		749,504.00	741,261.09	741,261.09	4,014.72	741,261.09	–	100%		1,921,222.13			

Note 1: Production line project with an annual production capacity of 0.8 million pieces of furniture has been completed. The difference between committed investment before and after fund raising of the project was due to the deduction of issuance expense of RMB20.3041 million, as well as the change in use of proceeds of RMB895.2059 million. As of the date of this announcement, the committed investment proceeds for the production line project with an annual production capacity of 0.8 million pieces of furniture changed to RMB900 million. The above change in use of proceeds was resolved and announced at the 2014 annual general meeting of the Company.

Note 2: Chaoyang District Chaoyang North Road (former Star Building Materials Product Factory) B01, B02 and B03 secondary residential, secondary and primary school and nursery project has been completed. The difference between committed investment before and after fund raising was due to the deduction of issuance expense of RMB62.1250 million. During the implementation of project construction, the Company strictly followed the relevant requirements in relation to the use of proceeds and the proceeds raised were used prudently. Since the project was established at an earlier time, a significant amount of investment has been made by using self-financing funds at the preliminary stage. However, the proceeds can only be used to replace the investment made after the date of the resolution on non-public issuance of Shares by the 17th meeting of the third session of the Board of the Company. Accordingly, this proceeds-financed project has an outstanding balance of proceed. After consideration and approval at the 30th meeting of the fourth session of the Board, the 18th meeting of the fourth session of the Supervisory Board and the 2017 annual general meeting of the Company, the Company closed the project and applied the remaining balance of the proceeds of RMB377.7308 million to permanently replenish the working capital.

Note 3: Chaoyang District, Dongba Dandian secondary residential and primary school project has been completed. During the implementation of project construction, the Company strictly followed the relevant requirements in relation to the use of proceeds and the proceeds raised were used prudently. Since the project was established at an earlier time, a significant amount of investment has been made by using self-financing funds at the preliminary stage. However, the proceeds can only be used to replace the investment made after the date of the resolution on non-public issuance of Shares by the 17th meeting of the third session of the Board of the Company. In addition, during the course of project construction, due to reasons such as further optimization of proposal design, decrease in market price of building materials such as reinforced concrete to a level lower than the estimated value, and application of unused self-financing funds towards early repayment of interest-bearing liabilities upon the receipt of proceeds, the cost of construction has decreased. Taking into account of the above factors, this proceeds-financed project has an outstanding balance of proceed. After consideration and approval at the 30th meeting of the fourth session of the Board, the 18th meeting of the fourth session of the Supervisory Board and the 2017 annual general meeting of the Company, the Company closed the project and applied the remaining balance of the proceeds of RMB943.3310 million to permanently replenish the working capital.

Note 4: BBMG Zhongbei Town residential project has been completed. During the implementation of project construction, the Company strictly followed the relevant requirements in relation to the use of proceeds and the proceeds raised were used prudently. Since the project was established at an earlier time, a significant amount of investment has been made by using self-financing funds at the preliminary stage. However, the proceeds can only be used to replace the investment made after the date of the resolution on non-public issuance of Shares by the 17th meeting of the third session of the Board of the Company. Accordingly, this proceeds-financed project has an outstanding balance of proceed. After consideration and approval at the 30th meeting of the fourth session of the Board, the 18th meeting of the fourth session of the Supervisory Board and the 2017 annual general meeting of the Company, the Company closed the project and applied the remaining balance of the proceeds of RMB40.0209 million to permanently replenish the working capital.

Note 5: Replenishment of working capital is for the pre-use plan of the allocation of proceeds from non-public issuance in accordance with the disclosures of "I. Plan of Use of Proceeds from Private Issuance" under section 4 "Analysis on the Feasibility of the Use of Proceeds by the Board" in "Proposal of Private Issuance of A Shares of BBMG Corporation" published on 27 March 2015.

Note 6: Results achieved was calculated based on revenue.

USE OF IDLE PROCEEDS FOR TEMPORARY REPLENISHMENT OF WORKING CAPITAL DURING THE REPORTING PERIOD

In order to lower the finance expenses and enhance the capital utilization rate of the Company, pursuant to requirements under Article 11 of the Administrative Measures for Proceeds of Companies Listed on the Shanghai Stock Exchange (《上海證券交易所上市公司募集資金管理規定》) issued by the Shanghai Stock Exchange and the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the ninth meeting of the third session of the Board, the Company agreed to use RMB2,200 million from the idle proceeds as temporary replenishment of working capital. As at 9 April 2015, the Company had returned in full the proceeds of RMB2,200 million, which were used for the temporary replenishment of working capital, to the designated account for proceeds.

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the eighteenth meeting of the third session of the Board of the Company, the Company agreed to use RMB2,200 million from the idle proceeds as temporary replenishment of working capital. The above idle proceeds used for temporary replenishment of working capital has a term of not more than 12 months from the date on which the Board of the Company considered and approved the use. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal, and the Company has made an announcement within 2 days upon conclusion of the Board meeting. As of 18 March 2016, the monies had been returned in full to the designated account for proceeds.

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the second meeting of the fourth session of the Board of the Company, the Company agreed to use up to RMB2,650 million from the idle proceeds as temporary replenishment of working capital. The above idle proceeds used for temporary replenishment of working capital has a term of not more than 12 months from the date on which the Board of the Company considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal, and the Company has made an announcement within 2 days upon conclusion of the Board meeting. As of 25 October 2016, the monies had been returned in full to the designated account for proceeds.

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the fourth meeting of the fourth session of the Board of the Company, the Company agreed to use RMB900 million from the idle proceeds as temporary replenishment of working capital, for a term not more than 12 months from the date on which the Board of the Company considered and approved the use. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal, and the Company has made an announcement within 2 days upon conclusion of the Board meeting. As of 22 March 2017, the monies had been returned in full to the designated account for proceeds.

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the fifteenth meeting of the fourth session of the Board of the Company, the Company agreed to use up to RMB1,800 million from the temporarily idle proceeds as temporary replenishment of working capital, for a term not more than 12 months from the date on which the Board of the Company considered and approved the use. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal, and the Company has made an announcement within 2 days upon conclusion of the Board meeting. As of 24 October 2017, the monies had been returned in full to the designated account for proceeds.

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds by the Company" considered and passed at the sixteenth meeting of the fourth session of the Board of the Company, the Company agreed to use RMB400 million from the idle proceeds as temporary replenishment of working capital, for a term not more than 12 months from the date on which the Board of the Company considered and approved the use. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal, and the Company has made an announcement within 2 days upon conclusion of the Board meeting. As of 26 March 2018, the monies had been returned in full to the designated account for proceeds.

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the twenty-fourth meeting of the fourth session of the Board of the Company, the Company agreed to use RMB1,500 million from the idle proceeds as temporary replenishment of working capital, for a term not more than 12 months from the date on which the Board of the Company considered and approved the use. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal, and the Company has made an announcement within 2 days upon conclusion of the Board meeting. As of 26 October 2018, the monies had been fully returned to the designated account for proceeds.

In the announcements, the Company undertook that the use of certain idle proceeds for replenishment of working capital would not change or essentially change the use of proceeds while temporary replenishment of working capital was only limited to the use in the production and operation related to principal business and would not be used in placing and subscription of new shares or in the transactions such as securities and its derivative form and convertible bonds, through direct or indirect arrangements. It also undertook that in order to ensure the progress of the proceeds-financed projects, the Company would return the proceeds to the designated account for proceeds with the self-financing funds or bank loans by the time when the projects need the proceeds.

CHANGE OF THE PROCEEDS-FINANCED PROJECTS

During the Reporting Period, the Company had no change of the proceeds-financed projects.

The Company has promptly, truly, accurately and fully disclosed the relevant information without any non-compliance in management of proceeds.

DISCLOSEABLE TRANSACTIONS DURING THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 28 December 2017 relating to, amongst other things, (i) the termination of agreements relating to certain asset restructuring; (ii) the framework agreement for the establishment of the JV Company; and (iii) acquisition of minority interests in a subsidiary.

On 9 January 2019, the Company entered into the asset acquisition agreement (the "**Asset Acquisition Agreement**"), the joint-venture company registered capital increase agreement (the "JV Company Registered Capital Increase Agreement") and the termination agreement (the "**Termination Agreement**"), collectively, the "**Agreements**". Pursuant to the Asset Acquisition Agreement, the Company has agreed to sell and Jidong Cement has agreed to purchase, the entire equity interests in each of the Target Companies for a total consideration of RMB1,536,867,900 in which the approval from SASAC has already been obtained. Pursuant to the JV Company Registered Capital Increase Agreement, the Company and Jidong Cement has agreed to contribute to the increase in the registered capital of the JV Company in an amount of RMB1 billion in accordance with their respective shareholding in the JV Company. The Company will contribute by way of injecting Seven Injected Companies whereas Jidong Cement will contribute by way of injecting Five Injected Companies together with a cash payment of RMB2,481,749,700. The way to which contribution to be made by the Company and Jidong Cement has been approved by the SASAC. Pursuant to the Termination Agreement, the Company and Jidong Cement have agreed to terminate the New Entrustment Agreement.

The Agreements will be beneficial to the Company in terms of enhancement of access to capital markets to finance the future growth and expansion of business operations. The Agreements further resolve the issue of competing business between the Company and Jidong Cement. The Agreements further provide an opportunity for the Company to continue to cooperate with Jidong Cement on various aspects and will be a win-win situation to both the Company and Jidong Cement.

For details on the Agreements and discloseable transactions entered into during the Reporting Period, please refer to the announcement of the Company dated 9 January 2019.

COMMITMENTS

Unit: RMB

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Contracted but not provided for		
Capital commitments	**161,917,110.32**	128,498,574.97
Property development contracts	**10,589,592,615.32**	16,240,929,685.55
	10,751,509,725.64	16,369,428,260.52

CONTINGENCIES

Unit: RMB

		As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Provision of guarantee on mortgage to third parties	*Note 1*	**9,061,602,296.36**	6,447,501,029.54
Provision of guarantee on loans and others to third parties	*Note 2*	**2,430,000,000.00**	2,630,000,000.00
		11,491,602,296.36	9,077,501,029.54

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

Note 2: As at 30 June 2019, Tianjin Building Materials Group (Holding) Co., Ltd. (天津市建築材料集團(控股)有限公司), a subsidiary of the Group, provided guarantees on the borrowings of RMB230,000,000.00 for Tianjin Yishang Group Co., Ltd. (天津一商集團有限公司) and the borrowings of RMB1,200,000,000.00 for Datong Coal Mine Group Co., Ltd. (大同煤礦集團有限責任公司). These guarantees will expire in October 2019 and on 13 December 2019, respectively. Jidong Group, a subsidiary of the Group, provided guarantees on the borrowings of RMB1,000,000,000.00 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: On 13 November 2014, Datong Coal Mine Tianjian Iron & Steel Co., Ltd. (大同煤礦天建鋼鐵有限公司) (hereinafter referred to as "**Tongmei Tianjian**", originally a subsidiary of Tianjin Building Materials Group (Holdings) Co., Ltd. (hereinafter referred to as "**Tianjin Building Materials**")) entered into a working capital loan contract with China Foreign Economic and Trade Trust Co., Ltd. (中國對外經濟貿易信託有限公司), with an amount of RMB1 billion and a term of two years, guaranteed by the other party's shareholder, Datong Coal Mining Group Co., Ltd. (大同煤礦集團有限責任公司) (hereinafter referred to as "**Tongmei Group**") with Tianjin Building Materials providing RMB510 million of counter-guarantee to Tongmei Group for a period of two years from the date of expiration of the performance period of the main debt. Tongmei Group entered into a Loan Contract with Tongmei Tianjian in 2016 and provided loans of RMB1.02 billion. Tongmei Tianjian repaid the loan due from China Foreign Economic and Trade Trust Co., Ltd. in 2016.

Tongmei Group filed a lawsuit with the High People's Court of Shanxi Province requesting Tianjin Building Materials to perform its counter-guarantee liability on the grounds that Tongmei Group had fulfilled the above-mentioned RMB1 billion loan guarantee liability. According to the judgment of the High People's Court of Shanxi Province in the Civil Judgment (2018) Jin Min Chu No. 541 dated 23 May 2019, Tianjin Building Materials shall pay Tongmei Group RMB533,440,850.42 and interest (accrued from 6 December 2016 to the date of repayment, calculated based on interest rate of the People's Bank of China for the same kind loans during the same period). Tianjin Building Materials claim the compensation to Tongmei Tianjian upon assumption of the repayment liability.

On 20 June 2019, Tianjin Building Materials appealed to the Supreme People's Court on the ground that in view of the fact that Tongmei Group did not assume the guarantee responsibility and therefore did not have the right of recourse against the counter-guarantor, Tianjin Building Materials accordingly requested that above judgment be revoked and reverted to the judgment that all litigation requests from Tongmei Group against Tianjin Building Materials be denied. As of the date of issuance of this financial statement, this lawsuit is still in progress.

Note 4: On 30 June 2015, the warehouses leased by the Beijing Timber Factory Co., Ltd. (北京市木材廠有限責任公司) (hereinafter referred to as "**Beijing Timber Company**") caught fire due to a short circuit in the power line, leading to a loss of approximately RMB158 million for shop owners. After the fire, the shop owners made claims to their respective insurance companies, and the insurance companies compensated shop owners approximately RMB75 million. In December 2015, Beijing Timber Company initiated a property damage compensation dispute against Juanmei Xinwei (Beijing) International Techonology and Trade Co., Ltd. (雋美信威(北京)國際科貿有限公司) (intermediate lessee). On 27 June 2016, the court of first instance issued a judgment, which did not support Beijing Timber Company's the request for Juanmei Xinwei (Beijing) International Technology and Trade Co., Ltd. to compensation for the loss of the warehouse. Beijing Timber Company appealed against the first instance judgment to the Second Intermediate People's Court of Beijing. On 30 November 2016, the Second Intermediate People's Court of Beijing issued Civil Judgment (2016) Jing 02 Min Zhong No. 9253, which divided the responsibility of the fire as to Beijing Timber Company assuming 30% responsibility and Juanmei Xinwei (Beijing) International Technology and Trade Co., Ltd. assuming 70% of the responsibility.

Since February 2016, Beijing Timber Company received a total of 28 cases of subrogation right disputes from Huatai Insurance and Life Insurance and 31 cases of property damage and tort liability disputes from sub-leasees of the warehouse. On 30 June 2019, High People's Court of Beijing made a judgment on 12 cases of property damage compensation and tort liability disputes of the sub-leasees of the warehouse, ruling that Beijing Timber Company shall take full responsibility and pay RMB17.18 million. As of the date of this announcement, the remaining cases are still in progress.

PLEDGE OF ASSETS

As at 30 June 2018, certain of the Group's inventories, notes receivable, fixed assets, investment properties, land use rights and equity interest totaling RMB56,526.5 million (as at 31 December 2018: RMB45,891.8 million) were pledged or mortgaged to secure the short-term and long-term loans of the Group, which accounted for approximately 20.4% of the total assets of the Group (as at 31 December 2018: 17.1%).

EMPLOYEES

As at 30 June 2019, the Group had 50,973 employees in total (as at 31 December 2018: 54,498). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB3,082.8 million (for the six months ended 30 June 2018: RMB2,776.9 million), representing an increase of approximately 11.0%. The Group provides its employees in the PRC with retirement insurance, medical insurance, unemployment insurance, maternity insurance and industrial injury insurance as well as a housing provident fund pursuant to PRC laws and regulations. The Group pays salaries to its employees based on a combination of factors such as their positions, lengths of service and work performance, and reviews these salaries and benefits on a regular basis.

RISK MANAGEMENT

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

FOREIGN EXCHANGE RISK MANAGEMENT

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

TREASURY POLICIES

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed above under the section headed "Discloseable Transactions During the Reporting Period" for the establishment of the JV Company, the acquisition of all the minority interests of BBMG Mangrove and the acquisition of Tianjin Building Materials under the Equity Transfer Agreements, 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.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

As at the date of this announcement, the Group did not have any significant event after balance sheet date required to be disclosed.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 June 2019, the total issued share capital of the Company was 10,677,771,134 shares, of which 8,339,006,264 were A Shares and 2,338,764,870 were H Shares. To the best knowledge of the directors of the Company (the "**Directors**"), the records of interest (being 5% or more of the Company's issued share capital) as registered in the register of interests kept by the Company under section 336 of the Securities and Futures Ordinance (the "**SFO**") were as follows:

Long positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of issued share capital *(%)*	Percentage of total issued share capital *(%)*
A Shares	北京國有資本經營管理中心 (Beijing State-owned Capital Operation and Management Center, "**Beijing SCOM Center**") *(Note 1)*	Direct beneficial owner	4,797,357,572	57.53	44.93
	北京京國發股權投資基金（有限合夥）(Beijing Jingguofa Equity Investment Fund (Limited Partnership)) *(Note 2)*	Interest of corporation controlled by the substantial shareholder	43,115,900	0.52	0.40
	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality *(Note 1)*	Held by controlled corporation	4,840,473,472	58.05	45.33
H Shares	Ouyang Jieliang	Direct beneficial owner	214,351,000	9.17	2.01
H Shares	Prime Capital Management Company Limited	Investment manager	167,306,755	7.15	1.57
H Shares	FMR LLC	Interest of corporation controlled by the substantial shareholder	141,539,624	6.05	1.33
H Shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	131,397,990	5.26	1.23

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

Note 2: The Beijing SCOM Center is interested in 43,115,900 A Shares of the Company through its 83.4262% direct equity interest in Beijing Jingguorui State-owned Assets Reform and Development Fund (Limited Partnership)* (北京京國瑞國企改革發展基金(有限合夥)) and 93.32% indirect equity interest in Beijing Jingguofa Equity Investment Fund (Limited Partnership)* (北京京國發股權投資基金(有限合夥)), which is directly held by Jingguorui State-owned Assets Reform and Development Fund (Limited Partnership)* (北京京國瑞國企改革發展基金(有限合夥)) .

Short 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 (%)
H Shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	2,477,000	0.11	0.02

Save as disclosed above, as at 30 June 2019, so far as was known to the Directors, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

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

As at 30 June 2019, the interests or short positions of the Company's Directors, supervisors or chief executive in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register of interests maintained by the Company, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Name	Position	Capacity and nature of interest	Number of shares held	Type of shareholding	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
Jiang Deyi	Director	Beneficial owner	63,000 Shares	A Shares	0.00%	0.00%
Wu Dong	Director	Beneficial owner	60,000 Shares	A Shares	0.00%	0.00%

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

As at 30 June 2019, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Model Code during the six months ended 30 June 2019. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

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

The Group did not sell, repurchase or redeem any of the securities of the Company during the six months ended 30 June 2019.

CORPORATE GOVERNANCE CODE

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

BOARD COMPOSITION

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

There is no change in the composition of the Board during the Reporting Period.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to the provisions of the Listing Rules, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of two non-executive Directors and four independent non-executive Directors. At the meeting convened on 26 August 2019, the Audit Committee had reviewed the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2019. The Audit Committee has considered the Group's internal audit report for the first half of 2019, reviewed the accounting principles and practices adopted by the Group, considered the Group's financial statements for the first half of 2019 and recommended their adoption by the Board.

As at the date of this announcement, members of the Audit Committee are Mr. Guo Yanming (non-executive Director), Mr. Xue Chunlei (non-executive director), Mr. Wang Guangjin (independent non-executive Director), Mr. Tian Lihui (independent non-executive Director), Mr. Tang Jun (independent non-executive Director) and Mr. Ngai Wai Fung (independent non-executive Director). Mr. Tian Lihui is the chairman of the Audit Committee.

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

The electronic version of this announcement will be published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and on the website of the Company (http://www.bbmg.com.cn/listco). The 2019 interim financial report of the Company for the six months ended 30 June 2019 prepared in accordance with the China Accounting Standards for Business Enterprises, which contains the applicable information required under Appendix 16 to the Listing Rules, will be despatched to the Shareholders and published on the websites of the Hong Kong Stock Exchange and the Company in due course. The PRC domestic interim results report for the six months ended 30 June 2019 and its abstract will be released on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) and the website of the Company (http://www.bbmg.com.cn/listco) around the same time as this interim results announcement.

By order of the Board
BBMG Corporation*
Jiang Deyi
Chairman

Beijing, the PRC, 27 August 2019

As at the date of this announcement, the executive Directors of the Company are Jiang Deyi,, Wu Dong and Zheng Baojin; the non-executive Directors of the Company are Guo Yanming and Xue Chunlei; and the independent non-executive Directors of the Company are Wang Guangjin, Tian Lihui, Tang Jun and Ngai Wai Fung.

* *For identification purposes only*