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)

OVERSEAS REGULATORY ANNOUNCEMENT

DISCLOSURE OF PUBLIC ISSUE OF CONVERTIBLE BONDS BY CONTROLLING SUBSIDIARY TANGSHAN JIDONG CEMENT CO., LTD.

This announcement is made by BBMG Corporation* (the **"Company"**) pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The announcement by the Company on the disclosure of public issue of convertible bonds by Controlling Subsidiary Tangshan Jidong Cement Co., Ltd., published on the website of Shanghai Stock Exchange of PRC on 19 March 2020, is hereby provided for information purposes only.

By order of the Board
BBMG Corporation
Jiang Deyi
Chairman

Beijing, the PRC, 19 March 2020

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*

A-share Stock Code: 601992 Ticker: BBMG Number: Lin2020－014

BBMG CORPORATION
ANNOUNCEMENT ON
DISCLOSURE OF PUBLIC ISSUE OF CONVERTIBLE BONDS BY CONTROLLING SUBSIDIARY TANGSHAN JIDONG CEMENT CO., LTD.

The Board of Directors (the "Board") and the directors of the Company guarantee that the contents of this announcement have no false representations, misleading statements or material omissions, and shall assume joint and several liabilities for authenticity, accuracy and integrity of such contents.

It is hereby announced that Tangshan Jidong Cement Co., Ltd. (hereinafter referred to as "Jidong Cement"), a controlling subsidiary of BBMG Corporation (hereinafter referred to as the "Company"), passed the "Resolution on the Issue Scheme of Public Issue of Convertible Corporate Bonds by the Company" and " Resolution on the Proposal of Public Issue of Convertible Corporate Bonds by the Company" as well as other matters on the 29th meeting of the eighth session of the board of directors on 18 March 2020. Details of the public issue of convertible corporate bonds are available in related announcements published by Jidong Cement on the website of CNINFO (www. cninfo.com.cn) on 19 March 2020.

The Proposal of Jidong Cement on Public Issue of Convertible Corporate Bonds is included in the appendix to the announcement, which has been published on the website of Shanghai Stock Exchange (www.sse.com.cn)

The Board of Directors of BBMG Corporation

20 March 2020

Tangshan Jidong Cement Co., Ltd.

Proposal of Public Issue of Convertible Corporate Bonds

March 2020

Statement

I. The Company and all its Board members guarantee that the contents of this Proposal are true, accurate and complete and that there are no false representations, misleading statements or material omissions in the Proposal, for which they shall assume joint and several liabilities.

II. Upon completion of the Public Issue of Convertible Bonds, the Company shall take responsibility for changes in the Company's operation and income. Investors shall take responsibility for investment risks caused by the Public Issue of Convertible Bonds.

III. The Proposal is a statement of the Board of the Company on the Public Issue of Convertible Bonds. Any statement that is inconsistent with the Proposal is untrue.

IV. Investors should consult their brokers, lawyers, professional accountants or other professional advisers in case of any question.

V. The matters mentioned in the Proposal do not represent any substantive judgment, confirmation, approval or verification made by related examination and approval authorities on the matters related to the Public Issue of Convertible Bonds. The effectiveness and completion of the matters related to the Public Issue of Convertible Bonds described in the Proposal are pending approval from the relevant examination and approval authorities.

Important Notice

I. Security offered in the public issue: Publicly-issued convertible bonds (hereinafter referred to "CB")

II. The Public Issue of CB aims to raise no more than RMB 2,820 million (including RMB 2,820 million). Net proceeds after fees will be used to fund the following projects:

Unit: RMB'0,000

Serial No.	Project Name	Total Investment	Amount of Proceeds to be Invested
1	Capacity replacement and relocation project of 10000t / D new dry process cement clinker production line	181,987.18	164,435.00
2	Auxiliary facility project of Yangquanshan Mine	21,428.66	18,964.50
3	Co-processing projects using cement kiln		
3.1	Co-processing projects using cement kiln in Yangquan	6,938.24	3,260.92
3.2	Co-processing projects using cement kiln in Panshi	9,695.75	3,745.40
3.3	Co-processing projects using cement kiln in Datong	7,000.00	3,566.04
3.4	Co-processing projects using cement kiln in Fengxiang	7,940.00	3,542.29
4	Replenishing working capital	84,485.85	84,485.85
	Total	**319,475.68**	**282,000.00**

III. Whether a related party will join the Issue: The existing shareholders of the Company will have preemptive rights to subscribe a defined percentage of the CB, which will be determined by the Board (or any person (s) authorized by the Board) based on actual conditions of the Issue under the authorization of general meeting. Such percentage will be disclosed in the issue announcement of the CB.

IV. Methods and targets of the Issue: The Issue's methods will be determined by the Board and sponsors (lead underwriters) under the authorization of general meeting. The CB will be issued to natural person, legal person, securities investment funds, and other legally eligible investors (excluding those prohibited by applicable laws and regulations) that have securities accounts in Shenzhen Subsidiary of China Securities Depository and Clearing Corporation Limited.

V. Arrangements on the Public Issue's placement to existing shareholders: The existing shareholders of the Company will have preemptive rights to subscribe a defined percentage of the CB, which will be determined by the Board based on actual conditions of the CB Issue under the authorization of general meeting. Such percentage will be disclosed in the issue announcement of the CB. Existing shareholders may waive such preemptive rights.

Definitions

Term	Definition
Issuer, Company, the Company, Jidong Cement	Tangshan Jidong Cement Co., Ltd.
BBMG	BBMG Corporation (601992.SH, 02009.HK) (Formerly known as BBMG Corporation)
CSRC	China Securities Regulatory Commission
Articles of Association	Articles of Association of Tangshan Jidong Cement Co., Ltd.
General meeting	General meeting of Tangshan Jidong Cement Co., Ltd.
Board	Board of Directors in Tangshan Jidong Cement Co., Ltd.
A share	Domestically-traded RMB-denominated common share, which was traded on Shanghai Stock Exchange or Shenzhen Stock Exchange, has a face value denominated in RMB, and was subscribed and traded in RMB
The Public Issue	The public issue of the convertible bonds
The Proposal	The Proposal of Issuing Convertible Bonds by Tangshan Jidong Cement Co., Ltd.
RMB	RMB
Reporting Period	From 1 January 2017 to 31 December 2019
Clinker	Semi-finished cement, used in cement productions

Ⅰ. Compliance with Administrative Measures for the Issuance of Securities by Listed Companies

Subject to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures for the Issuance of Securities by Listed Companies, and other applicable laws, regulations and standardizing documents, the Issuer has conducted self-check on whether it fulfills applicable qualifications and conditions required for issuing convertible bonds. Such self-check has concluded that the Company satisfies all applicable qualifications and conditions required for issuing convertible bonds. The Company has satisfactory credit status, has not had any major offence in terms of tax payment, and is not identified as a dishonest organization in the electronic certification service industry. Therefore, the Company is eligible to issue CB.

Ⅱ. Overview of the Issue

(1) Type of securities during the Issue

The securities offered during the Issue are convertible bonds that can be converted into A shares of the Company. The CB and future A shares converted from the CB will be traded on Shenzhen Stock Exchange.

(2) Issue size

Total size of the CB Issue is preliminarily determined not to exceed at RMB 2,820 million (including RMB 2,820 million). The final size, which shall not exceed such ceiling, will be determined by the Board under the authorization of general meeting.

(3) Face value and issue price

The CB has a face value of RMB 100 apiece and is issued at par.

(4) Tenor

The CB has a tenor of 6 years, starting from the date of issue.

(5) Coupon rate

The methods of determining coupon rates as well as the final coupon rates in every interest accrual year of the CB shall be negotiated by the Board (under the authorization of general meeting) and the sponsors (lead underwriters) before the Issue based on related national policies, market conditions and the operational status of the Company.

In case of any bank deposit rate change before completion of the CB Issue, the Board (or any person (s) authorized by the Board) may adjust the coupon rate accordingly under the authorization of general meeting.

(6) Deadlines and method for interest and principal payment

The CB's interests are paid annually, and the principal and the last year's interests are paid at maturity.

1. Calculation of annual interests

Annual interests are the interests that the CB holders are entitled to receive based on the total face value of their CB holdings at every anniversary of the CB Issue.

Formula for calculating annual interests: I=B×I

I: Annual interests;

B: Total face value of the CB held by CB holders on the interest-bearing debt registration date of each interest accrual year (hereinafter referred to as the "Current Year" or "Every Year");

i: Current-Year coupon rate of the CB.

2. Method of interest payment

(1) The CB's interests are paid annually, and interests are accrued from date of the CB Issue.

(2) Interest payment date: The CB's interests shall be paid at every anniversary of the Issue. If the anniversary of the Issue falls on a statutory holiday or weekend, interest payment shall be delayed to the next trading day. No interests will be accrued within the period of such delay. An interest accrual year is the period between two interest payment dates.

(3) Interest-bearing debt registration date: every year's interest-bearing debt registration date is the day before the interest payment date. The Company will pay Current-Year interests within 5 trading days after each year's interest payment date. If a CB holder applies to convert his or her CB into stocks on or before such interest-bearing debt registration date, the Company will not pay interests to such CB holder for the current interest accrual year or any interest accrual year thereafter.

(4) Any taxes on interest income earned by the CB holders are solely payable by such CB holders.

(7) Deadline for conversion

The period when the CB is allowed to be converted starts from the first trading day after expiration of six months from completion of the Issue, and lasts until the expiration of the maturity of the CB.

(8) Determination and adjustment of conversion price

1. Determination of initial conversion price

The initial conversion price of the Issue shall not be lower than the average trading prices of the Company's shares for the first 20 trading days before the release of the explanatory announcement of the CB Issue (If any stock split or dividend payment takes place on any of these trading days, the closing prices on related trading days shall be adjusted accordingly before being factored into the average trading price calculation), or the average trading price on the day before the release of the explanatory announcement of the Issue, whichever is higher. Subject to such provision, the initial conversion price shall be negotiated by the Board (under the authorization of general meeting) and the sponsors (lead underwriters) before the Issue based on market conditions and the operational status of the Company.

The average trading prices of the Company's shares for the first 20 trading days = Total trading amount of the Company's shares for the first 20 trading days/total trading volume of the Company's shares for the 20 trading days. The average trading prices of the Company's shares for the prior trading day = Total v trading amount of the Company's shares for the prior trading day/total trading volume of the Company's shares for the prior trading day.

2. Methods of adjusting and calculating the conversion price

After the Issue, if the Company's stock dividend distribution, conversion into share capital, new share issue, share placement and cash dividend payment (excluding the share capital increase caused by the Issue) cause changes in the Company's shares, we will adjust conversion price in accordance with the following formulas (rounded to two decimal places):

In case of stock dividend distribution or conversion into share capital: $P1=P0/(1+n)$;

In case of new share issue or share placement: $P1=(P0+A\times k)/(1+k)$;

In case of simultaneously-occurring stock dividend distribution or conversion into share capital, and new share issue or share placement: $P1=(P0+A\times k)/(1+n+k)$;

In case of cash dividend payment: $P1=P0-D$;

In case of simultaneously-occurring stock dividend distribution or conversion into share capital, new share issue or share placement, and cash dividend payment: $P1=(P0-D+A\times k)/(1+n+k)$

Among these formulas: P0 is the conversion price before the adjustment, n is the ratio of stock dividend or conversion into share capital, k is the new share issue or share placement ratio, A is the per-share price of the new share issue or share placement, D is the paid dividend per share, and P1 is the conversion price after the adjustment.

When the Company undergoes any of the above share and/or shareholder equity change, the conversion price shall be changed accordingly, and a Board resolution concerning such change shall be published on media designated by CSRC to specify the conversion price adjustment date, adjustment methods and the period of suspending conversion (if necessary). If the conversion price adjustment date is on or after the date when a CB holder applies to convert, but before the date of converted stock registration, such CB holder’s application shall be executed in accordance with the post-adjustment conversion price.

In case of any share buyback, merger, separation or other incident that causes change in the Company’s share class, quantity and/or share capital and thus impact the rights or derivative conversion rights of the CB holders, the Company shall adjust the conversion price depending on the circumstance to protect the rights and interests of the CB Holder in an fair and impartial manner. Related adjustment in conversion price and operational methods shall be determined according to applicable laws and securities regulatory rules.

(9) Provisions on downward revision of conversion price

1. Rights to revise and magnitude of revision

If the Company's shares are closed below 85% of the conversion price on at least 15 trading days of any 30 consecutive trading days during the duration of the CB, the Board may submit the proposal of revising down the conversion price to the general meeting for consideration and approval.

Such proposal will be passed only when it is approved by shareholders with over two thirds of total voting rights of all shareholders eligible to vote on such proposal and attending the related general meeting. Shareholders holding the CB shall not vote on such proposal. The post-revision conversion price shall not be lower than the average trading price of the first 20 trading days before the date of such general meeting, or the average trading price on the trading day before the date of such general meeting, whichever is higher.

In case of any adjustment in conversion price during the abovementioned 30-trading day period, the pre-adjustment conversion price and closing price shall be used as the calculation base for the trading price on the trading days before the date of such adjustment in conversion price. The post-adjustment conversion price and closing price shall be used as the calculation base for the date of such adjustment in conversion price and trading days thereafter.

2. Revision procedures

If the Company decides to revise down the conversion price, the Company will publish the related resolution announcement on newspapers and websites designated by CSRC to disclose the revision magnitude, related equity registration date and period of conversion suspension. From the first trading day after such equity registration date (namely the date of conversion price revision), the conversion application will be resumed and post-revision conversion price shall apply. If the date of conversion price is on or after such conversion application date, but before the date of converted stock registration, such conversion application shall be executed based on the post-revision conversion price.

(10) Methods of determining the number of conversion shares and handling the amount below one share's value

When the CB holder applies to convert the CB during the conversion period, the quantity of stocks to be converted from such CB shall be Q=V/P, with decimal places being removed. V refers to the total face value of CB held by the applying CB holders, while P refers to the effective conversion price on the date of conversion application.

The quantity of converted stocks under the CB holder's application shall have no decimal place. The face value of stocks corresponding to the removed decimal places in the quantity of converted stocks, as well as accrued interests shall be paid in cash by the Company to the applying CB holders within 5 trading days after such conversion in accordance with Shenzhen Stock Exchange and other authorities.

(11) Redemption

1. Redemption at maturity

Within 5 trading days after maturity of the CB, the Company will redeem all CB that was not converted. The redemption price shall be negotiated by the Board (under the authorization of general meeting) and the sponsors (lead underwriters) based on market conditions on the date of the CB Issue.

2. Conditional redemption

During the conversion period, the Company may redeem all or part of unconverted CB at prices that equal to face value of such unconverted CB plus accrued interests if any of the following cases takes place:

(1) During the conversion period, the closing prices of the Company's shares are no less than 130% (including 130%) of Current-Period conversion prices for at least 15 trading days of any 30 consecutive trading days, or;

(2) The balance of the unconverted CB is less than RMB 30 million.

Current-Period accrued interests: $IA=B\times i\times t/365$

IA: Current-Period accrued interests;

B: Total face value of CB held by the related CB holders;

i: Current-Period coupon rate of the CB;

t: The number of interest-accruing days, from the last interest payment date to the redemption date (including the first day and excluding the last day).

In case of any adjustment in conversion price during the abovementioned 30-trading day period, the pre-adjustment conversion price and closing price shall be used as the calculation base for the trading price on the trading days before the date of such adjustment in conversion price. The post-adjustment conversion price and closing price shall be used as the calculation base for the date of such adjustment in conversion price and trading days thereafter.

(12) Put provision

1. Conditional put provision

In the last two interest accrual years of the CB, if the closing prices of the Company's shares for any 30 consecutive trading days are lower than 70% of Current-Period conversion price, the CB holders may resell all or part of their

CB to the Company at face value plus Current-Period accrued interests. If the Company's stock dividend distribution, conversion into share capital, new share issue (excluding the share capital increase caused by the Issue), share placement and cash dividend payment cause any adjustment in the conversion price in the abovementioned thirty-trading day period, the pre-adjustment conversion price and closing price shall be used as the calculation base for the trading price on the trading days before the date of such adjustment in conversion price, while the post-adjustment conversion price and closing price shall be used as the calculation base for the date of such adjustment in conversion price and trading days thereafter. In case of any downward revision in conversion price, the abovementioned "thirty consecutive trading days" shall be recalculated from the first trading day after such downward revision.

The CB holders may exercise the right to resell once in each of the last two interest accrual years when the required conditions for the resale are satisfied for the first time. If the CB holders do not report or resell the CB during the resale reporting period announced by the Company when the required conditions for the resale are satisfied for the first time, such CB holders are not allowed to exercise the right to resell in the rest period of the current interest accrual year. CB holders are not allowed to exercise the right to resell for multiple times within one interest accrual year.

2. Additional put provision

If the actual use of the proceeds from the Issue is very different from that stated in the prospectus of the Issue, and such difference is defined as a change in the use of the proceeds under applicable rules of CSRC, or defined as a change in the use of the proceeds directly by CSRC, the CB holders will be allowed to resell the CB once. The CB holder may resell all or part of their CB to the Company at face value plus Current-Period accrued interests. The resale shall be carried out in the additional resale reporting period that is announced by the Company when conditions for the additional resale are satisfied, and related CB holders shall not exercise the right for such additional resale anymore if they do not exercise such right within the announced additional resale reporting period.

(13) Dividends ownership on the year of conversion

The increased shares of the Company arising from the conversion of the CB shall have the equal rights to the existing shares. All shareholders registered on the date of registration for dividend payment (including shareholders arising from conversion of CB) shall be equally eligible to receive Current-Period dividends.

(14) Issue methods and targets

The CB Issue's methods will be determined by the Board and sponsors (lead underwriters) under the authorization of general meeting.

The CB will be issued to natural person, legal person, securities investment funds, and other legally eligible investors (excluding those prohibited by applicable laws) that have securities accounts in Shenzhen Subsidiary of China Securities Depository and Clearing Corporation Limited.

(15) Arrangements on placement with existing shareholders

The existing shareholders of the Company will have preemptive rights to subscribe a defined percentage of the CB, which will be determined by the Board based on actual conditions of the CB Issue under the authorization of general meeting. Such percentage will be disclosed in the issue announcement of the CB. Existing shareholders may waive such preemptive rights.

The portion of the CB Issue that is not allocated to the existing A shareholders and the portion that is given up by the existing A shareholders will be distributed online via the trading system of Shenzhen Stock Exchange, or be directly sold to institutional investors. The rest balance will be underwritten by the underwriters. The issue mode shall be negotiated by the Board (under the authorization of general meeting) and the sponsors (lead underwriters) before the CB Issue.

(16) Matters related to meeting of CB holders

1. Rights and obligations of CB holders

(1) Rights of CB holders

① CB holders may attend or appoint proxies to attend the CB holder meeting and exercise their voting rights on such meeting under applicable laws and administrative rules;

② CB holders may convert their CB into shares of the Company in accordance with the conditions set forth in the prospectus of the Issue;

③ CB holders may exercise their right to resell their CB in accordance with the conditions set forth in the prospectus of the Issue;

④ CB holders may transfer, give away or pledge their CB in accordance with applicable laws, administrative rules and Articles of Association;

⑤ CB holders may obtain information in accordance with applicable laws, administrative rules and Articles of Association;

⑥ CB holders may require the Company to repay the principal and pay the interests accrued on the principal of their CB as per agreed schedule and terms;

⑦ CB holders have other rights that are granted to corporate bond holders under applicable laws, administrative rules and Articles of Association.

(2) Obligations of CB holders

① CB holders shall comply with applicable rules governing the Issue;

② CB holders shall pay the amount required for buying their subscribed CB;

③ CB holders shall perform the valid resolutions formed on the meeting of CB holders;

④ Unless permitted by applicable laws and administrative rules, or explicitly provided in the prospectus of the Issue, CB holders shall not require the Company to repay principal or pay interests in advance;

⑤ Other obligations that the CB holders shall bear under applicable laws, administrative rules and Articles of Association.

2. Convening of CB holder meeting

During the duration of the CB, a CB holder meeting shall be convened in any of the following cases:

① Any contemplated change in the prospectus of the Issue;

② The Company is unable to pay principal or interests as required by the prospectus of the Issue, and needs to decide or grant authorization on any measure;

③ The Company’s debt repayment capability undergoes any material unfavorable change due to capital reduction (excluding the deduction arising from share buyback intended for equity-based incentives), and as a result the Company needs to decide or grant authorization on any measure;

④ Other incidents that have material significant impact on interests of CB holders;

⑤ Any contemplated change in the rules for CB holder meeting;

⑥ Any other matter that is required to be considered and vetted on the CB holder meeting by applicable laws, administrative rules, CSRC, the rules of exchanges on which the CB is traded and any other provision hereunder.

The following institution or person can propose to convene a CB holder meeting in writing:

① The Board;

② The holder(s) individually or jointly owning over 10% of the face value of the outstanding CB;

③ Any other institution or person eligible to do so under applicable law, administrative rules and regulations of CSRC.

The Company will specify the methods of protecting CB holders, as well as rights, processes and conditions for passing resolutions on CB holder meetings in the prospectus of the Issue.

(17) Management and custody account of proceeds

The Company has formulated related systems to manage the proceeds from the CB Issue. The proceeds from the CB Issue will be kept in a special account designated by the Board.

(18) Guarantee

No guarantee is provided for the CB.

(19) Validity period of the Proposal

The Proposal will remain valid for 12 months, starting from the date when it is passed on the general meeting.

Ⅲ. Financial Information and Management Discussion and Analysis

(1) Financial statements for the past three years

The Company's financial statements underwent the following retrospective adjustments during the Reporting Period:

1. Retrospective adjustments of the Company's 2019 financial statements are as follows:

(1) According to the Notice of Ministry of Finance on Printing and Distributing the Financial Reporting Format of Ordinary Enterprises for 2019 (Caikuai (2019) No.16) dated 30 April 2019, as well as the Notice of Ministry of Finance on Printing and Distributing the Consolidated Financial Reporting Format (2019 Version) (Caikuai (2019) No.16) dated 19 September 2019, the Company has made adjustments according to the new lease standards and divided the "Bills and accounts receivable" into "Bills receivable" and "Accounts receivable", as well as "Bills and accounts payable" into "Bills payable" and "Accounts payable". The Company has retrospectively adjusted the comparative data.

(2) In 2019, business under the common control with the Company acquired 18 companies controlled by BBMG. Among them, 14 cement and clinker producers such as Baoding Taihang Heyi Cement Co., Ltd. have cement and clinker trading with the Company's subsidiary BBMG Trade Co., Ltd. (北京金隅水泥經貿有限公司). Therefore, the Company made retrospective adjustments in the 2018 income statement and offset related party income and expenses.

(3) New lease standards: under the transitionary rules, the Company shall perform the new lease standards and adjust the retained earnings and other

related items on the financial statements as at the beginning of 2019, but does not need to adjust comparative data.

2. Retrospective adjustments of the Company's 2018 financial statements are as follows:

(1) The Company and its indirect controlling shareholder BBMG completed the formation of their joint venture in July 2018. In the transaction, 10 companies including BBMG Trade Co., Ltd. have been injected into the joint venture as the capital contribution of BBMG. Under the Accounting Standards for Business Enterprises, these companies are subsidiaries obtained through business combination under common control, and their 2018 operating results shall be incorporated into the Company's consolidated financial statements. According to rules applicable to business combination under common control, the Company retrospectively adjusted related data on financial statements.

(2) The Company's wholly-owned subsidiary Tang County Jidong Cement Co., Ltd. acquired 100% equity interest of Tang County Jieyuan Wastes Treatment Co., Ltd. (唐縣潔源垃圾處置有限公司) from its related party Hebei Building Material Industry Design & Research Institution. Tang County Jieyuan Wastes Treatment Co., Ltd. is controlled by the Company's actual controller BBMG, and such control is not temporary. Therefore, the above acquisition is defined as a business combination under common control. Under the Accounting Standards for Business Enterprises, the Company retrospectively adjusted related data on financial statements in accordance with rules applicable to business combination under common control.

(3) According to the resolution passed on the 10th meeting of the 8th session of Board of Directors and the 8th meeting of the 8th session of Board of

Supervisors and dated 19 April 2018, the Company started to implement seven new standards (including the Accounting Standards for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments) and the new financial reporting format from 1 January 2018, and retrospective adjustments were made in the data at the beginning of the period.

Part of financial data in the following financial analysis were already retrospectively adjusted. The retrospectively adjusted financial data for 2018 and 2019 were from 2019 auditor's report. The retrospectively adjusted financial data for 2017 have not been audited or reviewed.

Consolidated Balance Sheet

Unit: RMB' 0,000

Items	**31 December 2019**	**31 December 2018**	**31 December 2017**
Current Assets:			
Cash and bank balances	597,904.76	1,041,231.30	642,708.86
Held-for-trading financial assets	-	1,920.09	-
Financial assets at fair value through profit or loss	-	-	3,051.48 -
Bills receivable	464,264.82	1,072,519.74	715,923.03
Accounts receivable	202,594.36	235,144.91	260,136.25
Prepayments	70,146.82	54,933.38	90,534.10
Other receivables	70,527.96	91,356.25	139,664.96
Inventories	287,234.61	251,696.94	230,807.23
Other current assets	48,023.90	109,288.73	54,343.36
Total current assets	**1,740,697.24**	**2,858,091.33**	**2,137,169.28**
Non-current assets:			
Available-for-sale financial assets	-	-	57,779.32
Long-term equity investments	176,573.11	134,184.28	149,826.46

Items	31 December 2019	31 December 2018	31 December 2017
Investment in other equity instruments	35,028.62	36,374.18	
Fixed assets	3,261,593.56	3,401,812.54	3,563,452.59
Construction in progress	78,596.87	59,620.13	84,599.41
Construction materials	-	-	-
Right-of-use assets	24,168.37	-	-
Intangible assets	520,817.78	483,403.78	488,986.46
Goodwill	31,102.00	32,495.42	32,495.42
Long-term deferred expenditures	107,780.76	101,277.46	89,885.79
Deferred income tax assets	79,920.20	76,523.76	58,763.09
Other non-current assets	17,071.06	36,969.31	7,735.36
Total non-current assets	**4,332,652.33**	**4,362,660.87**	**4,533,523.90**
Total assets	**6,073,349.57**	**7,220,752.20**	**6,670,693.18**
Current liabilities:			
Short-term loans	760,083.69	1,375,124.02	1,498,060.72
Bills payable	33,623.29	47,963.45	31,135.51
Accounts payable	476,986.86	945,639.97	717,307.12
Receipts in advance	-	-	90,894.02
Contract liabilities	73,802.58	97,594.49	-
Wages payable	20,338.53	13,780.57	15,526.61
Taxes payable	61,437.14	80,287.55	40,673.29
Other payables	340,063.35	638,804.71	567,389.96
Non-current liabilities due within one year	306,766.88	397,880.41	292,772.37
Other current liabilities	167,795.90	43,340.69	118,886.67
Total current liabilities	**2,240,898.22**	**3,640,415.85**	**3,372,646.27**
Non-current liabilities:			
Long-term loans	237,500.00	113,850.00	179,540.00
Bonds payable	349,130.12	171,289.91	215,910.40
Lease liabilities	8,783.15	-	-
Long-term payables	219,546.64	250,853.43	336,453.47
Long-term wages payable	1,886.72	1,499.79	2,425.65
Accrued liabilities	56,794.76	31,570.29	21,205.70
Deferred income	49,658.03	53,277.02	49,166.60
Deferred income tax liabilities	25,355.45	30,276.99	19,968.49

Items	31 December 2019	31 December 2018	31 December 2017
Other non-current liabilities	-	-	-
Total non-current liabilities	**948,654.86**	**652,617.42**	**824,670.31**
Total liabilities	**3,189,553.08**	**4,293,033.27**	**4,197,316.57**
Owners' equity:			
Share capital	134,752.29	134,752.29	134,752.29
Other equity instruments	298,301.89	298,200.00	-
Including: Preferred	-	-	-
Perpetual	298,301.89	298,200.00	-
Capital reserve	332,942.85	766,520.23	1,097,455.74
Other comprehensive income	-7,913.89	-6,897.00	9,155.21
Specific reserve	4,302.04	3,660.01	2,347.32
Surplus reserve	101,463.94	101,463.94	101,463.94
General risk provision	-	-	-
Retained earnings	671,263.90	479,432.34	322,832.68
Total equity attributable to owners of the parent company	1,535,113.02	1,777,131.82	1,668,007.17
Minority interests	1,348,683.47	1,150,587.11	805,369.43
Total owners' equity	**2,883,796.49**	**2,927,718.93**	**2,473,376.60**
Total liabilities and owners' equity	**6,073,349.57**	**7,220,752.20**	**6,670,693.18**

Balance Sheet of the Parent Company

Unit: RMB 0'000

Assets	31 December 2019	31 December 2018	31 December 2017
Current Assets:			
Cash and bank balances	377,480.12	734,783.10	311,326.86
Deposits in other banks	-	-	-
Held-for-trading financial assets	-	1,920.09	
Financial assets at fair value through profit or loss	-	-	3,051.48
Bills receivable	12,736.40	56,462.21	98,180.67
Accounts receivable	1,230.29	3,263.00	55,938.82
Prepayments	1,296.92	1,406.55	2,904.06
Other receivables	1,199,361.96	1,348,998.39	1,657,006.61
Inventories	842.79	1,977.41	10,780.12
Other current assets	5,747.51	67,778.90	1,977.78
Total current assets	**1,598,695.98**	**2,216,589.65**	**2,141,166.40**
Non-current assets:			
Available-for-sale financial assets	-	-	57,280.22
Investment in other equity instruments	34,605.88	35,907.66	-
Long-term equity investments	2,198,240.45	1,586,264.41	1,349,070.44
Fixed assets	1,656.92	2,153.97	181,796.32
Construction in progress	3,660.07	6.39	2,527.29
Right-of-use assets	123.53	-	-
Intangible assets	4,382.66	4,865.97	4,640.27
Long-term prepaid expenses	497.73	711.78	5,538.09
Deferred income tax assets	28,458.88	13,024.18	11,635.89
Total non-current assets	**2,271,626.12**	**1,642,934.37**	**1,612,488.52**
Total assets	**3,870,322.10**	**3,859,524.02**	**3,753,654.92**
Current liabilities:			
Short-term loans	682,500.00	1,148,000.00	1,164,575.00
Bills payable	-	770.00	14,489.65
Accounts payable	24,095.65	22,013.14	85,710.21
Receipts in advance	-	-	9,833.57
Contract liabilities	12,258.43	7,932.48	-
Payroll payable	1,352.42	868.01	1,741.66

Assets	31 December 2019	31 December 2018	31 December 2017
Taxes payable	6.06	4.27	9,326.77
Other payables	193,624.87	117,494.83	165,630.52
Non-current liabilities due within one year	239,268.94	299,791.70	206,603.41
Other current liabilities	131,436.28	1,269.20	100,246.81
Total current liabilities	**1,284,542.65**	**1,598,143.62**	**1,758,157.60**
Non-current liabilities:			
Long-term loans	222,000.00	96,500.00	149,000.00
Bonds payable	349,130.12	171,289.91	215,910.40
Lease liabilities	78.77	-	-
Long-term payables	196,722.26	171,417.95	199,457.02
Long-term payroll payable	100.22	149.65	671.50
Accrued liabilities	-	5,124.69	3,423.04
Deferred income	-	-	3,352.16
Deferred income tax liabilities	11,108.54	15,997.30	3,623.28
Total non-current liabilities	**779,139.92**	**460,479.50**	**575,437.41**
Total liabilities	**2,063,682.56**	**2,058,623.12**	**2,333,595.01**
Shareholders' equity:			
Share capital	134,752.29	134,752.29	134,752.29
Other equity instruments	298,301.89	298,200.00	-
Including: Preferred	-	-	-
Perpetual	298,301.89	298,200.00	-
Capital reserve	499,767.56	514,087.98	514,087.98
Less: Treasury shares	-	-	-
Other comprehensive income	-7,808.54	-6,829.02	9,146.69
Specific reserve	-	-	-
Surplus reserve	98,308.16	98,308.16	98,308.16
Retained earnings	783,318.19	762,381.49	663,764.79
Total shareholders' equity	**1,806,639.54**	**1,800,900.90**	**1,420,059.91**
Total liabilities and shareholders' equity	**3,870,322.10**	**3,859,524.02**	**3,753,654.92**

Consolidated Income Statement

Unit: RMB 0’000

Items	2019	2018	2017
I. Total operating revenue	**3,450,703.20**	**3,144,812.68**	**2,621,818.49**
Including: Operating revenue	3,450,703.20	3,144,812.68	2,621,818.49
II. Total operating costs	**2,891,358.08**	**2,763,364.66**	**2,463,690.65**
Including: Operating costs	2,171,556.14	2,019,097.17	1,810,779.93
Business tax and surcharges	53,584.17	57,765.18	36,286.50
Selling expenses	125,375.47	116,202.55	91,197.24
Administrative expenses	415,638.51	421,952.72	386,373.17
Research and development expenses	7,187.91	6,551.69	-
Finance costs	118,015.86	141,795.35	139,053.81
Including: Interest expenses	126,929.54	148,672.55	146,126.34
Interest income	10,121.70	7,604.99	9,188.32
Add: Other gains	65,600.52	66,340.83	58,868.07
Investment gains (“-” indicating loss)	34,596.76	6,425.36	-20,071.55
Including: Gains from investment in associates and joint ventures	35,181.12	10,190.85	7,201.01
Gains from changes in fair value (“-” indicating loss)	2,338.82	4,139.57	19,925.74
Impairment loss of credit (“-” indicating loss)	-8,108.15	-9,064.18	-
Impairment loss of assets (“-” indicating loss)	-25,940.28	-15,662.96	-17,663.84
Gains on disposal of assets (“-” indicating loss)	2,874.90	734.44	-473.27
III. Operating profit (“-” indicating loss)	**630,707.69**	**434,361.08**	**198,713.00**
Add: Non-operating income	11,177.71	4,961.10	5,716.64
Less: Non-operating expenses	16,483.62	7,128.67	5,625.44
IV. Total profit (“-” indicating total loss)	**625,401.77**	**432,193.50**	**198,804.20**

Items	2019	2018	2017
Less: Income tax expenses	134,939.31	108,392.30	49,079.06
V. Net profit (“-” indicating net loss)	**490,462.46**	**323,801.20**	**149,725.14**
1. Net profit attributable to the owners of the parent company (“-” indicating net loss)	270,058.78	190,367.56	88,555.08
2. Profits or loss for minority interests (“-” indicating net loss)	220,403.68	133,433.65	61,170.06
VI. Other comprehensive income (net of tax)	**-1,036.34**	**-16,008.30**	**-1,638.17**
VII. Total comprehensive income	**489,426.12**	**307,792.90**	**148,086.97**
Total comprehensive income attributable to the owners of the parent company	269,041.88	174,315.35	86,916.92
Total comprehensive income attributable to minority interests	220,384.24	133,477.55	61,170.06

Income Statement of the Parent Company

Unit: RMB 0’000

Items	2019	2018	2017
I. Operating revenue	**336,529.63**	**215,859.77**	**380,697.06**
Less: Operating costs	335,037.72	179,031.61	306,619.46
Business tax and surcharges	490.69	2,649.03	2,436.08
Selling expenses	162.95	5,964.15	15,548.59
Administrative expenses	26,019.14	27,118.77	36,852.17
Research and development expenses	-	-	-
Finance costs	33,096.19	26,665.00	26,434.53
Add: Other gains	140.00	2,326.62	5,794.10
Investment gains (“-” indicating loss)	140,072.24	74,837.31	22,198.09
Including: Gains from investment in associates and joint ventures	35,315.13	10,305.21	7,536.30
Derecognition of gains on financial assets measured at amortized cost	-	-	-
Net exposure hedging gains (“-” indicating loss)	-	-	-

Items	2019	2018	2017
Gains from changes in fair value (“-” indicating loss)	1,337.85	12,594.27	19,925.74
Impairment loss of credit (“-” indicating loss)	-2,113.28	-3,053.47	
Impairment loss of assets (“-” indicating loss)	-1,511.56	-	4,363.98
Gains on disposal of assets (“-” indicating loss)	-15.52	106.69	49.24
II. Operating profit (“-” indicating loss)	**79,632.68**	**61,242.66**	**45,137.39**
Add: Non-operating income	255.28	62,042.04	480.23
Less: Non-operating expenses	4,648.35	1,817.54	16.57
III. Total profit (“-” indicating total loss)	**75,239.60**	**121,467.16**	**45,601.05**
Less: Income tax expenses	-19,998.01	12,041.40	120.34
IV. Net profit (“-” indicating net loss)	**95,237.61**	**109,425.76**	**45,480.71**
V. Other comprehensive income (net of tax)	**-979.52**	**-15,975.71**	**-1,638.17**
VI. Total comprehensive income	**94,258.09**	**93,450.04**	**43,842.55**

Consolidated Statement of Cash Flows

Unit: RMB 0’000

Items	2019	2018	2017
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services	2,786,533.74	2,369,180.67	1,846,042.64
Cash received as premiums of original insurance contracts	-	-	-
Refund of taxes and levies	57,378.03	64,526.29	52,744.76
Cash received from other operating activities	67,562.38	55,456.40	60,399.43
Subtotal of cash inflows from operating activities	**2,911,474.15**	**2,489,163.36**	**1,959,186.83**
Cash paid for purchasing goods and receiving services	1,265,817.58	944,926.44	881,225.25

Items	2019	2018	2017
Cash paid for interests, fees and commissions	-	-	-
Cash paid to and for the benefit of employees	296,319.04	282,449.21	260,800.61
Taxes and levies paid	408,757.81	342,744.77	269,467.79
Cash paid for other operating activities	118,669.98	140,830.70	143,082.45
Subtotal of cash outflows from operating activities	**2,089,564.40**	**1,710,951.13**	**1,554,576.10**
Net cash flows from operating activities	**821,909.75**	**778,212.24**	**404,610.73**
II. Cash flows from investing activities:			
Cash received from redemption of investments	7,290.66	-	46,911.12
Cash received from return on investments	36,897.75	19,342.23	12,744.22
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	7,959.73	8,113.08	6,243.74
Less: Non-operating expenses	-	-	-
Net cash received from disposal of subsidiaries and other business entities	70,188.31	-	83,244.22
Cash received from other investing activities	5,340.00	8,440.69	16,346.50
Subtotal of cash inflows from investing activities	**127,676.44**	**35,896.00**	**165,489.80**
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	102,360.12	81,761.04	90,074.56
Cash paid for investments	174,475.30	8,695.76	-
Net increase in pledged loans	-	-	-
Net cash paid for acquisition of subsidiaries and other business entities	177,586.33	-	-

Items	2019	2018	2017
Cash paid for other investing activities	4.60	8,945.36	14,961.92
Subtotal of cash outflows from investing activities	**454,426.35**	**99,402.16**	**105,036.49**
Net cash flows arising from investing activities	**-326,749.91**	**-63,506.16**	**60,453.32**
III. Cash flows from financing activities:			
Cash received from capital contributions	375.40	-	-
Including: Cash received by subsidiaries from investments of minority interests	375.40	-	-
Cash received from borrowings	1,516,017.38	2,178,937.20	2,096,480.72
Cash received from issuance of bonds	270,000.00	300,000.00	100,000.00
Cash received from other financing activities	380,844.87	63,218.20	167,418.59
Subtotal of cash inflows from financing activities	**2,167,237.65**	**2,542,155.40**	**2,363,899.31**
Cash paid for debts settlement	2,586,610.34	2,434,698.28	2,303,862.87
Cash paid for the distribution of dividends, profits or interest payments	291,343.52	274,453.69	180,697.93
Including: Dividends and profits paid by subsidiaries to minority interests	118,244.75	110,337.16	12,958.49
Cash paid for other financing activities	192,836.78	189,855.95	232,432.50
Subtotal of cash outflows from financing activities	**3,070,790.64**	**2,899,007.92**	**2,716,993.29**
Net cash flows arising from financing activities	**-903,552.99**	**-356,852.52**	**-353,093.98**
IV. Effects of exchange rate fluctuations on cash and cash equivalents	-	-	
V. Net increase in cash and cash equivalents	-408,393.16	357,853.56	111,970.07

Items	2019	2018	2017
Add: Opening balance of cash and cash equivalents	980,186.43	622,332.87	510,362.80
VI. Closing balance of cash and cash equivalents	571,793.27	980,186.43	622,332.87

Statement of Cash Flows of the Parent Company

Unit: RMB 0’000

Items	2019	2018	2017
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services	259,218.22	167,611.14	274,321.52
Refund of taxes and levies	-	1,740.63	5,650.85
Cash received from other operating activities	11,744.91	41,443.63	52,871.71
Subtotal of cash inflows from operating activities	**270,963.13**	**210,795.39**	**332,844.08**
Cash paid for purchasing goods and receiving services	253,519.79	107,081.73	157,886.29
Cash paid to and for the benefit of employees	4,641.97	14,813.17	22,652.32
Taxes and levies paid	806.68	15,551.48	29,231.79
Cash paid for other operating activities	11,525.14	41,098.39	47,662.67
Subtotal of cash outflows from operating activities	**270,493.57**	178,544.78	257,433.07
Net cash flows from operating activities	**469.55**	**32,250.62**	**75,411.01**
II. Cash flows from investing activities:			
Cash received from redemption of investments	539,760.24	423,202.50	124,532.90
Cash received from return on investments	204,881.38	136,272.49	114,257.48

Items	2019	2018	2017
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	63.68	986.03	2,246.73
Net cash received from disposal of subsidiaries and other business entities	74,619.92	-	83,244.22
Cash received from other investing activities	5,340.00	7,940.69	6,431.42
Subtotal of cash inflows from investing activities	824,665.22	568,401.70	330,712.75
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	4,090.04	2,021.81	1,251.29
Cash paid for investments	793,330.75	167,469.41	202,534.00
Net cash paid for acquisition of subsidiaries and other business entities	157,612.42	-	-
Cash paid for other investing activities	4.60	55,273.45	6,061.92
Subtotal of cash outflows from investing activities	955,037.81	224,764.68	209,847.22
Net cash flows arising from investing activities	**-130,372.59**	**343,637.02**	**120,865.53**
III. Cash flows from financing activities:			
Cash received from borrowings	1,108,600.00	1,454,500.00	1,456,140.00
Cash received from issuance of bonds	270,000.00	300,000.00	100,000.00
Cash received from other financing activities	342,788.54	43,366.42	156,654.88
Subtotal of cash inflows from financing activities	1,721,388.54	1,797,866.42	1,712,794.88
Cash paid for debts settlement	1,708,600.00	1,593,368.75	1,600,418.70
Cash paid for the distribution of dividends, profits or interest payments	143,554.86	104,544.84	94,601.76

Items	2019	2018	2017
Cash paid for other financing activities	73,296.84	75,806.35	117,949.50
Subtotal of cash outflows from financing activities	1,925,451.70	1,773,719.94	1,812,969.96
Net cash flows arising from financing activities	**-204,063.16**	**24,146.48**	**-100,175.08**
IV. Effects of exchange rate fluctuations on cash and cash equivalents	**-**	**-**	**-**
V. Net increase in cash and cash equivalents	**-333,966.20**	**400,034.12**	**96,101.47**
Add: Opening balance of cash and cash equivalents	710,994.56	310,960.43	214,858.97
VI. Closing balance of cash and cash equivalents	**377,028.36**	**710,994.56**	**310,960.43**

(2) Change in financial statements consolidation

During the reporting period, the financial statements consolidation underwent the following changes:

1. Changes in scope of financial statements consolidation as at the end of 2017

81 companies are incorporated into scope of financial statements consolidation during the year. Related changes are as follows:

(1) Compared with the prior year, 6 new companies were consolidated: 6 companies were newly invested and founded: BBMG Jidong Cement Jilin Trade Co., Ltd. (金隅冀東水泥吉林經貿有限公司), Shaanxi BBMG Jidong Cement Trade Co., Ltd. (陝西金隅冀東水泥經貿有限公司), Yantai BBMG Jidong Cement Coastal Trade Co., Ltd. (煙臺金隅冀東水泥沿海經貿有限公司), Liaoning BBMG Jidong Cement Trade Co., Ltd. (遼寧金隅冀東水泥貿易有限公司), Inner Mongolia BBMG Jidong Cement Trade Co., Ltd. (內蒙古

金隅冀東水泥經貿有限公司), and Taiyuan BBMG Jidong Cement Trade Co., Ltd. (太原金隅冀東水泥經貿有限公司).

(2) Compared with the prior year, 1 company is no longer consolidated: 1 company was reduced due to business cancellation: Tangshan Jidong Cement Staff Education and Training Co., Ltd. (唐山冀東水泥職工教育培訓有限公司).

Change in consolidation scope in 2017

Serial No.	Company name	Change	Reasons for Change	Shareholding percentage （%）	Registered capital (RMB 10,000)
1	BBMG Jidong Cement Jilin Trade Co., Ltd.	Newly added	Newly founded company	100.00	5,000.00
2	Liaoning BBMG Jidong Cement Trade Co., Ltd.	Newly added	Newly founded company	100.00	3,000.00
3	Inner Mongolia BBMG Jidong Cement Trade Co., Ltd.	Newly added	Newly founded company	100.00	900.00
4	Shaanxi BBMG Jidong Cement Trade Co., Ltd.	Newly added	Newly founded company	100.00	5,000.00
5	Taiyuan BBMG Jidong Cement Trade Co., Ltd.	Newly added	Newly founded company	100.00	3,000.00
6	Yantai BBMG Jidong Cement Coastal Trade Co., Ltd.	Newly added	Newly founded company	100.00	5,000.00

7	Tangshan Jidong Cement Staff Education and Training Co., Ltd.	Reduced	Disposal of subsidiary	90.00	100.00

2. Changes in scope of consolidated financial statements consolidation as at the end of 2018

97 companies are incorporated into scope of financial statements consolidation during the year. Related changes are as follows:

(1) 21 new companies were consolidated in 2018: 18 companies were newly added via business combination under common control; 3 companies were newly founded and invested

(2) 5 companies were reduced due to merger, business cancellation and capital reduction during the year.

Change in consolidation scope in 2018

Serial No.	Company name	Change
1	BBMG Trade Co., Ltd.	Added via business combination under common control
2	Hebei BBMG Dingxin Cement Co., Ltd. (河北金隅鼎鑫水泥有限公司)	Added via business combination under common control
3	Cangzhou Lingang BBMG Cement Co., Ltd (滄州臨港金隅水泥有限公司)	Added via business combination under common control
4	Handan BBMG Taihang Cement Co., Ltd.	Added via business combination under common control
5	Handan BBMG Taihang Building Materials Co., Ltd (邯鄲金隅太行建材有限公司)	Added via business combination under common control
6	Handan BBMG Taihang foreign economic and Technological Cooperation Co., Ltd (邯鄲金隅太行對外經濟技術合作有限公司)	Added via business combination under common control
7	Cheng'an BBMG Taihang Cement Co., Ltd (成安金隅太行水泥有限公司)	Added via business combination under common control
8	Quyang BBMG Cement Co., Ltd (曲陽金隅水泥有限公司)	Added via business combination under common control
9	Chengde BBMG Cement Co., Ltd (承德金隅水泥有限責任公司)	Added via business combination under common control
10	Guangling BBMG Cement Co., Ltd (廣靈金隅水泥有限公司)	Added via business combination under common control
11	Boai BBMG Cement Co., Ltd (博愛金隅水泥有限公司)	Added via business combination under common control
12	Siping BBMG Cement Co., Ltd (四平金隅水泥有限公司)	Added via business combination under common control
13	Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd (北京金隅紅樹林環保技術有限責任公司)	Added via business combination under common control

14	Beijing Eco Island Technology Co., Ltd (北京生態島科技有限責任公司)	Added via business combination under common control
15	Hebei BBMG Mangrove Environmental Protection Technology Co., Ltd (河北金隅紅樹林環保技術有限責任公司)	Added via business combination under common control
16	Beijing BBMG Beishui Environmental Protection Technology Co., Ltd (北京金隅北水環保科技有限公司)	Added via business combination under common control
17	Beijing BBMG Cement Energy Saving Technology Co., Ltd (北京金隅水泥節能科技有限公司)	Added via business combination under common control
18	Tang County Jieyuan Wastes Treatment Co., Ltd.	Added via business combination under common control
19	Baotou BBMG Jidong Cement Marketing Co., Ltd (包頭金隅冀東水泥行銷有限公司)	Newly founded
20	Tangshan Jinshi United Cement Industry Development Co., Ltd (唐山市金石聯合水泥產業發展有限公司)	Newly founded
21	BBMG Jidong Cement (Tangshan) Co., Ltd (金隅冀東水泥（唐山）有限責任公司)	Newly founded
22	Jidong Development Supply Chain Management (Beijing) Co., Ltd (冀東發展供應鏈管理（北京）有限公司)	Reduced due to business cancellation
23	Hainan Jidong Logistics Co., Ltd (海南冀東物流有限公司)	Reduced due to business cancellation
24	Tangxian Jidong Development Special Cement Co., Ltd (唐縣冀東發展特種水泥有限責任公司)	Reduced due to merger and business cancellation
25	Linli Jidong Logistics Co., Ltd (臨澧冀東物流有限公司)	Reduced due to merger and business cancellation

26	Kuishan Jidong Cement Co., Ltd (奎山冀東水泥有限公司)	Capital reduction

3. Changes in scope of consolidated financial statements consolidation as at the end of 2019

111 companies are incorporated into scope of consolidated financial statements consolidation during the year. Related changes are as follows:

(1) 19 new companies were consolidated in 2019: 18 companies were newly added via business combination under common control (including 4 tier-2 subsidiaries); 1 company was newly invested and founded;

(2) 5 companies were reduced due to merger, cancellation and absorption during the year.

Serial No.	Company name	Change
1	Beijing Jinyu Liushui Environmental Protection Technology Co., Ltd (北京金隅琉水環保科技有限公司)	Added via business combination under common control
2	Beijing Qianglian Cement Co., Ltd.（北京强联水泥有限公司）	Added via business combination under common control
3	Zanhuang Jinyu Cement Co., Ltd (贊皇金隅水泥有限公司)	Added via business combination under common control
4	Tianjin BBMG Zhenxing Environmental Protection Technology Co., Ltd.（天津金隅振兴环保科技有限公司）	Added via business combination under common control
5	Zhuolu Jinyu Cement Co., Ltd (涿鹿金隅水泥有限公司)	Added via business combination under common control
6	Zhangjiakou Jinyu Cement Co., Ltd (張家口金隅水泥有限公司)	Added via business combination under common control
7	Hebei Taihang Huaxin Building Materials Co., Ltd (河北太行華信建材有限責任公司)	Added via business combination under common control
8	Xingtai Jinyu Yongning Cement Co., Ltd (邢臺金隅詠寧水泥有限公司)	Added via business combination under common control

Serial No.	Company name	Change
9	Baoding Taihang Heyi Cement Co., Ltd.	Added via business combination under common control
10	Yixian Tenghui mineral building materials Co., Ltd (易縣騰輝礦產建材有限公司)	Added via business combination under common control
11	Handan Shexian Jinyu Cement Co., Ltd (邯鄲涉縣金隅水泥有限公司)	Added via business combination under common control
12	Lanxian Jinyu Cement Co., Ltd (嵐縣金隅水泥有限公司)	Added via business combination under common control
13	Lingchuan Jinyu Cement Co., Ltd (陵川金隅水泥有限公司)	Added via business combination under common control
14	Qinyang Jinyu Cement Co., Ltd (沁陽市金隅水泥有限公司)	Added via business combination under common control
15	Xuanhua Jinyu Cement Co., Ltd (宣化金隅水泥有限公司)	Added via business combination under common control
16	Zuoquan Jinyu Cement Co., Ltd (左權金隅水泥有限公司)	Added via business combination under common control
17	Jidong Development Jingyang Building Materials Co., Ltd (冀東發展涇陽建材有限責任公司)	Added via business combination under common control
18	Laishui Jinglai Building Materials Co., Ltd (淶水京淶建材有限責任公司)	Added via business combination under common control
19	Baotou Steel Jidong Cement Co., Ltd (包鋼冀東水泥有限公司)	Business combination that is not under common control
20	Jidong Cement Huludao Co., Ltd (冀東水泥葫蘆島有限責任公司)	Reduced due to disposal
21	Tangshan Dunshi Dry Powder Building Materials Co., Ltd (唐山盾石乾粉建材有限責任公司)	Reduced due to disposal
22	Lincheng Jinyu Jidong Hengshi Cement Co., Ltd (臨城金隅冀東恒實水泥有限公司)	Reduced due to disposal
23	Shanxi Jidong Logistics Trade Co., Ltd (山西冀東物流貿易有限公司)	Cancellation
24	Tangshan Haigang Jidong Building Materials Co., Ltd (唐山海港冀東建材有限公司)	Absorption, consolidate and cancellation

(3). Main financial indicators

1. Main financial indicators in the past three years

Item	2019/31 December 2019	2018/31 December 2018	2017/31 December 2017
Liquidity ratio	0.78	0.79	0.63
Quick ratio	0.62	0.70	0.57
Debt ratio（%）(Consolidated)	52.52	59.45	62.92
Debt ratio（%）(Parent)	53.32	53.34	62.17
Accounts receivable turnover ratio (Times)	15.77	12.70	13.15
Inventory turnover ratio (Times)	8.06	8.37	9.39
Asset turnover (Times)	0.52	0.45	0.48
Net cash flows per share from operating activities (RMB per share)	6.10	5.78	3.00
Net cash flows per share (RMB)	-3.03	2.66	0.83
Net asset per share (RMB)	11.39	13.19	12.38

Note: The above financial indicators are based on consolidated financial statements, and are calculated using the following formulas:

Liquidity ratio=Current Assets/Current liabilities

Quick ratio=Quick assets/Current liabilities（Quick assets=Current Assets-Inventories）

Debt ratio= Total debt/total assets

Accounts receivable turnover ratio=Operating revenue/ Average book value of accounts receivable

Inventory turnover ratio=Operating costs/ Average book value of inventories

Asset turnover=Operating revenue/ Average asset balance

Net cash flows per share from operating activities = Full-year net cash flows from operating activities/Closing total share capital

Net cash flows per share = Full-year net increase in cash and cash equivalents / Closing total share capital

Net asset per share=Closing net assets/ Closing total share capital

2. Earnings per share before and after deducting non- recurring profit and loss, and return on net assets in the past three years

The return on net assets and earnings per share, which were calculated by the Company in accordance with CSRC's Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No.9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (2010 Revision) (Announcement No. 2 [2010] of CSRC) and Explanatory Announcement No.1 for Information Disclosure by Companies Offering Securities to the Public - Non-Recurring Profit and Loss (Announcement No. 43 [2008] of CSRC), are as follows:

Items	**Period**	**Weighted average return on net assets (%)**	**Earnings per share (RMB)**	
			Basic earnings per share	**Diluted earnings per share**
Net profit attributable to the shareholders of the parent company	2019	16.50	1.85	1.85
	2018	10.70	1.41	1.41
	2017	5.45	0.66	0.66
Net profit attributable to the shareholders of the listed company after deducting non- recurring profit and loss	2019	16.31	1.79	1.79
	2018	9.35	0.89	0.89
	2017	0.81	0.06	0.06

（4）Management discussion and analysis

1. Asset analysis

(1) The asset structure of the Company in the past three years is as follows:

Unit: RMB 0'000，%

Items	**31 December 2019**		**31 December 2018**		**31 December 2017**	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Current Assets	1,740,697.24	28.66	2,858,091.33	39.58	2,137,169.28	32.04

Non-current assets	4,332,652.33	71.34	4,362,660.87	60.42	4,533,523.90	67.96
Total assets	**6,073,349.57**	**100.00**	**7,220,752.20**	**100.00**	**6,670,693.18**	**100.00**

During the reporting period, the Company's asset scale kept expanding and its capital structure was optimized. The Company has repaid some debts. In terms of asset structure, the non-current assets account for a higher portion, which is relatively reasonable.

(2) The Company's current assets structure as at the end of each of the past three years:

Unit: RMB 0'000，%

Items	31 December 2019		31 December 2018		31 December 2017	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Cash and bank balances	597,904.76	34.35	1,041,231.30	36.43	642,708.86	30.07
Held-for-trading financial assets	-	-	1,920.09	0.07	-	-
Financial assets at fair value through profit or loss	-	-	-	-	3,051.48	0.14
Bills receivable	464,264.82	26.67	1,072,519.74	37.53	715,923.03	33.50
Accounts receivable	202,594.36	11.64	235,144.91	8.23	260,136.25	12.17
Prepayments	70,146.82	4.03	54,933.38	1.92	90,534.10	4.24
Other receivables	70,527.96	4.05	91,356.25	3.20	139,664.96	6.54
Inventories	287,234.61	16.50	251,696.94	8.81	230,807.23	10.80
Other current assets	48,023.90	2.76	109,288.73	3.82	54,343.36	2.54
Total current assets	**1,740,697.24**	**100.00**	**2,858,091.33**	**100.00**	**2,137,169.28**	**100.00**

As at the end of each year in the past three years, the current assets of the Company were RMB 21,371.6928 million, RMB 28,580.9133 million and RMB 17,406.9724 million, respectively, mainly including cash and bank balances, bills receivable, accounts receivable, prepayments, other receivables, inventories and other current assets. Among them, bills receivable had higher volatility. As at the end of 2018, the balance of bills receivable increased by 49.81% year on year, mainly due to the increase of the Company's bill settlement method and the extension of e-bill term. As at the end of 2019, the balance of bills receivable decreased by 56.71% year on year, which was mainly due to the decrease in proportion of bills as the Company strictly controlled the scope of bill collection and focused on collecting bills with high credit rating.

(3) The Company's non-current assets structure as at the end of each of the past three years:

Unit: RMB 0'000，%

Item	31 December 2019		31 December 2018		31 December 2017	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Available-for-sale financial assets	-	-	-	-	-	-
Long-term equity investments	176,573.11	4.08	134,184.28	3.08	149,826.46	3.30
Investment in other equity instruments	35,028.62	0.81	36,374.18	0.83	57,779.32	1.27
Fixed assets	3,261,593.56	75.28	3,401,812.54	77.98	3,563,452.59	78.60
Construction in progress	78,596.87	1.81	59,620.13	1.37	84,599.41	1.87
Construction materials	-	-	-	-	-	-
Right-of-use assets	24,168.37	0.56	-	-	-	-
Intangible assets	520,817.78	12.02	483,403.78	11.08	488,986.46	10.79
Goodwill	31,102.00	0.72	32,495.42	0.74	32,495.42	0.72
Long-term prepaid expenses	107,780.76	2.49	101,277.46	2.32	89,885.79	1.98
Deferred income tax assets	79,920.20	1.84	76,523.76	1.75	58,763.09	1.30
Other non-current assets	17,071.06	0.39	36,969.31	0.85	7,735.36	0.17
Total non-current assets	**4,332,652.33**	**100.00**	**4,362,660.87**	**100.00**	**4,533,523.90**	**100.00**

As at the end of each year in the past three years, the Company's non-current assets were RMB 45,335.2390 million, RMB 43,626.6087 million and RMB

43,326.5233 million, respectively, which generally remained stable and mainly included long-term equity investments, fixed assets and intangible assets.

2. Debt analysis

(1) The Company’s debt structure in the past three years:

Unit: RMB 0’000，%

Items	31 December 2019		31 December 2018		31 December 2017	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Current liabilities	2,240,898.22	70.26	3,640,415.85	84.80	3,372,646.27	80.35
Non-current liabilities	948,654.86	29.74	652,617.42	15.20	824,670.31	19.65
Total liabilities	**3,189,553.08**	**100.00**	**4,293,033.27**	**100.00**	**4,197,316.57**	**100.00**

During the Reporting Period, the Company's debts were mainly current liabilities. As at the end of 2017, 2018 and 2019, the Company's current liabilities accounted for 80.35%, 84.80% and 70.26% of the total liabilities, respectively. The amount and percentage decreased significantly, mainly because the Company optimized its capital structure and repaid short-term loans. As at the end of 2019, non-current liabilities of the Company increased by a lot from the level at the end of 2018, mainly due to the increase of bonds payable caused by the issuance of private company bonds.

(2) The Company’s current liabilities as at the end of each of the past three years:

Unit: RMB 0’000，%

Items	31 December 2019		31 December 2018		31 December 2017	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Short-term loans	760,083.69	33.92	1,375,124.02	37.77	1,498,060.72	44.42
Bills payable	33,623.29	1.50	47,963.45	1.32	31,135.51	0.92
Accounts payable	476,986.86	21.29	945,639.97	25.98	717,307.12	21.27
Receipts in advance	-	-	-	-	90,894.02	2.70

Contract liabilities	73,802.58	3.29	97,594.49	2.68	-	-
Payroll payable	20,338.53	0.91	13,780.57	0.38	15,526.61	0.46
Taxes payable	61,437.14	2.74	80,287.55	2.21	40,673.29	1.21
Other payables	340,063.35	15.18	638,804.71	17.55	567,389.96	16.82
Non-current liabilities due within one year	306,766.88	13.69	397,880.41	10.93	292,772.37	8.68
Other current liabilities	167,795.90	7.49	43,340.69	1.19	118,886.67	3.53
Total current liabilities	**2,240,898.22**	**100.00**	**3,640,415.85**	**100.00**	**3,372,646.27**	**100.00**

As at the end of each year in the past three years, the current liabilities of the Company were RMB 3,726.4627 million, RMB 36,404.1585 million and RMB 22,408.9822 million, respectively, mainly including short-term loans, accounts payable, other payables and non-current liabilities due within one year. During the Reporting Period, short-term loans declined, mainly due to the Company's repayment of some short-term loans in 2018 and 2019 and the optimization of debt structure.

(3) The Company’s non-current liabilities as at the end of each of the past three years:

Unit: RMB 0’000, %

Item	**31 December 2019**		**31 December 2018**		**31 December 2017**	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Long-term loans	237,500.00	25.04	113,850.00	17.45	179,540.00	21.77
Bonds payable	349,130.12	36.80	171,289.91	26.25	215,910.40	26.18
Lease liabilities	8,783.15	0.93	-	-	-	-
Long-term payables	219,546.64	23.14	250,853.43	38.44	336,453.47	40.80
Long-term payroll payable	1,886.72	0.20	1,499.79	0.23	2,425.65	0.29

Accrued liabilities	56,794.76	5.99	31,570.29	4.84	21,205.70	2.57
Deferred income	49,658.03	5.23	53,277.02	8.16	49,166.60	5.96
Deferred income tax liabilities	25,355.45	2.67	30,276.99	4.64	19,968.49	2.42
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	**948,654.86**	**100.00**	**652,617.42**	**100.00**	**824,670.31**	**100.00**

As at the end of each year in the past three years, the non-current liabilities of the Company were RMB8,246.7031 million, RMB 6,526.1742 million and RMB 9,486.5486 million, respectively, mainly including long-term loans, bonds payable and long-term payables. Among them, bonds payable recorded a big decline from the end of 2017 to the end of 2018, mainly due to the reclassification of 2012 corporate bonds (the second tranche) to current liabilities. Bonds payable recorded a big increase from the end of 2018 to the end of 2019, mainly due to the Company's non-public issuance of company bonds in 2019.

3. Debt repayment capability analysis

The Company’s debt repayment capability indicators in the past three years:

Indicators	2019/31 December 2019	2018/31 December 2018	2017/31 December 2017
Liquidity ratio	0.78	0.79	0.63
Quick ratio	0.65	0.72	0.57
Debt ratio（%）(Consolidated)	52.52	59.45	62.92

As at the end of each year during the Reporting Period, the Company's debt ratios (consolidated) were 62.92%, 59.45% and 52.52% respectively. The Company's debt ratio continuously fell, demonstrating a strong long-term solvency. During the Reporting Period, the Company's liquidity ratios were 0.63, 0.79 and 0.78, respectively, and quick ratios were 0.57, 0.72 and 0.65, respectively. During the Reporting Period, the Company's liquidity ratios showed an upward trend, and its short-term solvency further strengthened.

4. Operating capability analysis

The Company's operating capability indicators during the past three years:

Item	2019	2018	2017
Accounts receivable turnover ratio (Times)	15.77	12.70	13.15
Inventory turnover ratio (Times)	8.06	8.37	9.39
Asset turnover (Times)	0.52	0.45	0.48

As at the end of each year during the Reporting Period, accounts receivable turnover ratios of the Company were 13.15 times per year, 12.70 times per year and 15.77 times per year, respectively, and the inventory turnover ratios of the Company were 9.39 times per year, 8.37 times per year and 8.06 times per year, respectively. During the Reporting Period, the Company's accounts receivable turnover ratio remained at a high level, and the quality of accounts receivable was generally good. The Company has made bad debt provision for accounts receivable in accordance with accounting policies. Inventory turnover ratio fluctuated. The main reason for the lower inventory turnover ratio in 2019 compared to the prior year is that the Company's production inventory grew at a faster pace compared to the prior year, outpacing operating cost change.

As at the end of each year during the Reporting Period, the Company's asset turnover was 0.48 time per year, 0.45 time per year and 0.52 time per year, respectively. The asset turnover was generally stable.

5. Profitability analysis

Items on the Company's income statement and their values as percentages of operating revenue in the past three years:

Unit: RMB 0'000，%

Items	2019	Percentage	2018	Percentage	2017	Percentage
I. Total operating revenue	**3,450,703.20**	**100.00**	**3,144,812.68**	**100.00**	**2,621,818.49**	**100.00**
Including: Operating revenue	3,450,703.20	100.00	3,144,812.68	100.00	2,621,818.49	100.00
II. Total operating costs	**2,891,358.08**	**83.79**	**2,763,364.66**	**87.87**	**2,463,690.65**	**93.97**
Including: Operating costs	2,171,556.14	62.93	2,019,097.17	64.20	1,810,779.93	69.07
Business tax and surcharges	53,584.17	1.55	57,765.18	1.84	36,286.50	1.38
Selling expenses	125,375.47	3.63	116,202.55	3.70	91,197.24	3.48
Administrative expenses	415,638.51	12.05	421,952.72	13.42	386,373.17	14.74
Research and development expenses	7,187.91	0.21	6,551.69	0.21	-	-
Finance costs	118,015.86	3.42	141,795.35	4.51	139,053.81	5.30
Including: Interest expenses	126,929.54	3.68	148,672.55	4.73	146,126.34	5.57
Interest income	10,121.70	0.29	7,604.99	0.24	9,188.32	0.35
Add: Other gains	65,600.52	1.90	66,340.83	2.11	58,868.07	2.25
Investment gains	34,596.76	1.00	6,425.36	0.20	-20,071.55	-0.77
Including: Gains from investment in associates and joint ventures	35,181.12	1.02	10,190.85	0.32	7,201.01	0.27
Gains from changes in fair value	2,338.82	0.07	4,139.57	0.13	19,925.74	0.76
Impairment loss of credit	-8,108.15	-0.23	-9,064.18	-0.29	-	-
Impairment loss of assets	-25,940.28	-0.75	-15,662.96	-0.50	-17,663.84	-0.67
Gains on disposal of assets	2,874.90	0.08	734.44	0.02	-473.27	-0.02
III. Operating profit	**630,707.69**	**18.28**	**434,361.08**	**13.81**	**198,713.00**	**7.58**
Add: Non-operating income	11,177.71	0.32	4,961.10	0.16	5,716.64	0.22

Less: Non-operating expenses	16,483.62	0.48	7,128.67	0.23	5,625.44	0.21
IV. Total profit	**625,401.77**	**18.12**	**432,193.50**	**13.74**	**198,804.20**	**7.58**
Less: Income tax expenses	134,939.31	3.91	108,392.30	3.45	49,079.06	1.87
V. Net profit	**490,462.46**	**14.21**	**323,801.20**	**10.30**	**149,725.14**	**5.71**
1. Net profit attributable to the owners of the parent company	270,058.78	7.83	190,367.56	6.05	88,555.08	3.38
2. Profits or loss for minority interests	220,403.68	6.39	133,433.65	4.24	61,170.06	2.33
VI. Other comprehensive income (net of tax)	**-1,036.34**	**-0.03**	**-16,008.30**	**-0.51**	**-1,638.17**	**-0.06**
VII. Total comprehensive income	**489,426.12**	**14.18**	**307,792.90**	**9.79**	**148,086.97**	**5.65**
Total comprehensive income attributable to the owners of the parent company	269,041.88	7.80	174,315.35	5.54	86,916.92	3.32
Total comprehensive income attributable to minority interests	220,384.24	6.39	133,477.55	4.24	61,170.06	2.33

Over the years, the Company has built up strong brand awareness, market influence, and brand reputation in terms of product quality, guarantee and service, and has strong brand influence in the high-end cement market in the region. The "Dunshi" trademark is recognized as "China Famous Trademark". The Company obtained the right to use the "BBMG" brand free of charge. We are able to cover the market with multiple brands including "Dunshi" and "BBMG", further increasing our brand influence. During the Reporting Period, the Company's core business generally performed well. In 2017, 2018 and 2019, the Company realized operating revenues of RMB 26,218.1849 million, RMB 31,448.1268 million and RMB 34,507.0320 million, respectively. Revenue increased by 19.95% and 9.73% in 2018 and 2019, respectively. Net profits attributable to owners of the parent company reached RMB 885.5508 million, RMB 1,903.6756 million and RMB 2,700.5878 million, respectively. Net profit increased by 114.97% and 41.86% in 2018 and 2019, respectively. During the Reporting Period, the Company benefited from the ongoing supply side structural reform of the cement industry and the positive impact of the improving market demand in the core areas. Market environment continued to improve. Sales volume of cement and clinker basically flattened out, while selling prices further climbed. The Company further reformed its management and control, and leveraged its expertise and platform. The optimized allocation of regional resources, accelerated the organic development, and promoted the transformation and development via technology upgrading. Operation was further streamlined and marketing was effectively carried out to precisely target customers, which translated into higher economic efficiency. The major asset restructuring of the Company and BBMG was completed. There was continuous synergy arising from such restructuring. Net profit attributable to shareholders of listed company grew significantly.

IV. Use of Proceeds from the Public Issue of Corporate Convertible Bonds

The proceeds from this public issue of corporate convertible bonds is expected to no more than RMB 2,820 million (including RMB 2,820 million). Net proceeds (after deducting the issue expenses) will be used to fund the following projects:

Unit: RMB 0’000

Serial No.	Project Name	Total Investment	Amount of Proceeds to be Invested
1	Capacity replacement and relocation project of	181,987.18	164,435.00

	10000t / D new dry process cement clinker production line		
2	Auxiliary facility project of Yangquanshan Mine	21,428.66	18,964.50
3	Co-processing projects using cement kiln		
3.1	Co-processing projects using cement kiln in Yangquan	6,938.24	3,260.92
3.2	Co-processing projects using cement kiln in Panshi	9,695.75	3,745.40
3.3	Co-processing projects using cement kiln in Datong	7,000.00	3,566.04
3.4	Co-processing projects using cement kiln in Fengxiang	7,940.00	3,542.29
4	Replenishing working capital	84,485.85	84,485.85
	Total	**319,475.68**	**282,000.00**

Within the scope of the above-mentioned uses, the Board of the Company may properly change the investment sequence and specific amounts of any single investment project based on project progress, demand for capital and other actual situations.

After the proceeds from the CB Issue are in place, if such proceeds are blow the total investment amount required by the above-mentioned projects, the shortfall shall be provided the Company with its own funds or via other financing activities.

If the Company uses its own capital to fund the above-mentioned projects based on its business situation and development plan before the proceeds from the CB Issue are in place, such priorly-invested amount will be replaced by the corresponding part of the proceeds after such proceeds are in place.

V. Profit Distribution

(1) Current profit distribution policy

Subject to Article 160 of the Articles of Association of the Issuer, the

Company adopts the following profit distribution policy:

1. Principle of profit distribution

After distributing current-year after-tax profits, the Company should allocate 10% of the remainder profits to statutory reserve fund. Such allocation will not become mandatory after the accumulated statutory reserve fund exceeds 50% of registered capital.

If the Company's statutory reserve fund is insufficient to cover the prior year’s loss, the Company shall first use the current-year profits to offset such loss before making allocations in accordance with the preceding paragraph.

After the Company allocates after-tax profits to statutory reserve fund, it can also allocate after-tax profits to optional reserve fund under the resolution of the general meeting of shareholders.

Remainder after-tax profits after offsetting losses and making allocations to reserve funds can be distributed to shareholders per their shareholding percentages.

If the general meeting of shareholders allows any profit distribution to shareholders that violates the preceding paragraph before offsetting losses or making due allocations to statutory reserve fund, shareholders shall return such distributed profits to the Company.

The shares of the Company held by the Company itself are not entitled to profit distribution.

2. Form of profit distribution

The Company may distribute profits in the form of cash, stock or their combination. Subject to the principle of profit distribution, the Company should first consider profit distribution in the form of cash dividend.

3. Conditions for cash dividends:

(1) The profit available for distribution in the year is positive and can be actually distributed;

(2) The auditor hired by the Company issued an auditor's report with unqualified opinion on current year's financial statements;

(3) The total capital commitment for investment projects, expansion projects and asset acquisition that are confirmed by the Company for the next twelve months shall not exceed thirty percent of the Company's net assets on the most recent audited financial statements.

4. Interval and proportion of cash dividends:

Cash dividends should be at least ten percent of available-for-distribution profits attributable to the parent company in the same year. The accumulated cash dividends in the past three years should be at least thirty percent of the average annual profits available for distribution realized in the past three years. The Company may distribute interim cash dividends.

5. The Board shall propose cash dividend policies in accordance with the Articles of Association. The formation of cash dividend policies should factor into industry characteristics, development stage, business model, profit level and major capital commitments (if any). There are differentiated cash dividend policies as follows:

(1) If the Company is at a mature development stage and there is no significant capital commitment, cash dividend should account for at least 80% of profit distribution;

(2) If the Company is at a mature development stage and there is significant capital commitment, cash dividend should account for at least 40%

of profit distribution;

(3) If the Company is at a growth development stage and there is significant capital commitment, cash dividend should account for at least 20% of profit distribution;

Where the development stage of the Company is not easy to identify but there is significant capital commitment, cash dividend policy may be formulated in accordance with the preceding paragraph.

6. No cash dividend is required in any of the following cases:

(1) The annual profit available for distribution is too little to enable actual dividend payment;

(2) The auditor hired by the Company issued an auditor's report with qualified opinion on current year's financial statements;

(3) Year-end debt ratio exceeded 70%.

7. Conditions for stock dividends:

If the conditions for cash dividend are satisfied, and the Company sees rapid growth in both operating revenue and net profit, the Board may propose stock dividend along with cash dividend while ensuring that the Company will maintain reasonable share capital scale and equity structure.

8. Adjustment of profit distribution policy

(1) Profit distribution policy shall be consistent, but the Company may adjust profit distribution policy in any of the following cases:

1）Promulgation of new national laws and regulations, or release of normative documents by administrative authorities;

2）Significant change in the Company's operation;

3）Out of needs for protecting interests of shareholders.

(2) The Board should detail the grounds of its proposal for formulating and changing profit distribution policy. Such proposal should be submitted to the general meeting of shareholders for approval after over two thirds of independent directors approve it and give independent opinions on it, and the Board passes such proposal.

When the Company convenes the general meeting of shareholders to consider matters regarding the formulation or adjustment of profit distribution policy, such meeting should be held via the combination of on-site meeting and online voting. Such matters should not be passed unless they are approved by over two thirds of voting rights held by shareholders attending such meeting.

9. The Company's profit distribution proposal should factor into the profit distribution policy and actual conditions of the Company. When formulating profit distribution proposal, the Board should carefully study and organize thorough discussions before determining the timing, conditions and minimum percentages of cash or stock dividends. Such proposal should be submitted to the general meeting of shareholders for approval after over two thirds of independent directors approve it and give independent opinions on it, and the Board passes such proposal.

When considering the profit distribution proposal, the general meeting of shareholders should fully consider opinions and demands of minority shareholders. Apart from receiving shareholders' opinions on the general meeting of shareholders, communication and exchanges can be made with minority shareholders via phones, emails, IR interaction platforms, among others, in order to timely respond to questions of minority shareholders.

10. If the Board's profit distribution proposal for a profitable year does not include any cash dividend or fails to satisfy the minimum cash dividend payment proportion required hereunder, the Board should detail the reasons for such arrangements and the use of retained earnings in its resolution or regular reports. Independent directors should give advice on such proposal and disclose such advice.

11. Disclosure of profit distribution policy

The Company shall disclose the formulation and implementation of profit distribution policy in detail in regular reports, including but not limited to:

(1) Whether the profit distribution conforms to the Articles of Association or the resolution of the general meeting of shareholders, and whether the cash dividend requirements and proportions are clear and explicit;

(2) Establishment and improvement of cash dividend-related decision-making processes and mechanism;

(3) Independent directors' performance of duties regarding profit distribution;

(4) Actions of seeking opinions and learning demands of minority shareholders;

(5) Protection of minority shareholders;

(6) Detailed explanations on conditions and processes of adjustment or alternation in profit distribution policy (if any).

(2) Profit distribution in the past three years

The Company's shares have been traded on Shenzhen Stock Exchange since 14 June 1996. The profit distribution in 2017, 2018 and 2019 was as follows:

Year of	**Year of**	**Dividend plan**	**Cash dividend (Before**

distribution	distributed profit		tax)
2018	2017	No cash dividend or stock dividend was distributed for 2017. No reserve fund was converted into share capital	None
2019	2018	Based on the total share capital of 1,347,522,914 shares by the end of 2018, RMB 4.00 cash dividend (inclusive of tax) were paid for every ten shares to all shareholders. No stock dividend was distributed. No reserve fund was converted into share capital.	RMB 539.0092 million
2020	2019	Based on the total share capital of 1,347,522,914 shares by the end of 2019, RMB 5.00 cash dividend (inclusive of tax) were paid for every ten shares to all shareholders. No stock dividend was distributed. No reserve fund was converted into share capital.	RMB 673.7615 million

Note: The profit distribution plan for 2019 is subject to the approval of the general meeting of shareholders.

Cash dividends paid by the Company in the past three years totaled RMB 1,212.7707 million, and accounted for 84.73% of annual average net profit attributable to shareholders of the parent company on the consolidated financial statements for the past three years, which amounted to RMB 1,431.3999 million. Details are as follows:

Unit: RMB 0'000

Items	2019	2018	2017
Net profit attributable to shareholders of the parent company on the consolidated financial statements	270,058.78	148,322.87	11,038.33
Cash dividends (inclusive of tax)	67,376.15	53,900.92	0.00
Cash dividends as a percentage of net profit attributable to shareholders of the parent company on the consolidated financial statements	24.95%	36.34%	0.00%
Total dividends paid in the past three years	121,277.07		

Annual average net profit attributable to shareholders of the parent company on the consolidated financial statements for the past three years	143,139.99
Total dividends paid in the past three years as a percentage of annual average net profit attributable to shareholders of the parent company on the consolidated financial statements for the past three years	84.73%

Notes: The net profit attributable to shareholders of the parent company on the consolidated financial statements are before retrospective adjustments

(3) Shareholder return plan for the next three years (2020-2022)

1. Principle of profit distribution

The Company's profit distribution aims to deliver sound returns to investors, and there should be adequate consistency and stability in profit distribution policy.

2. Decision-making process and mechanism for profit distribution

The profit distribution proposal should be drafted by the Board based on the Company's operating status and relevant rules of CSRC. Independent directors should give advice on such proposal. The proposal should be submitted to the general meeting of shareholders for consideration and approval.

When formulating profit distribution proposal, the Board should carefully study and organize thorough discussions before determining the timing, conditions and minimum percentages of cash or stock dividends. When considering the profit distribution proposal, the general meeting of shareholders should fully consider opinions and demands of minority shareholders. Apart from receiving shareholders' opinions on the general meeting of shareholders, communication and exchanges can be made with minority shareholders via phones, emails, IR interaction platforms, among others, in order to timely respond to questions of minority shareholders.

3. Conditions for adjustment in profit distribution policy

The Company shall strictly implement the profit distribution policy set for in the Articles of Association and the specific profit distribution plan approved by the general meeting of shareholders. If any external or internal change makes an adjustment or alternation in profit distribution policy necessary, the Board should pass a resolution after thorough deliberation, and independent directors shall give independent opinions. Such resolution should be submitted to the general meeting of shareholders for deliberation and approval in the form of special resolution. When considering the resolution, the general meeting of shareholders shall allow shareholders to vote online or in other methods. The Company's profit distribution policy can be adjusted in any of the following cases:

(1) Promulgation of new national laws and regulations, or release of normative documents by administrative authorities;

(2) Significant change in the Company’s operation;

(3) Out of needs for protecting interests of shareholders.

4. Form of profit distribution

The Company may distribute profits in the form of cash, stock or their combination. Subject to the principle of profit distribution, the Company should first consider profit distribution in the form of cash dividend.

5. Conditions and proportion for profit distribution

(1) Cash dividends

1）Conditions for cash dividends

① The profit available for distribution in the year is positive and can be actually distributed;

② The auditor hired by the Company issued an auditor’s report with unqualified opinion on current year’s financial statements;

③ The total capital commitment for investment projects, expansion projects and asset acquisition that are confirmed by the Company for the next twelve months shall not exceed thirty percent of the Company’s net assets on the most recent audited financial statements.

2）Interval and proportion of cash dividends: Cash dividends should be at least ten percent of available-for-distribution profits attributable to the parent company in the same year. The accumulated cash dividends in the past three years should be at least thirty percent of the average annual profits available for distribution realized in the past three years. The Company may distribute interim cash dividends.

3）Differentiated cash dividend policies: The Board shall propose cash dividend policies in accordance with the Articles of Association. The formation of cash dividend policies should factor into industry characteristics, development stage, business model, profit level and major capital commitments (if any). There are differentiated cash dividend policies as follows:

① If the Company is at a mature development stage and there is no significant capital commitment, cash dividend should account for at least 80% of profit distribution;

② If the Company is at a mature development stage and there is significant capital commitment, cash dividend should account for at least 40% of profit distribution;

③If the Company is at a growth development stage and there is significant capital commitment, cash dividend should account for at least 20% of profit distribution;

Where the development stage of the Company is not easy to identify but there is significant capital commitment, cash dividend policy may be formulated in accordance with the preceding paragraph.

4）No cash dividend is required in any of the following cases:

① The annual profit available for distribution is too little to enable actual dividend payment;

② The auditor hired by the Company issued an auditor’s report with qualified opinion on current year’s financial statements;

③ Year-end debt ratio exceeded 70%.

(2) Conditions for stock dividends

If the conditions for cash dividend are satisfied, and the Company sees rapid growth in both operating revenue and net profit, the Board may propose stock dividend along with cash dividend while ensuring that the Company will maintain reasonable share capital scale and equity structure.

6. Disclosure of profit distribution policy

The Company shall disclose the formulation and implementation of profit distribution policy in detail in regular reports, including but not limited to:

(1) Whether the profit distribution conforms to the Articles of Association or the resolution of the general meeting of shareholders, and whether the cash dividend requirements and proportions are clear and explicit;

(2) Establishment and improvement of cash dividend-related decision-making processes and mechanism;

(3) Independent directors’ performance of duties regarding profit distribution;

(4) Actions of seeking opinions and learning demands of minority shareholders;

(5) Protection of minority shareholders;

(6) Detailed explanations on conditions and processes of adjustment or alternation in profit distribution policy (if any).

The Board of Directors of Tangshan Jidong

Cement Co., Ltd.

19 March 2020